



Metalloinvest

# DRIVING THE EVOLUTION OF METALLURGY

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SUSTAINABILITY REPORT  
2020



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SUSTAINABILITY REPORT  
2020

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## HIGH RESULTS ENSURE SUSTAINABILITY

We create the foundation for driving the evolution of metallurgy.

Nazim Efendiev

Chief Executive Officer  
of Management Company Metalloinvest



# STATEMENT FROM THE CEO

GRI 102-14

## DEAR COLLEAGUES AND PARTNERS,

The health and safety of our employees is our number one priority for the stability and sustainability of the Company. Therefore, we are committed to driving an occupational health and safety culture that reduces the likelihood of violations and actions that pose potential risks.

We have declared 2021 the Year of Occupational Safety at Metalloinvest enterprises. New tools and technologies will be implemented to improve occupational safety standards, and we will introduce transport and gas safety programmes. Our goal is to ensure safe and efficient production processes where all participants take responsibility for their own lives and the lives of their colleagues.

### Our response to COVID-19

Since the start of the pandemic, we have focused on the health and wellbeing of our people. We have formed a virus emergency response team, implemented an unprecedented large-scale programme to

combat COVID-19 at the Company's enterprises and its regions of operation, and invested over RUB three billion into efforts to fight the pandemic.

The Company has also implemented a large-scale programme to support regional healthcare institutions, purchasing the most advanced diagnostics and treatment equipment. Likewise, we have strengthened the corporate healthcare system, which we see as an investment for the future. We continue to focus on these issues into 2021.

All employees received financial support and are regularly provided with personal protective equipment.

By the second wave of the pandemic, Metalloinvest had created situation centres for Company's employees and their families to monitor and improve their health and wellbeing, helping reduce the burden on local medical centres in the regions where the Company operates.

The Company also created its own sanitary and epidemiological service to analyse the situation at its enterprises, monitor the implementation of anti-epidemic measures, and develop new safety measures. A medical rehabilitation programme was implemented to support the Company's employees who are recovering from severe cases of COVID-19. In 2021, Metalloinvest launched a mass COVID-19 vaccination campaign for its employees.

### People are our most valuable asset

The Company applies new approaches to assessing and developing employee competence, as well as cutting-edge methodologies for training and development of management skills. We cooperate with specialised higher educational institutions such as the National University of Science and Technology (NUST MISIS), its branches in our regions of operation, and industry-specific colleges. The Company is committed to supporting the wellbeing of its employees. In 2020, the wages of employees at Metalloinvest enterprises were increased twice; the total increase amounted to 12%. Furthermore, the Company implements a broad range of social programmes for its employees, their families and retirees. In 2020, spending on internal social programmes amounted to about RUB 3.7 billion.

Together with regional governments, Metalloinvest continues to develop social infrastructure in local cities. The Company's social investments are aligned with the needs of residents, helping create a comfortable urban environment. The Company also contributes to healthcare, education, sports and cultural projects, as well as the non-profit sector.

In 2020, Metalloinvest's investments in the sustainable development of local cities and external social projects amounted to RUB 7.1 billion.

### Environmental protection

Environmental protection is a key priority for Metalloinvest. Our high quality iron ore products are at the heart of the steel industry's transition to green technologies and a reduced carbon footprint. This allows our clients—iron and steel companies—to use more eco-friendly technologies for steelmaking.

In 2020, the Company approved KPIs for its Environmental Programme for 2025. It also reviewed and approved the results of the Energy Efficiency Improvement Programme, which it launched in 2019. The total amount of investments in programmes for 2025 reached RUB 46 billion. Metalloinvest is currently in the final stage of developing a climate strategy.

### Sustainable development and green finance ratings

In December 2020, the Company became the first Russian borrower in the iron and steel industry to tie pre-export credit to sustainable development goals: the interest rate of a syndicated loan for EUR 200 million was tied to the Company's sustainable development KPIs.

The Company's new rating, assigned by EcoVadis, improved to 65 points, compared to an average industry rating of 43 points. Metalloinvest also confirmed its compliance with the 'Silver' level, placing it in the top 7% of companies globally.

In 2020, Metalloinvest was assigned a C- ISS ESG rating, earning an overall score slightly higher than the industry average. The Company was also included in the ESG Risk Rating by Sustainalytics, a leading international agency. It was ranked 10th out of 145 companies in the industry.

In the reporting year, the Company also achieved the best result among iron and steel enterprises in the annual WWF Environmental Transparency Rating for the mining and metals sector.

# ABOUT THE REPORT

- GRI 102-1
- GRI 102-45
- GRI 102-46
- GRI 102-47
- GRI 102-50
- GRI 102-51
- GRI 102-52
- GRI 102-54
- GRI 103-1
- GRI 103-2
- GRI 103-3



## THE CONSOLIDATED REPORTING APPROACH

### GRI 102-1

**AO Holding Company Metalloinvest** (Metalloinvest, the Company) hereby presents its 2020 Consolidated Report (the Consolidated Report), consisting of two parts: the Annual Report and the Sustainability Report, each of which is published separately.

The **Annual Report**<sup>1</sup> contains information about the Company's profile, business model, mission and values, as well as its financial and operational activities, the geography of its operations, and corporate governance and risk management.

The **Sustainability Report** (the Report) provides information on the Company's efforts to minimise its environmental impact, also covering stakeholder engagement and occupational health and safety (OHS) management. It reflects our approach to responsible business conduct — we respond to global and national challenges in accordance with the UN Sustainable Development Goals (SDGs) and in the interests of all stakeholders we interact with: our shareholders, customers, partners, staff, society and the country as a whole. The Sustainability Report is the Company's ninth non-financial report and the sixth to be published on an annual basis.

### GRI 102-54

The Consolidated Report has been prepared in accordance with the guidelines set forth in the Global Reporting Initiative (GRI) Standards: Core option.

### GRI 102-50 GRI 102-51 GRI 102-52

The Consolidated Report includes a description and results of Metalloinvest's operations for the period of 1 January to 31 December 2020. The preceding report was issued in June 2019.

We account for the Company's activities in a balanced manner that addresses a wide range of stakeholders, allowing us to present information that is relevant to each group's interests. In addition, Metalloinvest is constantly improving the depth and quality of its disclosures. We consider independent verifications of the disclosed information — as well as public assurance of the Consolidated Report — to be important factors for the fulfilment of our objectives.

2020 Consolidated Report consisting of two parts: the Annual Report and the Sustainability Report.

## BOUNDARIES OF THE CONSOLIDATED REPORT

### GRI 102-45 GRI 102-46

The Consolidated Report discloses information about the activities of four key Metalloinvest enterprises:<sup>2</sup>

FULL NAME OF THE BUSINESS	ACRONYM
Lebedinsky GOK	LGOK
Mikhailovsky GOK	MGOK
Oskol Electrometallurgical Plant	OEMK
Ural Steel	Ural Steel

For some indicators, the consolidation framework may differ from the above, in which case additional information is provided.

## APPROACH TO IDENTIFYING MATERIAL TOPICS

### GRI 102-46

To determine the content of the Report, the Company analysed the topics that are most relevant to stakeholders in terms of economic, environmental and social performance (material topics). The degree of their materiality was determined in several stages.

### Stage 1

In order to identify the most relevant topics, a comparative analysis of corporate reporting practices in the Russian and global metals industry was performed. The Company's own practices were analysed as well.

### Stage 2

To rank and highlight the most important material topics identified in Stage 1, an online survey of stakeholders and senior management of Metalloinvest was conducted. Survey respondents rated the importance of each topic on a scale of 1 to 5. Next, the degree of impact was determined through expert analysis of the Company's practices, while the external context and industry specifics were also taken into account.

# 810

TOTAL NUMBER OF RESPONDENTS WHO PARTICIPATED

## 502

BUSINESS PARTNERS AND SUPPLIERS

## 121

MANAGERS AND STAFF

## 110

RESIDENTS OF THE REGIONS OF OPERATION

## 41

NON-PROFIT AND PUBLIC ORGANISATIONS

## 19

CUSTOMERS

## 17

AUTHORITIES AND REGULATORS

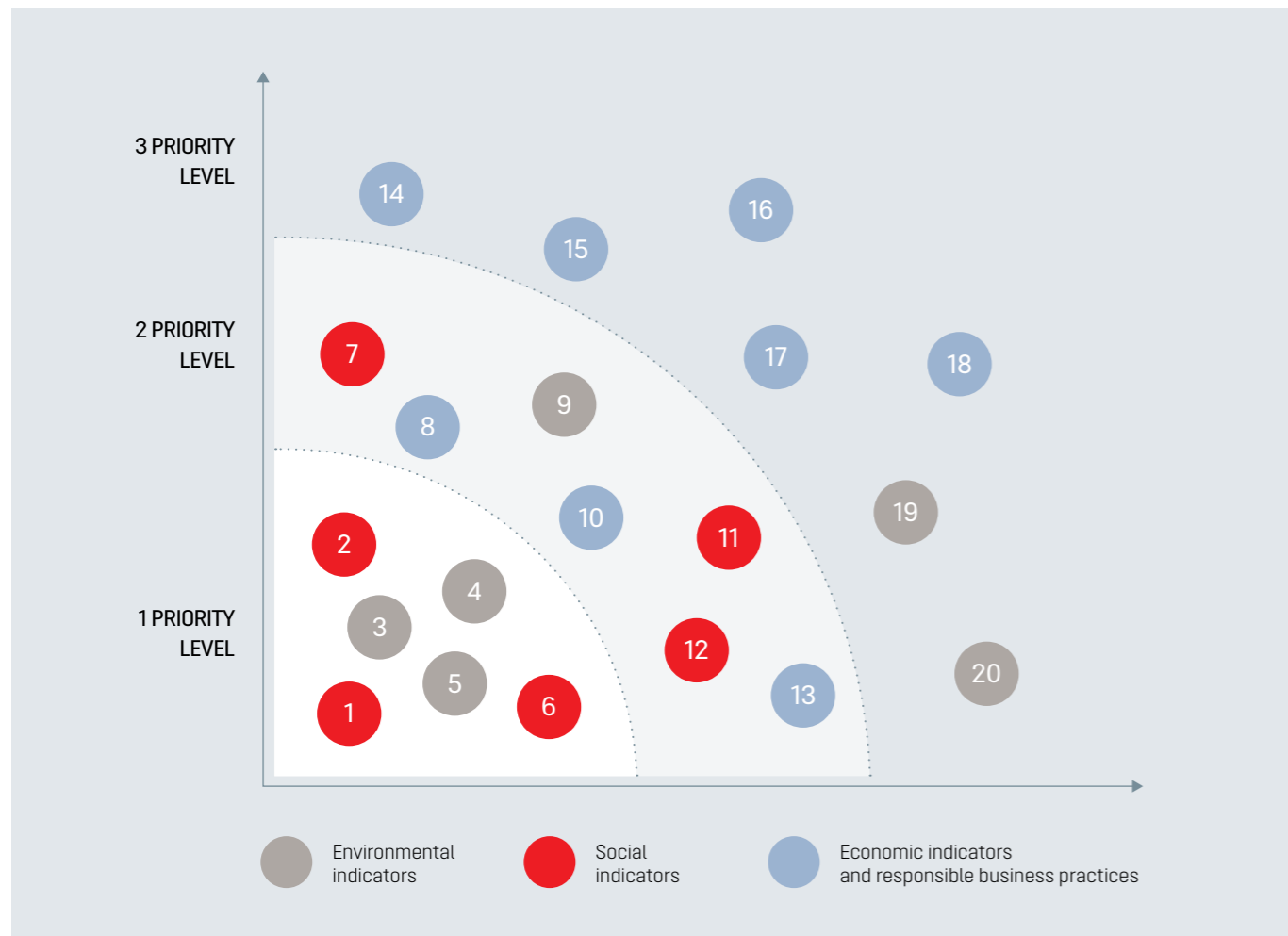
<sup>1</sup> For more information, see the Annual Report [↗](#).

<sup>2</sup> For more information, see the Organisational structure section of the Annual Report [↗](#).

**Stage 3**

GRI 102-47 GRI 103-1 GRI 103-2 GRI 103-3

Based on the survey results, three levels of priority for material topics were determined, and a radar matrix was compiled.



The analysis performed allowed us to identify the list of material topics that this Report mostly focused on. The aim is to maximise the number of indicators and the amount of textual information disclosed.

**The most important topics for all stakeholders**

For all our stakeholders, the topics of corporate healthcare, occupational health and safety of employees and contractors, air emissions, water consumption and wastewater discharge, climate change, and employee engagement and training were the most material.

**The most important topics for certain stakeholders**

Our analysis of the relevance of topics to stakeholders by group revealed that certain topics stood out as more important to specific groups:

- For business partners, suppliers and customers: sustainable supply chains
- For residents of the regions of operation: corporate healthcare
- For staff: OHS of employees and contractors
- For authorities and regulators: indirect economic impact and employee engagement and training
- For Non-Governmental Organisations (NGOs) and public organisations: interaction with local communities

**PRINCIPLES FOR DEFINING CONTENT AND ENSURING THE QUALITY OF THE CONSOLIDATED REPORT**

GRI 102-46

In preparing the Report, the Company was guided by the following GRI Standard Reporting Principles:

**REPORTING PRINCIPLES FOR DEFINING THE REPORT'S CONTENT**

- Stakeholder Inclusiveness
- Sustainability Context
- Materiality
- Completeness

**REPORTING PRINCIPLES FOR DEFINING THE QUALITY OF THE REPORT**

- Accuracy
- Balance
- Clarity
- Comparability
- Reliability
- Timeliness

**PRIORITY LEVEL 1 (MOST IMPORTANT MATERIAL TOPICS)**

- 1 Corporate healthcare
- 2 Occupational health and safety of employees and contractors
- 3 Air emissions
- 4 Water consumption and wastewater discharge
- 5 Climate change
- 6 Employee engagement and training

**PRIORITY LEVEL 2 (SECONDARY MATERIAL TOPICS)**

- 7 The fight against COVID-19
- 8 Customer-centricity
- 9 Mining and production waste
- 10 Economic performance
- 11 Respect for human rights
- 12 Interaction with local communities
- 13 Sustainable supply chains

**PRIORITY LEVEL 3 (RELEVANT TOPICS)**

- 14 Anti-corruption activities, business ethics and compliance with legislation
- 15 Digitisation
- 16 Research, development and innovation
- 17 Socio-economic and environmental compliance
- 18 Indirect economic impact
- 19 Energy consumption and energy efficiency
- 20 Biodiversity conservation

# KEY RESULTS FOR 2020

## ENVIRONMENT

**BY 20%**

REDUCED DUST EMISSIONS BY REPLACING THE ELECTRIC FILTER AT LGOK'S PELLETISING PLANT

- Developed KPIs for the Environmental Programme
- Developed and approved the Energy Efficiency Improvement Programme
- Developed the Climate Strategy
- 227,319 TJ: the Company's total energy consumption
- 155.2 m<sup>3</sup>: total water intake
- 13.18 million tonnes of CO<sub>2</sub>-equivalent: direct greenhouse gas emissions
- Generated 128.2 million tonnes of waste
- RUB 50 million: annual economic effect from implementing employees' ideas on energy consumption
- Developed environmental requirements for suppliers and contractors
- Held recertification audits of the Integrated Management System (IMS), confirmed the compliance of the Environmental Management System (EMS) and of the Integrated Management System with ISO 14001:2015 requirements at all enterprises of the Company
- Developed the e-training course Environmental Culture and Ethics, unique in the industry

**BY 30 MEGAWATTS**

REDUCED ENERGY CONSUMPTION BY TRANSITIONING TO FMF TECHNOLOGY

**BY 2.5 MLN TONNES**

REDUCED GREENHOUSE GAS EMISSIONS COMPARED TO 2019

**100%**

CONDUCTED INFORMATIONAL AND EDUCATIONAL ACTIVITIES ON THE ENVIRONMENT FOR 100% OF EMPLOYEES

## SOCIAL PROGRESS

**42,730**

PEOPLE: TOTAL HEADCOUNT

**> 7.1 BILLION**

RUB INVESTED IN SOCIAL AND CHARITABLE PROJECTS

**3.6 BILLION**

RUB INVESTED IN INTERNAL SOCIAL PROGRAMMES

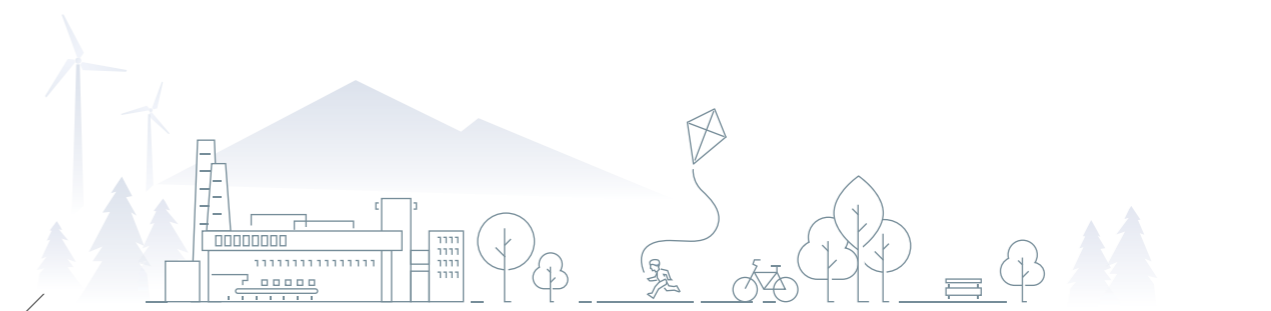
**12%**

AVERAGE SALARY GROWTH

**1,942**

EMPLOYEES WERE AWARDED

- Paid more than RUB 31 billion in taxes
- Declared the winner of the competition Russian Business Leaders: Dynamics, Responsibility and Sustainability in the Contribution to the Social Development of Territories category
- 27% of employees are women
- 5.8: employee turnover rate
- 1.6 million total hours of training
- About 37 hours: average number of training hours per employee
- Hired 3,300 people, of whom 84% were workers and 16% were managers, specialists, and clerks
- 382 people with disabilities are employed, 6 are hired in 2020
- Developed a sustainability training course for employees
- Launched the Leaders 4.0 comprehensive talent pool development programme
- 1/97: the ratio of Human Resources (HR) staff to total headcount at the Company
- RUB 446 million: the total amount of support for educational institutions
- Launched a programme to improve social conditions at the Company's enterprises
- No emergencies or accidents at Metalloinvest enterprises were recorded



## CORPORATE GOVERNANCE

# 1.15 LTIFR

AMONG EMPLOYEES AND CONTRACTORS

# 88%

THE SHARE OF METALLOINVEST'S MATERIAL AND TECHNICAL RESOURCES AND SERVICES PURCHASED FROM RUSSIAN COMPANIES

# 17 FEWER

INJURIES RECORDED YOY

- Established the **Sustainable Development Committee** under the Management Board
- Introduced the **Supplier Code**
- Joined the **National Network Board** of the UN Global Compact
- Updated the **Environment, Health and Safety Policy**
- Established the **Committee on Environment, Health and Safety**
- **Spent 5% of the annual payroll** on health and safety compliance bonuses
- Conducted a **Safety Week** pilot project
- **Created a unified information space** to manage the supplier life cycle
- **Conducted an audit** of professional risks at all Company's enterprises
- Approved the **Corruption Risks Register**
- **23,468 employees** took e-training courses Information security and Anti-corruption activities

## RATINGS

ECOVADIS

# 65 POINTS

Received 65 points from the EcoVadis ESG ratings, which confirmed our silver rating and placed us amongst the top 7% of the best companies in the world

ISS ESG

# C-

Obtained a new C-level sustainability rating from ISS ESG

WWF-2020

# 1ST

Ranked first in the transparency rating of metals and mining companies according to WWF-2020

ANTI-CORRUPTION RATING

# A1

Obtained an A1 grade from the Russian Business Anti-Corruption Rating (the highest possible score)

SUSTAINALYTICS

# 10TH

Ranked 10th amongst 145 steel industry companies globally and received 31.8 points from the international agency Sustainalytics

## COMBATTING COVID-19



# 100%

EQUIPPED OF ENTERPRISES WITH EXPRESS-TESTING SYSTEMS FOR COVID-19

# ~2 BILLION

RUB INVESTED IN A LARGE-SCALE PROGRAMME TO SUPPORT HEALTHCARE FACILITIES



IMPLEMENTED A SET OF MEASURES FOR SUPPLIERS AND CONTRACTORS TO ENSURE THE MEETING OF OCCUPATIONAL SAFETY STANDARDS AND PROTECTION OF CONTRACTORS FROM COVID-19

# > 1 BILLION

RUB SPENT TO COMBAT COVID-19

# 1 MILLION

RUB EMPLOYEES DONATED TO SUPPLY VOLUNTEERS AND DOCTORS WITH PROTECTIVE EQUIPMENT

# DRIVING THE EVOLUTION OF METALLURGY

# STRIVING FOR MORE

## SUSTAINABLE DEVELOPMENT MANAGEMENT

- 17 Approach to sustainable development management
- 25 Stakeholder engagement
- 30 Sustainability risk management
- 33 Preparedness for accidents and emergencies
- 34 Business ethics and anti-corruption
- 43 Human rights

Besides focusing on operational efficiency, Metalloinvest takes responsibility for the economic, social and environmental impact of its activities. The Company is committed to implementing the sustainable development principles in all areas of its operation.

<p><b>65 POINTS</b></p> <p>AWARDED IN THE ECOVADIS ESG RANKING</p>	<p><b>100%</b></p> <p>OF EMPLOYEES ATTENDED ANTI-CORRUPTION TRAINING</p>
<p><b>31.8</b></p> <p>POINTS ASSIGNED BY SUSTAINALYTICS, AN INTERNATIONAL AGENCY</p>	<p><b>C-</b></p> <p>A NEW LEVEL OF SUSTAINABLE DEVELOPMENT RATING FROM ISS ESG</p>

Contribution to UN SDGs

<p><b>3</b> GOOD HEALTH AND WELL-BEING</p> 	<p><b>4</b> QUALITY EDUCATION</p> 	
<p><b>6</b> CLEAN WATER AND SANITATION</p> 	<p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p> 	<p><b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> 



# SUSTAINABLE DEVELOPMENT MANAGEMENT

GRI 102-15	GRI 102-16	GRI 102-17	GRI 102-18	GRI 102-19	GRI 102-20	GRI 102-21	GRI 102-25	
GRI 102-29	GRI 102-40	GRI 201-2	GRI 205-1	GRI 205-2	GRI 205-3	GRI 407-1	GRI 408-1	GRI 409-1

## MATERIAL TOPICS

- SUSTAINABLE SUPPLY CHAINS
- RESPECT FOR HUMAN RIGHTS
- INTERACTION WITH LOCAL COMMUNITIES

## ACTIVITIES

- Incorporated sustainable development principles into the improved management structure
- Converted the Company's Social Policy department into the Sustainable Development department
- Introduced the position of Deputy CEO for Sustainable Development and Corporate Communications
- Established the Sustainable Development Committee under the Company's Management Board
- Developed a sustainable development training course for staff
- Participated on the UNGC Board
- Expanded the list of digital tools for communicating with stakeholders
- Confirmed readiness certify the compliance of anti-corruption management systems with the international standard ISO 37001:2016
- Obtained A1 on the Russian Business Anti-Corruption Rating (the highest possible score)

## KEY INDICATORS



<sup>3</sup> Post-reporting event.

# Approach to sustainable development management

GRI 102-18	GRI 102-19	GRI 102-20	GRI 102-29
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## Sustainable development is one of Metalloinvest's strategic priorities<sup>4</sup>

We believe that economic prosperity, social progress and a responsible attitude towards the environment call all be achieved while preserving our planet's resources for future generations. As a major mining and metals holding company with a large production capacity, we take great responsibility for managing our economic, social and environmental impact.



The situation brought about by the global pandemic in 2020 changed the strategic priorities of our Company. We made an informed decision to prioritise sustainable development over increasing investment attractiveness. We integrated HSE, social and environmental projects into our development strategy, focused on a number of programmes aimed at taking care of our staff and supporting the regions of operation, and included sustainable development indicators in our key performance indicators (KPIs) for 2021.

Furthermore, based on our performance in 2020, various aspects of the Company's strategy were consolidated in the renewed business strategy. In developing the updated strategy, the Company gave thorough consideration to sustainable development principles, including global trends in the environmental safety of metallurgical production.<sup>5</sup>

## ROLE OF CORPORATE GOVERNANCE BODIES IN DEFINING THE ECONOMIC, ENVIRONMENTAL AND SOCIAL ASPECTS OF OPERATIONS

Management of sustainable development is embedded into the Company's corporate governance structure. Metalloinvest's senior bodies, top management, and heads of enterprises and functional areas all share a sustainable development philosophy, which they are committed to incorporating into the Company's business model and processes. In turn, the corporate governance system ensures

the efficient operation of the Company's production units and the achievement of its goals for economic, environmental, and social performance. It ensures comprehensive coverage of the Company's operations and aligns any changes, innovations, projects and programmes with global goals and objectives.

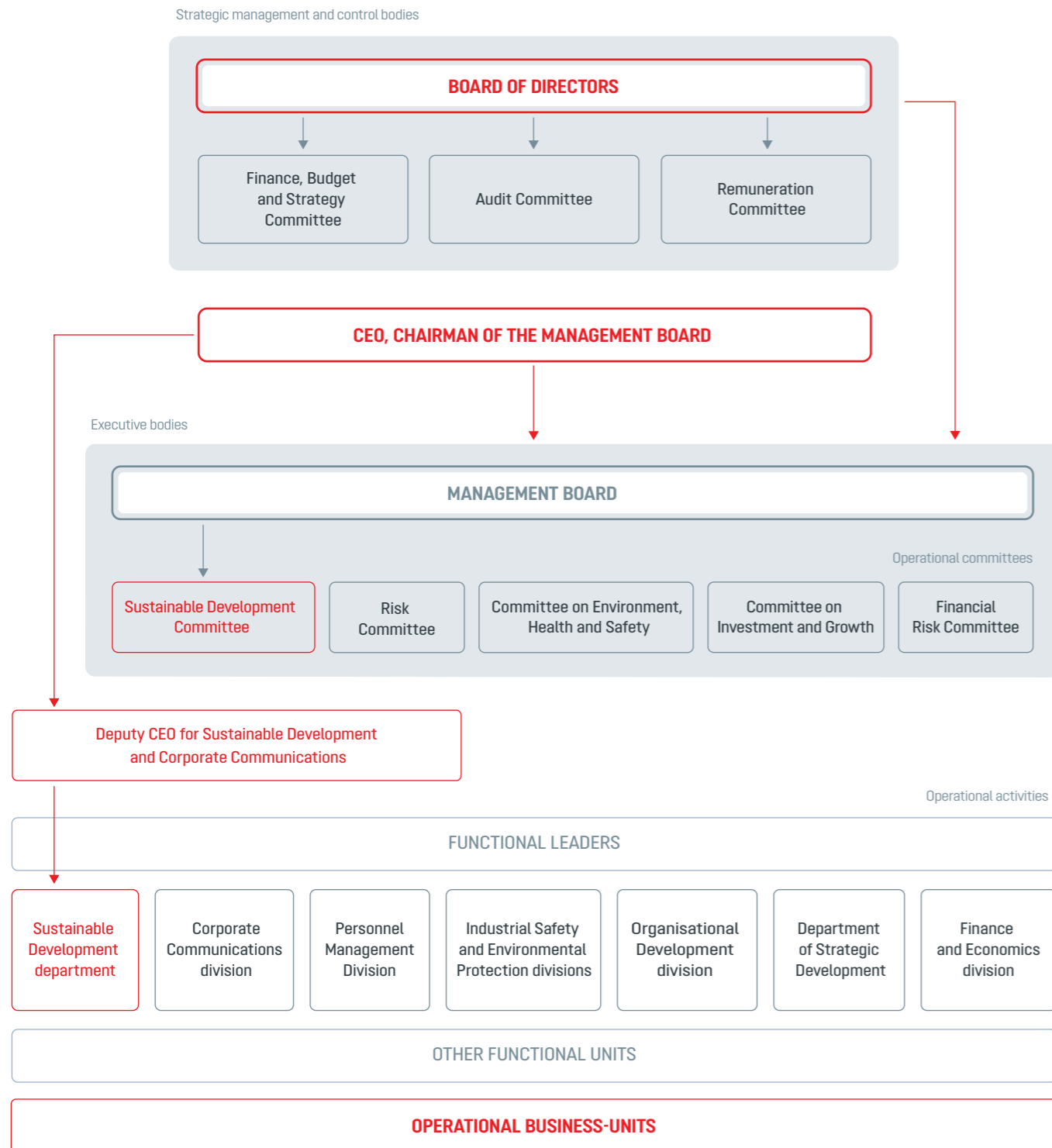
<sup>4</sup> For more information, see the Company profile section of the Annual Report [↗](#).

<sup>5</sup> For more information, see the Updated Strategy and prospects until 2032 Annual Report [↗](#).

## Sustainable development governance structure

GRI 102-18 GRI 102-19 GRI 102-20 GRI 102-29

The Company's sustainable development governance structure was improved in 2020 to reflect changes in the Company's philosophy and strategy.



  Governing bodies and functional units responsible for the development, implementation or approval of the Company's Sustainable Development strategy

  Governing bodies and functional units actively involved in the implementation of the Sustainable Development strategy

In 2020, a Sustainable Development Committee was established under the Company's Management Board that brings together all structural divisions and project managers involved in sustainable development issues within the Company. The Committee is headed by the CEO. This configuration allows urgent environmental and social issues to be promptly resolved at the Management Board level, while the most significant issues are raised at the level of the Board of Directors. At present, the Committee's agenda includes

studying best practices and leading trends, as well as assessing Metalloinvest's maturity level in the area of sustainable development.

The Company's sustainable development activities are also coordinated by the Deputy CEO for Sustainable Development and Corporate Communications, who reports directly to the CEO. This position, which was newly introduced in 2020, is charged with introducing modern tools and global best practices in the field of sustainable

development, engaging stakeholders, improving corporate culture, enhancing the quality of the social and cultural environment in the regions of operation, and promoting the Company's brand.

In 2020, the Company's Social Policy department was transformed into the Sustainable Development department, and its authority and scope of responsibility were expanded.



To promote the principles of the UNGC and the UN SDGs among Metalloinvest employees, we have worked alongside leading Russian experts and practitioners to develop an educational course on sustainable development.

**The sustainable development course was developed for a wide range of employees**

In 2020, Metalloinvest's Deputy CEO for Sustainable Development and Corporate Communications, Yulia Mazanova, joined the UNGC Board.



## Key elements of the Metalloinvest sustainable development system

The Company's sustainable development system consists of six key elements:



### Metalloinvest focuses on future generations

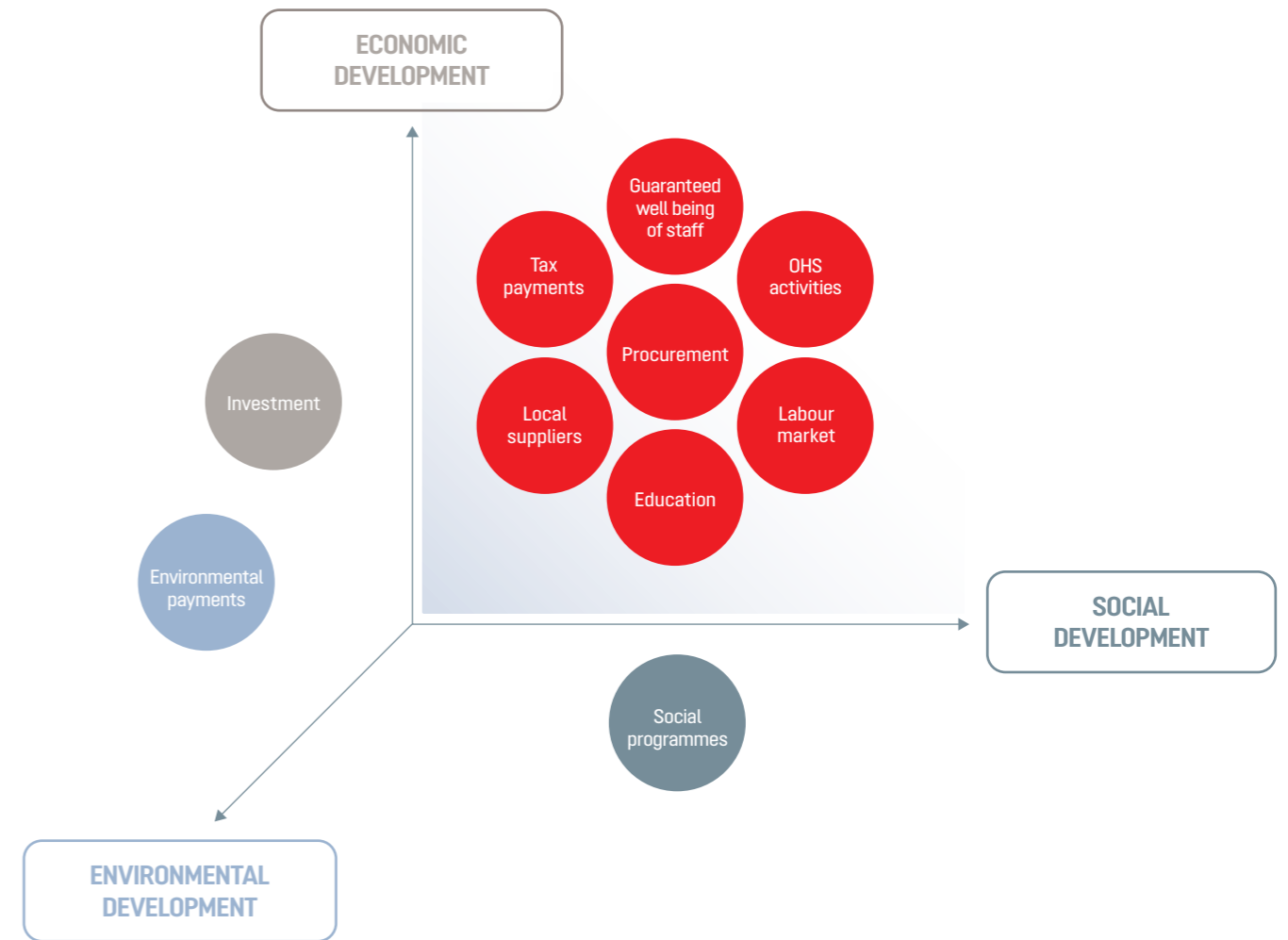
The Company's mission is to foster evolution in modern metallurgy for future generations,<sup>6</sup> and the sustainable development system plays a vital role in improving the standard of living of local communities well into the future. By enhancing the quality of its production process and products, building relationships with

stakeholders, respecting human rights, and taking a responsible approach to environmental issues, Metalloinvest contributes to economic stability and environmental and social development, and local communities will reap the benefits of this investment for years to come.

<sup>6</sup> For more information, see the Company profile section of the Annual Report [↗](#).

## METALLOINVEST'S SUSTAINABLE DEVELOPMENT ACTIVITIES

In line with the principles and trends of global sustainable development, Metalloinvest aims to ensure the health and well-being of its staff, the social and economic development of its regions of presence, and the environmental safety of its operations.



In 2020, one of the most important areas of the Company's activities was ensuring employee health and safety against the backdrop of the COVID-19 pandemic.

The Company promptly took and continues to take all necessary measures to prevent the spread of the virus and provide the necessary support and assistance to those who need it.<sup>7</sup>

<sup>7</sup> For more information, see Social support for employees and External programmes and philanthropy sections.

## INTERNATIONAL STANDARDS AND INTERNAL DOCUMENTS

Our sustainable development activities are guided by international principles and standards, as well as the internal documents adopted by the Company:

- UN SDGs
- UN Global Compact principles
- GRI Standards
- Sustainable Development Policy [↗](#)
- Stakeholder Engagement Policy [↗](#)
- Human Rights Policy [↗](#)
- Code of Corporate Ethics [↗](#)
- Corporate Social Responsibility and Charity Policy
- Procurement Policy
- Supplier Code of Conduct [↗](#)
- Health, Safety and Environment Policy
- Regulations on the Sustainable Development Committee
- Regulations on Corruption Risk Management
- Procedure for Anti-Corruption Monitoring
- Regulations on Receiving and Giving Gifts

At all stages of our production and business operations, we focus on the following aspects:

- Working continuously to reduce emissions and waste in our own operations
- Providing customers with raw materials that help improve environmental performance throughout the entire production chain
- Ensuring safe working conditions for employees, as well as providing decent wages and social benefits
- Increasing the efficiency of anti-corruption measures and ensuring employees' compliance with anti-corruption laws
- Ensuring social contributions in our regions of operation
- Considering risks when making decisions

Metalloinvest ranked amongst the top 10 global steel companies according to Sustainalytics



### GOVERNANCE AND MANAGEMENT

- Conducting business in accordance with the principles of corporate ethics
- Ensuring information security
- Complying with laws
- Being transparent
- Assessing and managing sustainable development risks
- Engaging with stakeholders



### SOCIAL DEVELOPMENT

- Taking responsibility for environmental impacts
- Introducing innovative technologies and projects that help reduce environmental impacts
- Recognising and managing climate and environmental risks



### ENVIRONMENT

- Protecting our staff's health and safety
- Holding trainings and promoting career development for our staff
- Supporting economic prosperity in our regions of operation
- Fostering ethical relationships with suppliers and contractors
- Respecting human rights



### TECHNOLOGY AND INNOVATION

- Introducing innovation and new technology, continuously improving our processes
- Maintaining high product quality standards

## Our position in ESG ratings



To secure an independent and professional assessment of the Company's sustainable development performance in 2020, Metalloinvest continued to confirm its compliance with international ESG ratings.

We were able to not only maintain the positions we had previously earned, but moreover to improve them. We also managed to expand our ESG-rating portfolio.

ISS ESG:  
**C-**

The company received a new sustainable development rating from ISS ESG, a leading international ratings agency. Metalloinvest's performance was assessed according to 100 different criteria, receiving a rating of C-. Our aggregate score exceeded the industry average, with more than 200 mining and metals companies assessed worldwide.

EcoVadis:  
**65 POINTS**

Metalloinvest received 65 points in the EcoVadis ESG rating, compared to an industry average of 43. The Company's rating improved by five points comparing with 2019, a record one-off gain since the Company received its first rating in 2018. Thus, Metalloinvest confirmed its silver-level compliance with EcoVadis, which ranked us among the top 7% of the world's best companies. This improved rating will also allow Metalloinvest to reduce interest rates on green loans from ING Bank.

Sustainalytics:  
**31.8 POINTS**

The Sustainalytics international agency evaluated Metalloinvest's performance using their ESG risk assessment methodology. This score is based on a quantification of unmanageable ESG risks, and it is assigned on an absolute scale of 0 to 100, where a lower score indicates fewer unmanaged risks. The company scored 31.8 points and was ranked 10th out of 145 companies in the global steel industry.

EcoVadis confirmed the Company's Silver ESG rating for 2020

## CONTRIBUTION TO THE UN SDGS

Metalloinvest upholds the values of the UN Sustainable Development Agenda. The Company recognises the importance of all 17 UN SDGs and aims to do its best to contribute to their achievement as it carries out its activities. Due to the specific nature of our business, **15 UN SDGs are considered as material for the Company**. We strive to integrate the objectives of the UN SDGs into our own activities and projects.

### Primary UN SDGs

Furthermore, through a stakeholder survey conducted in 2019, we identified **five primary UN SDGs** where the Company can make the biggest difference. This list remained valid in 2020:<sup>8</sup>



## PLANS FOR 2021

- 1 Develop and introduce modern stakeholder engagement mechanisms in the Company's management, develop a corporate portal and a mobile application
- 2 Develop a strategy to enhance the efficiency of social investments and improve the system for monitoring targeted use of funds allocated to charity
- 3 Update the list of material issues that affect the quality of life in our regions of operation
- 4 Update corporate documents regulating corporate social responsibility, charity, and supplier relations
- 5 Launch the Sustainable Development training course on the corporate university portal
- 6 Arrange audits of the maturity of the Company's sustainable development practices
- 7 Automate the data collection system for ESG indicators for public non-financial reporting
- 8 Strengthen our leading positions in the industry by expanding representation on Russian and international ESG ratings

<sup>8</sup> For more information, see Implementing the UN SDGs section.

# Stakeholder engagement

GRI 102-21 GRI 102-40 GRI 102-42 GRI 102-43 GRI 102-44

Metalloinvest aims to create value for its stakeholders according to their interests and needs. To achieve this goal, we are building a system of efficient stakeholder engagement that relies on diverse engagement methods and communication channels, paying special attention to improving bilateral communication systems and feedback mechanisms.

The Company has adopted a Stakeholder Engagement Policy<sup>9</sup> that sets out the principles and primary engagement methods for each individual group.

## STAKEHOLDER ENGAGEMENT PRINCIPLES AND CHANNELS

### OPENNESS

Ensuring transparent operations and providing comprehensive information through a variety of channels, including non-financial reporting

### CONSISTENCY

Consistently communicating the progress of activities and adjusting actions in line with stakeholder reactions, attitudes and expectations

### RESPONSIVENESS

Responding to requests and adjusting the course of action to meet expectations

### RELEVANCE

Formulating a strategy for developing and conducting its own activities, taking into account the interests of stakeholders

### COMPLETENESS

As far as possible, capturing stakeholders' interests, expectations, views, needs, and perceptions on relevant issues, through ongoing engagement



<sup>9</sup> For more information, see Stakeholder Engagement Policy [↗](#).

## Key stakeholder groups and engagement channels

Metalloinvest’s stakeholders are categorised into seven key groups. The special interests and issues of each group that require action from the Company are highlighted, as are specific engagement channels.

STAKEHOLDER GROUP	ISSUES AND INTERESTS	ENGAGEMENT CHANNELS	COMPANY ACTIONS AND KEY ENGAGEMENT ACTIVITIES
<b>SHAREHOLDERS</b>	<ul style="list-style-type: none"> <li>Growth in share value</li> <li>Risk management</li> </ul>	<ul style="list-style-type: none"> <li>Individual and collective shareholder meetings</li> <li>Publication on the Company’s website of corporate reports, press releases, presentations and material facts</li> <li>Conference calls with the Finance and Economics Director and the Production Director</li> <li>The corporate website</li> </ul>	<ul style="list-style-type: none"> <li>Implementing the Company’s strategy</li> <li>Implementing a multi-level corporate-wide risk management and internal control system (CRMICS)</li> <li>Implementing the Industry 4.0 Digital Transformation Programme<sup>10</sup></li> <li>Gathering feedback from shareholders and bringing up key issues at meetings of the Board of Directors</li> </ul>
<b>STAFF</b>	<ul style="list-style-type: none"> <li>Labour relations</li> <li>Remuneration and social support</li> <li>Training and development</li> <li>Safe working conditions</li> <li>Participation in positive changes within the Company and in the regions of operation</li> </ul>	<ul style="list-style-type: none"> <li>Training programmes</li> <li>The corporate portal</li> <li>Staff engagement monitoring</li> <li>Corporate media and radio</li> <li>Your Voice feedback boxes</li> <li>Corporate messengers</li> <li>The hotline</li> </ul>	<ul style="list-style-type: none"> <li>Conducting corporate assessments at the Company to ensure management possesses the necessary personal, business and professional competencies to deal with the Company’s challenges and implement best practices on the market</li> <li>Developing corporate training programmes for key employees based on vocational test results</li> <li>Establishing a talent pool of the top 100 employees</li> <li>Successfully transforming the Production Leaders’ Institute corporate training programme into the Leaders 4.0 programme</li> <li>Developing the Sharing Experience corporate programme</li> <li>Signing collective agreements to provide social support for staff, their families, and pensioners (retired employees)</li> <li>Holding corporate events</li> <li>Organising corporate social programmes for staff</li> <li>Offering advanced training for staff and fostering their professional development</li> <li>Assessing occupational risks and hazards and shaping working conditions based on assessment results</li> <li>Carrying out activities to reduce the risk of accidents at hazardous production facilities</li> <li>Supporting the staff’s volunteer initiatives</li> </ul>
<b>SUPPLIERS AND CONTRACTORS</b>	<ul style="list-style-type: none"> <li>Transparent, fair, and competitive procedures surrounding provision of goods and services</li> </ul>	<ul style="list-style-type: none"> <li>Competitive procedures surrounding provision of goods and services</li> <li>Specialised conferences and exhibitions</li> <li>Meetings with suppliers</li> <li>Communication with suppliers</li> <li>The corporate website</li> </ul>	<ul style="list-style-type: none"> <li>Transparently conducting initial assessments of suppliers to check their compliance with tender requirements</li> <li>Automating the procurement process</li> <li>Implementing anti-corruption activities and compliance controls</li> </ul>

STAKEHOLDER GROUP	ISSUES AND INTERESTS	ENGAGEMENT CHANNELS	COMPANY ACTIONS AND KEY ENGAGEMENT ACTIVITIES
<b>CUSTOMERS</b>	<ul style="list-style-type: none"> <li>Product quality</li> <li>Satisfaction with service</li> <li>Conformance of products with recent industry trends</li> </ul>	<ul style="list-style-type: none"> <li>Long-term contracts</li> <li>Regular meetings with customers</li> <li>Public events (conferences, forums)</li> <li>Customer surveys</li> <li>The corporate website</li> </ul>	<ul style="list-style-type: none"> <li>Improving customer-oriented sales of steel products</li> <li>Conducting interviews and surveys, organising visits to production facilities</li> <li>Holding coordination councils and working meetings</li> <li>Visiting customer facilities</li> <li>Arranging visits to production sites</li> <li>Acquainting customers with the production process</li> <li>Offering products that reflect market analysis and current needs</li> <li>Monitoring industry trends in order to develop products that meet the requirements of a changing market</li> <li>Providing information about product quality standards</li> </ul>
<b>LOCAL COMMUNITIES</b>	<ul style="list-style-type: none"> <li>Socio-economic development of the regions of operation</li> <li>A favourable environmental situation</li> </ul>	<ul style="list-style-type: none"> <li>Coordination councils for implementing external social programmes</li> <li>Communication with representatives of local communities</li> <li>Public consultations with representatives of local communities during implementation of investment projects</li> <li>Charity programmes</li> <li>The Hotline</li> </ul>	<ul style="list-style-type: none"> <li>Implementing charity and social programmes in the regions of operation that cover education, the social and cultural environment, healthcare, amateur and children’s sports, and support for disadvantaged social groups</li> <li>Supporting socially engaged communities that wish to help solve important tasks for the region’s development</li> <li>Awarding Metalloinvest grants as part of our social programmes</li> <li>Rendering targeted assistance under the Respond! volunteer programme</li> <li>Implementing the Environmental Programme</li> </ul>
<b>PUBLIC AUTHORITIES</b>	<ul style="list-style-type: none"> <li>Compliance with the legislation of the Russian Federation</li> <li>Implementation of the initiatives of federal executive authorities</li> <li>Monitoring the situation in the industry and its individual sectors and making proposals to improve relevant legislation</li> <li>Dynamic development of the Company as one of the country’s largest enterprises</li> <li>Implementation of industry best practices</li> <li>Participation in audits by supervisory bodies and timely rectification of any identified deficiencies</li> <li>Indirect and direct involvement in the development of the regions of operation</li> </ul>	<ul style="list-style-type: none"> <li>Personal meetings and negotiations</li> <li>Working and expert groups, commissions, committees and public councils of the federal executive authorities</li> <li>Public events (conferences, forums and roundtables)</li> <li>Corporate programmes to support and develop social infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>Conducting activities under social and economic partnership agreements</li> <li>Participating in control and supervisory activities, expert reviews and other such activities</li> <li>Paying taxes and making all other legally mandated payments</li> <li>Discussing initiatives within the Company’s operations and finances that could affect the economic, environmental or social situation in the industry or region</li> <li>Helping design proposals to update and improve relevant regulatory frameworks as the largest industry representative</li> <li>Promptly rectifying deficiencies identified during inspections by supervisory bodies</li> <li>Preparing responses to enquiries from the authorities</li> <li>Obtaining necessary permits and approvals, complying with the law</li> </ul>
<b>INVESTMENT COMMUNITY</b>	<ul style="list-style-type: none"> <li>Financial indicators</li> <li>Corporate social responsibility</li> </ul>	<ul style="list-style-type: none"> <li>Conferences and forums</li> <li>Meetings in various formats</li> <li>Investor Day</li> <li>Site visits</li> <li>Non-deal roadshow</li> <li>Deal roadshow</li> </ul>	<ul style="list-style-type: none"> <li>Publishing reports</li> <li>Participating in industry forums and conferences</li> </ul>

<sup>10</sup> For more information, see the Development prospects section of the Annual Report [↗](#).

## Stakeholder communication channels

To interact with stakeholders, the Company relies on the most accessible formats and channels:

### INTERNAL

- Online and offline Awareness Days, including management meetings with staff
- The corporate magazine
- The weekly digest
- The corporate intranet portal, including its mobile application
- Information boards and booklets
- The hotline
- Corporate messenger apps
- Your Voice feedback boxes
- Corporate health and safety newsletters
- Corporate celebrations (held online)

### EXTERNAL

- Communications with stakeholders
- Stakeholder events such as hearings, meetings, presentations
- Participation in specialised third-party events such as exhibitions, forums, conferences and hearings

### COMBINED

- Media
- Press releases
- The Annual Report and the Sustainability Report
- Social media
- The corporate website
- Corporate TV
- The corporate magazine



At the All-Russian contest Best Corporate Media 2020, OEMK's Elektrostal publication, which contains the general section Metalloinvest News (launched this February), was the winter of the category Intra-corporate Media: Newspaper.



## Communication during COVID-19

The pandemic has led to severe restrictions in practically all areas of life, meaning that in 2020, many industry and economic events were cancelled. Likewise, the number of face-to-face meetings, seminars and exhibitions was reduced. In order to reduce the risk of COVID-19 and to keep individuals safe, we refrained from participating in offline exhibitions and forums.

Events that we had not previously conceived could be held online without sacrificing engagement were moved to digital platforms. Thus, this uncompromising situation has revealed impressive opportunities, enabling us to bring together thousands of people at single events, establish communication between all participant groups, and ensure the attendance of colleagues and business partners despite the distance. For example, in mid-summer our online presentation of the 2019 Consolidated Report was successfully held for representatives of key stakeholder groups. Similarly, the live-streamed launch of one of this year's key projects (the crushing and conveying facility at MGOK) was joined online by the Russian Minister of Industry and Trade Denis Manturov, Kursk Region Governor Roman Starovoi, multiple Metalloinvest managers, and some 19,000 online viewers.

# 877,000

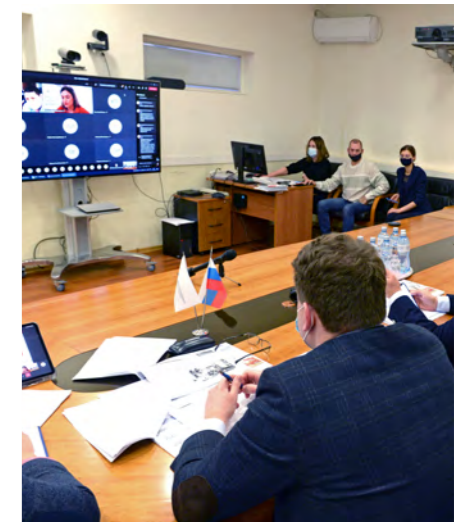
VIEWS RECEIVED THE LIVE-STREAMED CORPORATE EVENTS IN 2020

## Open dialogue

In 2020, we successfully launched online Awareness Days for the Company's staff. Previously, Awareness Days had taken the form of face-to-face meetings between managers/top executives and staff, with the number of participants determined by the capacity of the auditorium. Eventually, we moved Awareness Days to the Microsoft Teams platform and started to gather small groups at specially organised workstations, thereby increasing our coverage to 600-1,000 people per meeting.

The questions raised at online meetings were further discussed by line managers with production personnel at shift-meetings. Participants of the Information Days were polled to obtain feedback and improve the efficiency of communications within the project.

Online meetings with the CEO organised for the staff of the Management Company took the form of working dialogues this year, allowing each participant to ask their questions directly. Participants discussed current challenges faced by the Company, the current period's performance, and the objectives and plans for the next.



The audience of Metalloinvest's official social media communities in 2020 increased by 63% to 30,000 subscribers. In the middle of the year, new communities of Metalloinvest enterprises were created, which gained 9,000 subscribers by the end of the year. A mobile application for Metalloinvest's corporate portal has been launched.

# Sustainability risk management

GRI 102-15 GRI 201-2

Risk management is interwoven into Metalloinvest’s Sustainable Development strategy, and aspects of it are defined in the Risk Management Policy, as well as in the Regulations on the Automated Risk Management System (ARMS), which was developed based on recommendations from internal controls, internal audit, and several other documents.<sup>11</sup> All levels of staff are involved in the risk management process.

## Approach to managing sustainability risks

Metalloinvest’s risk management system assesses risks using the same methodology by which specific strategic goals were set. Thus, the risk of failing to achieve SDGs is assigned a separate category and assessed independently of other corporate risks.

At the same time, certain risks of sustainable development may have a significant impact on the financial goals of Metalloinvest. These risks are used to assess their impact on the financial result (for example, climatic or environmental risks).

Sustainable Development risks have a critical impact on the Company’s priorities.

The Sustainable Development department is responsible for identifying and assessing the risk of failing to achieve SDGs. For each proposed indicator, a separate procedure is carried out to determine risk factors and the probability of a negative impact

GRI 201-2

Various divisions of the Company are responsible for accounting and assessing climate and environmental risk.<sup>12</sup>

Climate risk management is now handled at the strategy management level due to its complex nature, while more local environmental risks are assessed directly at production facilities.



<sup>11</sup> For more information, see the Risk Management and internal control section of the Annual Report [↗](#).

<sup>12</sup> For more information, see Climate risk assessment and management at Metalloinvest in the appendices.

## KEY SUSTAINABILITY RISKS

GRI 102-15 GRI 201-2

The Company’s sustainability risks are grouped according to the ESG goals they affect.

### Goal: Reduce injury, prevent fatal and serious injuries

#### 1. OHS risks

**KEY RISK FACTORS:**

- Inadequate safety culture
- Insufficient priority assigned to OHS issues

**KEY RESPONSE STRATEGIES:**

- Organisational change, raising the OHS status
- Auditing the occupational risk management system
- OHS digitisation projects
- Projects to reduce group accidents
- Developing a culture of labour safety
- Working with contractors
- Staff training, implementing a comprehensive communication programme, fostering a corporate culture
- Organising stakeholder engagement activities

### Goal: Protect ecosystems for society and future generations

#### 2. Environmental risks

**KEY RISK FACTORS:**

- Pollution of air, water and land
- Broken down environmental equipment
- Suspended operations and mandatory compensation due to blatant environmental violations
- Non-compliance with environmental laws and regulations
- Increased environmental responsibility

**KEY RESPONSE STRATEGIES:**

- The Environmental Programme
- Organising stakeholder engagement activities

#### 3. Climate risks

**KEY RISK FACTORS:**

- Carbon regulation risks, introduction of cross-border charges

**KEY RESPONSE STRATEGIES:**

- Shaping the Company’s climate strategy
- Long-term focus on carbon footprint reduction (especially at Ural Steel)

### Goal: Improve sustainable business development and achieve the UN SDGs

#### 4. Security risks

**KEY RISK FACTORS:**

- Economic losses due to counterparty misconduct
- Losses due to computer attacks by intruders, information security (IS) breaches as a result of staff action or inaction
- Breach of legal requirements surrounding information security
- Economic losses due to misconduct by staff, internal fraud or corruption
- Economic losses caused by theft of goods and materials or damage to the Company’s property by third parties

**KEY RESPONSE STRATEGIES:**

- The Roadmap for Bringing the Management Company’s Anti-Corruption Management System into Compliance with the Requirements of ISO 37001:2016, preparation for its certification
- The development plan for the Anti-Corruption Compliance Control System at the Company
- Developing the information safety management system and certifying its compliance with the requirements of ISO/IEC 27001:2013
- Developing a culture of information security



## 5. Risks associated with market competition and product quality

For more information, see the Risk Management and Internal Control section of the Annual Report [↗](#). A risk analysis is provided under Sales Risks in the list of key risks affecting the attainability of the Financial and Economic Activities (FEA) Plan.

## 6. Sustainable supply chain risks

For more information, see the Risk Management and Internal Control section of the Annual Report [↗](#). A risk analysis is provided under Procurement Risks in the list of key risks affecting the attainability of the FEA plan.

## 7. HR risks

For more information, see the Risk Management and Internal Control section of the Annual Report [↗](#). A risk analysis is provided under HR Risks in the list of key risks affecting the attainability of the FEA plan.

## 8. Social and community risks

### KEY RISK FACTORS:

- Risks associated with social and economic instability in the regions of operation, as well as deteriorating relations with local communities and public authorities

### KEY RESPONSE STRATEGIES:

- Implementing a set of measures to combat COVID-19
- Creating a separate organisational structure dedicated to sustainable development (the Sustainable Development Committee under the Management Board)
- Conducting sustainable development maturity audits
- Including sustainable development projects into the list of the Company's strategic priorities
- Developing roadmaps for individual areas of sustainable development
- Training staff on sustainable development and human rights
- Organising stakeholder engagement activities

## 9. Risks related to the protection of human rights

### KEY RISK FACTORS:

- Health deterioration of individuals as a result of adverse environmental conditions
- Unsafe working conditions
- Discrimination based on race, gender and other criteria
- Forced relocation of local residents
- Forced labour and child labour

### KEY RESPONSE STRATEGIES:

- Creating a separate organisational structure dedicated to sustainable development (the Sustainable Development Committee under the Management Board)
- Conducting sustainable development maturity audits
- Including sustainable development projects into the list of the Company's strategic priorities
- Developing roadmaps for individual areas of sustainable development
- Training staff on sustainable development and human rights
- Organising stakeholder engagement activities

## PLANS FOR 2021<sup>13</sup>

- 1 Implementing a set of measures aimed at developing risk culture in the Company, as well as culture of taking responsible risk-aware decisions
- 2 Developing Company's managers risk management competencies, conducting training on risk management and decision-making, as well as implementing tools for quantitative risk assessment
- 3 Developing risk management tools within the Company's business processes, taking into account the specifics of the goals and objectives of these processes

# Preparedness for accidents and emergencies

Metalloinvest is developing a comprehensive emergency and accident prevention and response system based on high corporate safety standards. The system focuses on eliminating even minimal risks of emergencies.

## MEASURES TO PREVENT ACCIDENTS AND EMERGENCIES

Metalloinvest does everything possible to ensure emergency preparedness at facilities and regions of operation that are potentially vulnerable to danger, emergencies, or accidents, including natural disasters. The necessary regulations are in place at the Company to successfully identify and assess possible threats and formulate measures to minimise or completely eliminate them.

Emergency and accident prevention is integrated into the risk management system. At the corporate level, unified requirements

and methodological approaches for preventing and eliminating emergencies and accidents have been defined, and goals have been set to develop and coordinate activities in this area. A set of measures to ensure compliance with requirements surrounding emergency and accident prevention and response has been implemented at the subdivision level of the Company; internal and independent external audits of the systems are conducted on a regular basis.

# 0 EMERGENCIES

0 ACCIDENTS AT METALLOINVEST ENTERPRISES WERE RECORDED IN 2020

Thanks to Metalloinvest's constant vigilance of industrial safety issues, no fires or accidents were recorded at the Company's production facilities in 2020.

## PLANS FOR CONTAINING AND ELIMINATING THE CONSEQUENCES OF ACCIDENTS

In full accordance with the requirements of Russian legislation, the Company has developed action plans for containing and eliminating the consequences of accidents at its production facilities. The plans take into account the specific features of each facility.

At each enterprise, employees perform simulations of events susceptible to emergency situations and practice

executing a response strategy. Accident containment and response plans are updated and tested during joint drills for the Company's staff and professional emergency response teams. The drills are conducted by the Company's OHS service staff, mine rescuers and fire brigades. Joint emergency response activities are practiced during these drills. Based on the drill results, a detailed analysis of the actions of Metalloinvest staff and rescue

services is carried out, and areas requiring more thorough training are identified.

The Company's metallurgical enterprises have their own gas rescue services, and they have also concluded contracts with fire departments to ensure the safety of hazardous production facilities.

<sup>13</sup> For more information about CRMICS development plan for 2021, see the Risk Management and Internal Control section of the Annual Report [↗](#).

# Business ethics and anti-corruption

GRI 102-16 GRI 102-17 GRI 205-1 GRI 205-2 GRI 205-3

Metalloinvest complies with legal requirements and follows generally accepted standards of business ethics in its operations. These principles are fundamental to our dealings with all stakeholder groups.



## BUSINESS ETHICS

As a signatory to the UN Global Compact, Metalloinvest reaffirms its commitment to the fundamental principles of human rights, labour relations, environmental protection, and anti-corruption activities, assigning particular importance to Principle 10: "Businesses should work against corruption in all its forms, including extortion and bribery."

Metalloinvest staff rely on internal documents that bring together the most important principles and rules of business conduct, social and environmental responsibility, and other significant issues that pertain to business ethics. These regulations are aimed at enhancing the sustainable development of the Company's operations, developing its corporate culture, supporting its reputation, and maintaining and strengthening the trust of the business community and civil society in Metalloinvest.

The provisions of these regulatory documents are binding for all employees without exception, which creates a comfortable atmosphere that facilitates efficient work and professional development. We also encourage our partners to embrace these business principles, as they underpin the efficiency of joint activities.

According to the 2020 EcoVadis ESG rating, Metalloinvest is demonstrating positive trends in a number of business ethics indicators, improving its previous rating by 10 points.

## Company values and principles

GRI 102-16

Our key values and principles<sup>14</sup> are set forth in our Code of Corporate Ethics [↗](#). Their main purpose is to foster mutual understanding and productive working relationships between employees and all stakeholders, including business partners, suppliers, customers, public authorities and local communities.

## ANTI-CORRUPTION COMPLIANCE CONTROL

To manage corruption and fraud risk, Metalloinvest is guided not only by legal requirements, but also by local and global best practices, constantly improving its compliance control system. The Company has a zero-tolerance approach to any form of corruption at its enterprises and implements an Anti-Corruption Compliance Programme.

For Metalloinvest, corruption comprises making any kind of payment to facilitate administrative, bureaucratic and other formal procedures, among other activities. The Company does not make incentive payments (administrative, bureaucratic, or any other), nor does it provide money, property, property rights, services or other tangible or intangible benefits to public authorities or public officials unless otherwise provided for by laws and other regulations of the Russian Federation.



The Company was awarded the highest grade from the Russian Business Anti-Corruption Rating (A1), with a stable outlook on the national scale.

This rating is awarded to companies with the highest level of anti-corruption compliance and the lowest level of corruption risk, which means that investors, creditors, business partners and other stakeholders<sup>15</sup> are exposed to the lowest level of associated threat. This assessment demonstrates the special attention that Metalloinvest's management assigns to anti-corruption issues, as well as the high level of corruption prevention activities.



## Anti-Corruption Management System

Metalloinvest has confirmed its willingness to certify the compliance of its Anti-Corruption Management System with ISO 37001:2016.

In 2020, the Company conducted an internal audit (self-assessment) of its Anti-Corruption Management System. It came to the conclusion that its corruption-prone business processes generally follow the requirements for the Anti-Corruption Management System and ISO 37001:2016; the implemented anti-corruption measures are applicable and workable. Based on these results, Metalloinvest approved the Anti-Corruption Compliance Control System Development Plan and confirmed its readiness to certify the system's compliance with the requirements of ISO 37001:2016.

<sup>14</sup> For more information, see the section Responsibility to personnel.

<sup>15</sup> According to the 2020 Russian Business Anti-Corruption Rating of the Russian Union of Industrialists and Entrepreneurs (RSPP).

## Metalloinvest’s anti-corruption compliance control principles

<p><b>LEGALITY</b></p> <p>Metalloinvest monitors all changes in the Russian anti-corruption legislation and implements the applicable norms in its compliance system along with international best practices</p>	<p><b>PERSONAL EXAMPLE SET BY MANAGEMENT</b></p> <p>The Company’s Management act as ambassadors for creating a system to prevent and counter corruption. It models behaviour that meets the requirements of business ethics, fostering a culture of zero tolerance for corruption</p>	<p><b>CERTAINTY OF PUNISHMENT</b></p> <p>Regardless of position, years of service, or other circumstances, failure to comply with anti-corruption rules and requirements may lead to penalties and disciplinary actions up to and including termination of employment</p>
<p><b>INVOLVEMENT OF EMPLOYEES IN ANTI-CORRUPTION ACTIVITIES</b></p> <p>Strict adherence to anti-corruption laws and corporate regulations is mandatory for all employees</p>	<p><b>ZERO TOLERANCE FOR CORRUPTION</b></p> <p><b>Metalloinvest does not tolerate corrupt practices in any form and for any purpose. This applies both within the Company and with shareholders, investors, counterparties, public authorities, public officials, political parties (or their representatives) and other individuals</b></p>	<p><b>PRIORITISATION OF PREVENTIVE MEASURES</b></p> <p>Metalloinvest is committed to preventing breaches of regulations and requirements before they happen</p>
<p><b>EFFICIENCY</b></p> <p>Metalloinvest implements a set of measures aimed at reducing corruption risks; it adopts international best practices in this area</p>	<p><b>A RISK-ORIENTED APPROACH</b></p> <p>The Company monitors, analyses, and assesses corruption risk in order to effectively prevent violations and ensure compliance with business ethics standards</p>	<p><b>DUE DILIGENCE</b></p> <p>The Company chooses its business partners carefully. We do not deal with any counterparties who have previously been implicated in corrupt practices and sever relations even if this would mean losing an economic advantage for the Company</p>
<p><b>NON-RETALIATION</b></p> <p>Employees who report corruption in good faith are guaranteed protection from any penalties</p>		<p><b>PUBLICITY AND TRANSPARENCY</b></p> <p>Metalloinvest extends its experience in preventing corruption to its business partners, encouraging them to adopt ethical business practices</p>

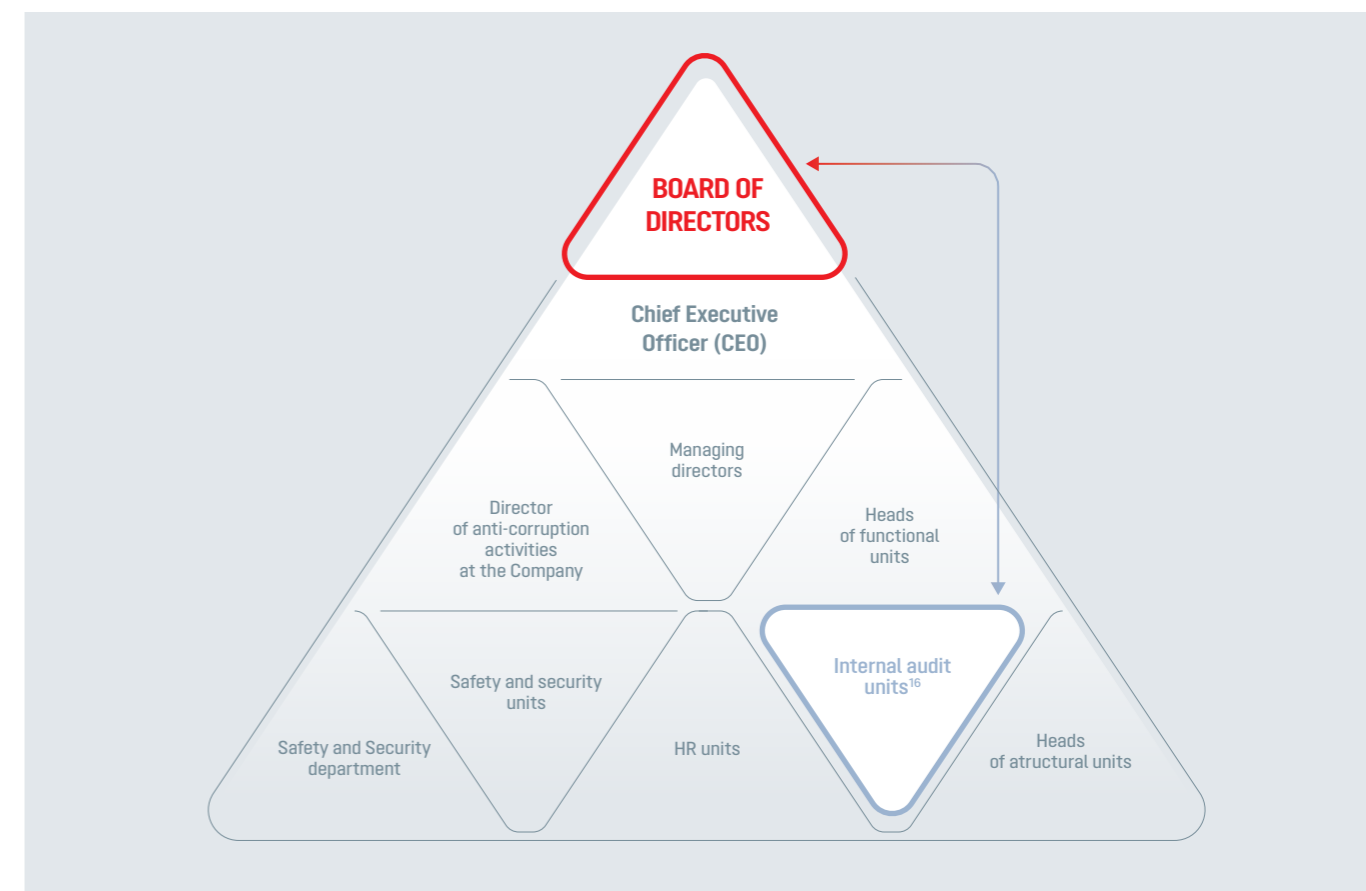
## Company regulations

The Company’s anti-corruption compliance controls are carried out in accordance with the following corporate regulations:

- Code of Corporate Ethics [↗](#)
- Anti-corruption Compliance Programme [↗](#)
- Anti-corruption Policy [↗](#)
- Anti-corruption requirements
- Conflict of Interest Regulation [↗](#)
- Corruption Risk Management Regulation
- Policy on Responding to Reports of Misconduct
- Regulations on Due Diligence Regarding Legal Entities
- Anti-Corruption Monitoring Procedure
- Regulations on Receiving and Giving Gifts

## Management structure

To implement anti-corruption compliance controls and procedures, the Company has set up a management system and assigned managers and responsible units<sup>16</sup>:



## Anti-corruption measures

The Company implements the following anti-corruption measures:

- Upholds standards for employee conduct
- Practices corruption risk management
- Develops, implements, and updates local regulations to combat corruption
- Conducts expert anti-corruption investigations
- Applies anti-corruption controls to procurement and sales
- Refuses payments through intermediaries in favour of third parties
- Ensures compliance with anti-corruption principles when interacting with counterparties
- Ensures that gifts and representative expenses comply with anti-corruption restrictions
- Ensures that charitable activities and sponsorships comply with anti-corruption restrictions
- Refrains from engaging in political activity
- Manages conflict of interest
- Ensures compliance with anti-corruption principles when interacting with public authorities
- Counteracts bribery of foreign public officials and officials of international public organisations
- Cooperates with regulatory and law enforcement authorities in the field of anti-corruption
- Ensures compliance with anti-corruption principles when handling confidential information
- Ensures that allegations of corruption are resolved
- Follows up on detected violations and prosecutes the perpetrators
- Organises procedures to protect employees who file corruption allegations from retaliation
- Engages in accounting and reporting
- Lays the foundation for an anti-corruption behaviour amongst staff
- Engages in anti-corruption monitoring

<sup>16</sup> Independent internal control body.

GRI 205-1

As it works to continuously improve its system for managing corruption and fraud risk, Metalloinvest is guided not only by Russian legal requirements, but also by local and international best practices. In 2020, the Company carried out **identification and assessment of corruption risks**, after which the Risk Committee approved a Corruption Risk Register; control procedures for each risk were subsequently implemented. The Register contains a description and assessment of 100 corruption risks within 16 business processes of the Company.

The Company's CEO then approved a List of Corruption-Prone Business Processes, which includes:

- Procurement and acceptance of goods and services
- Sale of products (finished products, by-products, scrap metal, and scrap waste)
- Sale and lease of the Company's immovable property
- Interaction with state authorities and public organisations
- Financial management
- Planning and control of investment activities
- Management and recovery of receivables
- Claims
- Audits and inspections of financial and economic activities at Metalloinvest enterprises
- Security incident audits, counterparty due diligence, and contract negotiation

The Company's activities are based, inter alia, on the principles of zero tolerance for corruption, which is expressed in the following ways:

- Zero appetite for corruption risks
- Responding to all suspected instances of corruption and investigating them further regardless of the amount of damage incurred or benefit received
- Liaising with law enforcement authorities in accordance with the applicable laws
- Bringing all perpetrators to justice in accordance with the applicable laws
- Judicial protection of infringed rights in accordance with the applicable laws



The Corruption Risk Register was approved in 2020



## Identifying and managing conflict of interest

GRI 102-25

The Company strives to identify and resolve conflicts of interest that may arise as staff perform their duties.

TO THIS END, THE COMPANY IMPLEMENTS THE FOLLOWING MEASURES:

- Ensures that staff strictly observe the obligations imposed by Russian legislation, Metalloinvest's local regulations, and employee guidelines
- Maintains an organisational structure that clearly delineates the areas of responsibility of subdivisions, as well as the authority and responsibility of specific employees
- Issues powers of attorney to certain employees to perform specific actions and carry out certain types of transactions
- Limits the employment of relatives in positions that would involve the subordination of one relative to another, or that would create the possibility of influencing task-setting and performance assessment by the relative
- Practices collegial decision-making for all significant, large-scale issues using all information available to the Company, such as data from accounting, statistics, management, and other reports
- Allocates job duties to staff in a way that precludes the possibility of conflicts of interest or conditions that could give rise to them
- Bans actions that could give rise to conflicts of interest: employees must refrain from engaging in transactions or deals involving individuals and/or organisations with which they or their family members have personal connections or financial interests
- Complies with Russian legislation by informing state and municipal bodies when hiring former government employees
- Submits mandatory Conflict of Interest Declarations by candidates applying for vacancies at the Company
- Periodically submits Conflict of Interest Declarations by employees filling positions prone to corruption risk
- Prohibits the disclosure of confidential corporate information to third parties that could be used by them to enter into commercial transactions that go against the Company's interests

In order to identify and manage conflicts of interest that may arise as staff perform their duties, we manage access rights and conflict of authority risks using the SAP GRC Access Control solution. In 2020, the Company resolved 27 instances of conflict of interest.

## Anti-corruption requirements

Anti-corruption requirements are included in all standard employment contracts, as well as in the Company's internal work regulations, which were updated in 2020. In addition, activities of the Company's staff are guided by the **Code of Corporate Ethics** and the **Conflict of Interest Regulations**. These documents set forth the rules of working: strict compliance with the law, fair competition, and professionalism. In addition, Metalloinvest's staff and business partners are required to follow the provisions of the **Anti-Corruption Compliance Programme** and the **Anti-Corruption Policy**.

Likewise, anti-corruption clauses are included in all contracts with our contractors and suppliers, binding the contractor to read Metalloinvest's local anti-corruption regulations and accept their terms. For the convenience of contractors and business partners, an educational video on the Company's anti-corruption policy has been posted to Metalloinvest's corporate website. The above measures have ensured that 100% of our business partners are properly informed about anti-corruption issues.

100%

OF OUR BUSINESS PARTNERS ARE INFORMED OF METALLOINVEST'S ANTI-CORRUPTION POLICY

## HOTLINE

GRI 102-17 | GRI 205-2 | GRI 205-3

The Company maintains a dedicated confidential Hotline for reporting possible misconduct.

The Company's Hotline is a channel for employees and other persons to provide feedback on corrupt practices; corporate

fraud; embezzlement; misrepresentation of accounts; bribery; inefficient use of resources; and violations of Russian legislation, local regulations of the Company, and the legitimate interests of employees.

**The Company's Hotline is available 24/7 to receive any reports of possible misconduct, which can be submitted anonymously**

### THE HOTLINE IS AVAILABLE 24/7 VIA THE FOLLOWING CHANNELS:



**THE COMPANY'S WEBSITE**  
HOTLINE WIDGET  
[HTTPS://WWW.METALLOINVEST.COM/ABOUT/COMPLIANCE/](https://www.metalloinvest.com/about/compliance/)



**TELEPHONE**  
TOLL-FREE FOR CALLS WITHIN RUSSIA  
8 800 700 10 55



**E-MAIL**  
HOTLINE@METALLOINVEST.COM



**MESSENGER APPS**  
VIBER, WHATSAPP  
8 920 585 27 17

The Company responds to all reports received and, if necessary, provides feedback to the complainant. The Company can also draw up a report on the outcome of the incident if the complainant so desires. If the report is anonymous, full confidentiality of all information is guaranteed: the complainant's details are never disclosed.

All reports are handled within a single working day. Every month, a report detailing the outcomes of each complaint is compiled and submitted to the CEO.

The Hotline allows issues to be resolved promptly, even if they are not directly related to combatting corruption or fraud: the channel also handles enquiries relating to health and safety, industrial and environmental safety, business conduct and discrimination, abuse of authority, and social or general issues.



We encourage employees to report all instances of misconduct and corruption, for which purpose we have set up several real-time communication channels. We guarantee our employees that any claim will remain confidential and undergo thorough verification, and employees themselves will be protected from retaliation, even if misconduct is not eventually confirmed during the verification process. At the same time, employees are legally liable for knowingly making false reports in order to defame others or obtain preferential treatment. These measures are enshrined in internal regulatory documents.

**222**

REPORTS TO THE HOTLINE RECEIVED IN 2020

## Hotline Call Statistics

TOPIC	NUMBER OF COMPLAINTS
Abusing power	32
Unethical behavior	23
Non-compliance with occupational health and industrial hygiene requirements	8
Unwarranted liability action against individuals reporting misconduct	6
Conflict of interests	3
Other (non-payment of wages, bonuses, violations of local regulations)	150

In 2020, the Hotline received 222 complaints, 71 more than in 2019. In 40 cases, violations were later confirmed and 24 people faced prosecution after the investigation was completed.

**The total number of calls to the Hotline increased by 47% compared to 2019**

## Plans to develop the Hotline

The Company continues to refine the Hotline system. In 2021, as part of our digitisation efforts, we plan to develop and implement an automated system for receiving and processing

incoming calls. This will make it possible to respond more quickly to claims and monitor the Hotline at every stage of its operation, as well as to preform analysis of follow-up activity.

GRI 205-3

In the course of its efforts to combat corruption, in 2020 the Company recorded two confirmed cases of corruption, two employees dismissed for corrupt actions, and three instances of business partners being deemed unscrupulous suppliers for corruption-related violations.

Likewise, thanks to the control procedures implemented at the Company, two Ural Steel employees were uncovered who had illegally received kickbacks from counterparties of the Company for general patronage and preferential treatment during the conclusion and execution of contracts. Evidence pertaining to the relevant criminal activity was sent on to law enforcement officials. As a result of the criminal proceedings, the courts convicted the employees in 2020.



## BUSINESS ETHICS AND ANTI-CORRUPTION COMPLIANCE TRAININGS

### GRI 205-2

The Company has set up a system for business ethics and anti-corruption compliance training.

Metalloinvest staff take the mandatory beginner course **Raising Employee Awareness of Corruption and Fraud Prevention Measures** on the WebTutor e-learning platform, providing them with sufficient training to assess corruption risks and counteract corruption. The course provides an introduction to national and international compliance trends, government and internal corporate regulations, and tools for reporting corruption risks. The Company makes systematic use of both online trainings and in-person group trainings at the enterprises. A refresher course is also available for a number of positions to keep staff updated about legal requirements and internal corporate regulations. In 2020 alone, 21,894 employees underwent this training, which comprised 51% of the total workforce. All in all, a total of 100% of employees have taken this mandatory course at some point, including newly hired and long-time employees.

A total of 71 Company managers underwent the additional training Anti-Corruption Education for Employees Involved in Corruption-Prone Business Processes.

In-depth external training is also provided for employees who carry out anti-corruption compliance control. Thus, in 2020, two employees took the training Foreign Anti-Corruption Legislation, organised by the Anti-Corruption Centre of the National Research University Higher School of Economics.

All Company employees are informed of innovations or amendments to relevant corporate anti-corruption policies in good time. In addition, staff of the Security department responsible for anti-corruption controls are always ready to advise their colleagues should the latter have doubts about the compliance of their actions with legal norms and requirements or the principles of internal corporate anti-corruption documents.

# 100%

OF THE COMPANY'S STAFF ARE ENROLLED IN ANTI-CORRUPTION TRAINING

# 21,894

EMPLOYEES PASSED THE COURSE RAISING EMPLOYEE AWARENESS OF CORRUPTION AND FRAUD PREVENTION MEASURES IN THE REPORTING YEAR

# 71

MANAGERS TOOK THE COURSE ANTI-CORRUPTION EDUCATION FOR EMPLOYEES INVOLVED IN CORRUPTION-PRONE BUSINESS PROCESSES IN THE REPORTING YEAR

## PLANS FOR 2021

- Update the Company's Anti-corruption Policy, putting oversight of anti-corruption activities under the purview of the Board of Directors, develop a Conflict of Interest Regulation
- Automate the Hotline and transfer the processing of claims to Metalloinvest Corporate Service LLC (MCS)
- Develop an updated Policy on responding to reports of misconduct in light of planned organisational changes affecting the Hotline's operations
- Create a regulatory framework governing anti-corruption compliance control over the Company's business processes
- Establish collegial bodies to resolve conflicts of interest at Metalloinvest enterprises
- Continue to automate routine processes and procurement procedures, implementing automated control procedures
- Audit the Anti-Corruption Management System
- Report on the Company's activities and anti-corruption measures in accordance with ISO 37001:2016
- Develop and implement a set of measures to raise awareness of the key concepts, principles and norms of salient Anti-Corruption laws and regulations in the countries where Metalloinvest does business or has assets
- Conduct an anti-corruption survey of the Company's staff via the corporate portal
- Amend the employment contracts and rule books of staff who perform managerial functions with regards to the imposition of duties to monitor and evaluate the efficiency of the Anti-Corruption Management System
- Identify and assess corruption risks and update corruption-prone business processes

# Human rights

### GRI 407-1 GRI 408-1 GRI 409-1

Human rights are fundamental to society. Metalloinvest is committed to creating and maintaining a work environment free from discrimination of any kind, and it requires its business partners to conduct business in an equally ethical manner.

## THE APPROACH TO HUMAN RIGHTS

Human rights are fundamental to society. Metalloinvest is committed to creating and maintaining a work environment free from discrimination of any kind, and it requires its business partners to conduct business in an equally ethical manner.

## Legal framework for protecting human rights

The Company relies on the following key legal and regulatory documents to protect human rights:

INTERNATIONAL	NATIONAL	CORPORATE
<ul style="list-style-type: none"> <li>• The UN Global Compact</li> <li>• The Universal Declaration of Human Rights</li> <li>• The International Covenant on Civil and Political Rights</li> <li>• The International Covenant on Economic, Social and Cultural Rights</li> <li>• The UN Guiding Principles on Business and Human Rights</li> <li>• The International Labour Organisation's Declaration on Fundamental Principles and Rights at Work</li> </ul>	<ul style="list-style-type: none"> <li>• The Constitution of the Russian Federation</li> <li>• The Labour Code of the Russian Federation</li> </ul>	<ul style="list-style-type: none"> <li>• Human Rights Policy <a href="#">↗</a></li> <li>• Code of Corporate Ethics <a href="#">↗</a></li> <li>• Anti-corruption Policy</li> <li>• Sustainable Development Policy <a href="#">↗</a></li> <li>• Health, Safety and Environmental Policy <a href="#">↗</a></li> <li>• Corporate Social Responsibility and Charity Policy</li> </ul>
<p>In accordance with the principles of the <b>UNGC</b>, Metalloinvest incorporates internationally recognised human rights into its operations and strategy; advocates for the elimination of all</p>	<p>forms of forced, compulsory and child labour; and fights against labour and employment discrimination. We are guided by the demands and statements on human rights issued by</p>	<p>international industry associations such as the World Steel Association (WSA), of which the Company is a member.</p>

## The Human Rights Policy

To protect human rights, the Company introduced a Human Rights Policy [↗](#) in 2019. The Policy sets out key aspects and approaches to protecting human rights and defines the Company's obligations towards all stakeholders. Metalloinvest undertakes

to protect human dignity; ensure equality of rights and freedoms; protect freedom of speech, thought, conscience, and privacy; provide its employees with decent working conditions and remuneration; implement the necessary OHS measures; and create inclusive

opportunities. In line with the Policy, we strive to continuously improve our corporate practices aimed at protecting human rights and freedoms by maintaining an open dialogue with our stakeholders, monitoring risks, and implementing best practices.

## Human rights protection

In 2020, the Company implemented the following activities to protect human rights:

AREA OF ACTIVITY	KEY PROJECTS IN 2020
<b>The right to equal opportunities regardless of race, language, origin, gender, and nationality, as well as religious, political or other beliefs, etc.</b>	<ul style="list-style-type: none"> <li>Set up a transparent and objective recruitment process</li> <li>Implemented a programme for employing individuals with physical disabilities</li> <li>Systematically developed social programmes in its regions of operation</li> <li>Developed corporate training programmes for employees at all levels</li> <li>Developed two-way communication programmes with staff</li> <li>Approved a new model collective contract for 2020–2022</li> </ul>
<b>The rights to education, participation in cultural life, and use of the results of scientific progress</b>	<ul style="list-style-type: none"> <li>Supported educational establishments in the regions of operation to ensure access to high quality education</li> <li>Implemented social programmes to create an urban culture agenda</li> </ul>
<b>The right to work in safe and clean conditions and the right to medical care</b>	<ul style="list-style-type: none"> <li>Ensured compliance with OHS requirements in the Company and throughout the entire supply chain</li> <li>Introduced a range of measures to improve working conditions for staff</li> <li>Supported the healthcare system in the regions of operation</li> <li>Developed a corporate healthcare management system</li> <li>Implemented a comprehensive programme to support employees during the pandemic</li> <li>Provided employees with the right to visit health resorts</li> </ul>
<b>The right to remuneration</b>	<ul style="list-style-type: none"> <li>Maintained competitive salaries</li> <li>Established a set of measures to streamline and improve the social package, in addition to monetary remuneration</li> <li>Prohibited child and forced labour</li> </ul>
<b>Preventing fraud, corruption, and unfair economic practices</b>	<ul style="list-style-type: none"> <li>Approved a Development Plan for the Anti-Corruption Compliance Control System</li> <li>Developed the Hotline</li> <li>Trained 100% of the staff on compliance matters</li> </ul>
<b>The right to a healthy environment</b>	<ul style="list-style-type: none"> <li>Elaborated the Environmental Programme and the Climate Strategy</li> <li>Developed environmental requirements for suppliers and contractors</li> <li>Updated the HSE Policy</li> <li>Contributed to the development of a favourable urban environment in the regions of operation</li> <li>Introduced a tool to receive and process environmental complaints from individuals and legal entities in the regions of operation</li> </ul>
<b>The right to welfare and social assistance</b>	<ul style="list-style-type: none"> <li>Contributed to the comprehensive development of the regions of operation through corporate social and charity programmes</li> <li>Implemented corporate volunteering programmes</li> <li>Provided targeted assistance</li> </ul>

## Non-discrimination

Metalloinvest prohibits any form of discrimination when selecting and hiring staff, as well as during work activities and staff promotions. The Company upholds the universal nature of human and civil rights and freedoms regardless of sex, race, nationality, age, language, origin, property, official status, place of residence, religion, belief, and membership in public associations. It applies these values to all stakeholder groups and requires a similar approach from its business partners.

The Company also takes a responsible approach to gender equality as a necessary prerequisite for achieving sustainable development. Our goal is to ensure equal rights and opportunities for men and women within the Company, as well as their equal participation in all areas of corporate activities. Metalloinvest does not take gender into account when hiring and promoting employees with equal competencies and qualifications.

GRI 407-1

No subdivisions or suppliers of the Company violate or significantly endanger the rights to exercise freedom of association or collective negotiation.

## Preventing the use of child and forced labour

GRI 408-1 GRI 409-1

We comply with the principles of international and Russian law regarding the inadmissibility of child and forced labour. The Company does not resort to child or forced labour and has zero tolerance for such labour by business partners, contractors, and market participants throughout its supply chain.

The Company has no subdivisions or suppliers that are at significant risk of resorting to child, forced, or compulsory labour.

DRIVING THE EVOLUTION OF METALLURGY

# FORMING TRUSTWORTHY BONDS

## ACCOUNTABILITY TO CUSTOMERS AND SUPPLIERS

- 49 Approach to interaction with customers and suppliers
- 52 Quality and customer-centricity
- 57 Supply chain management and procurement policy
- 65 Plans for 2021 and the medium term

Metalloinvest's mission is to provide the global metals industry with high quality iron ore and metallised products, driving the evolution of metallurgy. The Company's pursues this aspiration, inter alia, through its approach to customer and supplier interactions. Metalloinvest's development strategy defines improving the quality of its products as a key objective, while customer-centricity is a crucial aspect of its operations.

### 88%

THE SHARE OF METALLOINVEST'S MATERIAL AND TECHNICAL RESOURCES AND SERVICES PURCHASED FROM RUSSIAN COMPANIES

### 95%

OF THE COMPANY'S SUPPLIERS SHARE THE METALLOINVEST SUSTAINABLE DEVELOPMENT PRINCIPLES

### 100%

OF OUR ENTERPRISES HAVE ENVIRONMENTAL, OHS, AND QUALITY MANAGEMENT SYSTEMS IN PLACE

Contribution to UN SDGs





# ACCOUNTABILITY TO CUSTOMERS AND SUPPLIERS

GRI 103-1 GRI 103-2 GRI 103-3 GRI 102-9 GRI 102-10 GRI 102-43 GRI 204-1

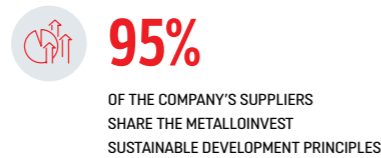
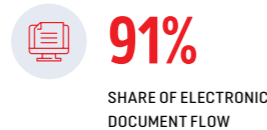
## MATERIAL TOPICS

- CUSTOMER-CENTRICITY
- ECONOMIC PERFORMANCE
- SUSTAINABLE SUPPLY CHAINS
- OHS OF EMPLOYEES AND CONTRACTORS

## ACTIVITIES

- Adopted the Supplier Code
- Conducted recertification audits of management systems at the Company's enterprises
- Implemented a premium product development programme at LGOK
- Launched an on-site laboratory to measure the metallurgical properties of products at LGOK
- Implemented a comprehensive product quality improvement programme at MGOK
- Implemented a comprehensive programme to improve customer centricity and product quality at OEMK
- Updated the Supplier Management Regulation and the Regulation on Meeting the Needs of the Company's Enterprises for Material Assets, Services and Works
- Completed procurement reorganisation
- Established the Automated Procurement department
- Carried out extensive training to develop the ability of supply staff and managers to react to uncertainty
- Implemented a SAP-based management reporting system
- Launched product catalogues based on B2B-Centre software
- Created a single information space for vendor lifecycle management

## KEY INDICATORS



# Approach to interaction with customers and suppliers

GRI 103-1 GRI 103-2 GRI 103-3 GRI 102-43

Metalloinvest seeks to develop long-term, mutually beneficial relationships with customers, suppliers and contractors based on fair, open and ethical principles of cooperation. It takes a responsible approach to selecting business partners.

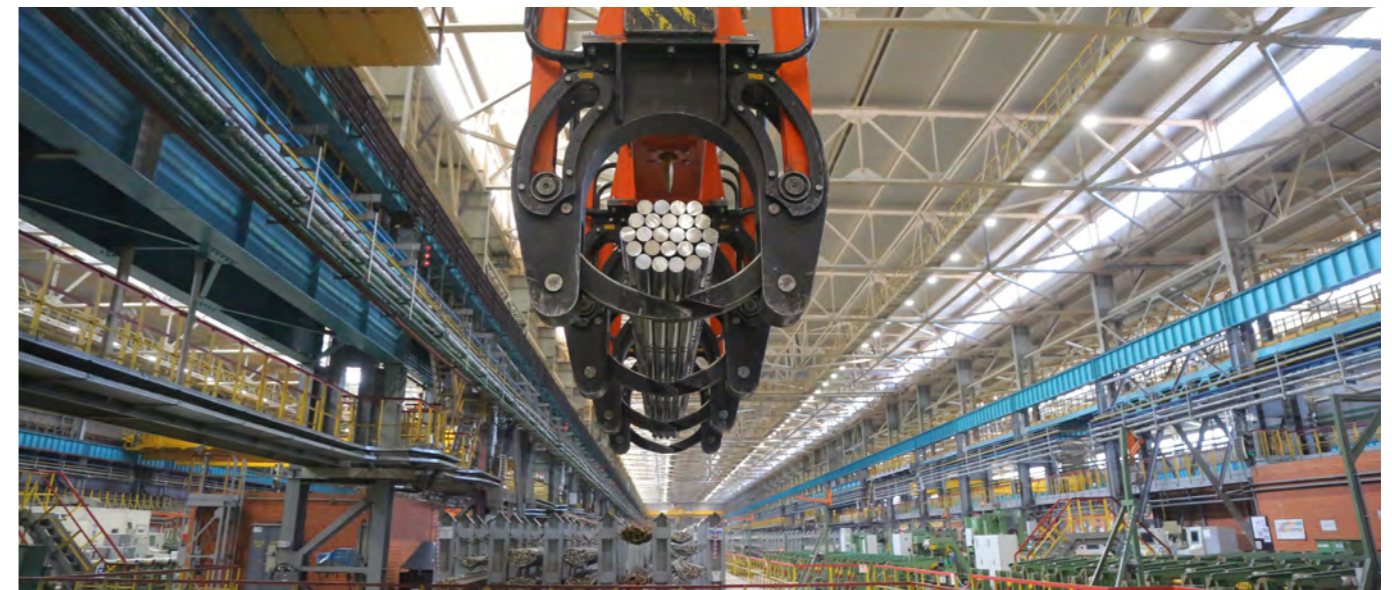
## OUR APPROACH

Efficient interaction with customers and suppliers, as well as ensuring high product quality, are key objectives of the Company. We interact with our customers and suppliers in accordance with the provisions of Russian legislation and corporate regulations. Furthermore, we require our partners to abide by the appropriate principles, complying with both mutual obligations and generally accepted norms of business ethics.

## Documents governing relations with business partners and contractors

The key documents at the Company that govern partner and contractor relations are as follows:

- Quality assurance policies of individual Metalloinvest enterprises
- Procurement Policy
- Supplier Code
- Code of Corporate Ethics [↗](#)
- Anti-Corruption Policy



## QUALITY ASSURANCE POLICY

Our quality assurance policies are derived from international standards and best practices. They are underpinned by Metalloinvest’s strategic goals and priorities, which guarantee quality while ensuring operational safety, protecting the environment, and safeguarding the life and health of workers.

### WE ARE GUIDED BY THE FOLLOWING PRINCIPLES:

- A focus on the needs and requests of our customers
- Production safety for each employee
- Efficient HR management, building relationships amongst the Company’s staff based on partnership and trust
- Involvement of all staff in the daily process of continuous improvement
- Standardisation of operations, processes and procedures
- Strict adherence to and improvement of standards, which is the personal responsibility of each employee

### POLICIES:

- Quality Control Policy of LGOK
- Quality, Environment, Health and Safety, and Energy Efficiency Policy of MGOK
- Quality, Environmental Protection, Labour Protection, and Industrial Safety Policy of OEMK
- Integrated Management System Policy of Ural Steel

### PRIORITY OBJECTIVES:

- Increase operational and managerial efficiency, develop and continually improve the quality management system
- Satisfy customer requirements and expectations
- Improve product quality and expand the product range
- Reinforce the Company’s leading position on the foreign and domestic steel markets as a reliable supplier of high-quality products
- Implement technical upgrades and modernise production facilities using energy efficient technologies with due consideration to environmental, OHS, and quality requirements
- Establish sustainable long-term partnerships with contractors and suppliers
- Create favourable working conditions for staff

## MANAGEMENT SYSTEM AUDITS

All Metalloinvest enterprises are required to undergo audits of their management systems. The quality management systems of the Company’s enterprises (LGOK, MGOK, OEMK and Ural Steel) are certified for compliance with international standards.

Certified management systems at Metalloinvest enterprises guarantee continuous improvement of product quality in order to meet customer requirements.

### CERTIFICATES<sup>17</sup> OF METALLOINVEST ENTERPRISES FOR COMPLIANCE WITH INTERNATIONAL STANDARDS<sup>18</sup> REGULATING QUALITY, SAFETY, AND MANAGEMENT SYSTEMS

ENTERPRISE	MANAGEMENT SYSTEM CERTIFICATES
LGOK	ISO 9001, ISO 14001, OHSAS 18001, ISO 45001, ISO 50001, ISO 10004
MGOK	ISO 9001, ISO 14001, OHSAS 18001, ISO 45001, ISO 50001, ISO 10004
OEMK	ISO 9001, ISO 14001, OHSAS 18001, ISO 50001, IATF 16949, EN 10025, ISO 10004
Ural Steel	ISO 9001, ISO 14001, OHSAS 18001, ISO 45001, ISO 50001, Gazprom Organisation Standard 9001-2018, EN 10025, ISO 10004

<sup>17</sup> Certificates are publicly available at <https://www.metalloinvest.com/en/partners/quality-system/certificates/>

<sup>18</sup> ISO 9001 – an international standard for quality management systems of organisations and companies; ISO 14001 – an international standard containing requirements for environmental management systems; OHSAS 18001 – an international standard for OHS management systems; ISO 45001 – an international standard for health and safety management systems; ISO 50001 – an international standard for energy management systems; ISO 10004 – an international quality management standard containing guidelines for monitoring and measuring customer satisfaction; IATF 16949 – an international industry standard for the quality management systems of enterprises involved in the design, development, production, installation and service of automotive products; EN 10025 – a European standard that defines technical conditions for supplying hot rolled products made of structural steels; STO Gazprom 9001-2018 – a standard for suppliers of PJSC Gazprom that contains requirements for the quality management system.

# 100%

OF OUR ENTERPRISES HAVE ENVIRONMENTAL, OHS, AND QUALITY MANAGEMENT SYSTEMS IN PLACE



### Integrated Management System

A number of Metalloinvest enterprises have adopted an integrated management system (IMS), the key component of which is a quality management system certified in accordance with ISO 9001:2015. In 2020, the enterprises successfully passed IMS recertification audits, which testifies to the Company’s competitiveness on the international arena.

### Recertification audit at LGOK

In October 2020, a surveillance audit was conducted of the LGOK quality management systems. The audit confirmed their compliance with ISO 9001:2015.

Moreover, in October LGOK confirmed the compliance of its health and safety management system with ISO 45001. This standard regulates the development and implementation of management systems directly related to staff’s health and safety.

Compliance with ISO 9001:2015 was confirmed following an audit at LGOK in 2020.

### Recertification audits at MGOK

The MGOK IMS was independently audited by experts from TÜV NORD CERT GmbH, who confirmed its compliance with international standards. Special attention was paid to the compliance of the quality management system with ISO 9001:2015, the compliance of the OHS management system with ISO 45001:2018, the compliance of the environmental management system with ISO 14001:2015, and the compliance of the energy management system with ISO 50001:2018. The auditors inspected the operations of the MGOK divisions both in person and remotely, concluding that all the requirements of these international standards had been met. The experts noted the well-coordinated teamwork of the company’s staff, the high competence of personnel, the improvements to process quality indicators, and the commitment of managers and experts to continuously enhancing the organisation of production and management activities at the company.

Compliance with ISO 45001:2018, ISO 14001:2015 and ISO 50001:2018 was confirmed following an audit at MGOK.

### Recertification audit at OEMK

The energy management system at OEMK successfully passed an independent audit by auditors from TÜV Thüringen e.V. According to the experts’ conclusions, the system implemented at the enterprise fully complies with the requirements of ISO 50001:2018. This standard imposes extended requirements for energy management, which entails understanding the needs and expectations of stakeholders, identifying external and internal factors that affect the organisation’s ability to achieve good performance, and examining risks and opportunities when planning activities. The auditors verified the company’s compliance with every aspect of the standard, inspected 14 OEMK subdivisions, visited the main technological units and areas, and analysed the entire technological cycle – from procurement to rolled products.

The energy management system implemented at OEMK received a high expert assessment; no shortcomings were identified, which indicates a significant improvement in the enterprise’s energy performance. The enterprise strives to reduce energy consumption, implement new energy efficient technologies, educate employees, and increase their involvement in the efficient use of energy resources.

Compliance with ISO 50001:2018 was confirmed following an audit at OEMK.

# Quality and customer-centricity

Metalloinvest is the first link in the production chain of iron ore and metallised products. By supplying quality raw materials to our customers, we have built strong business relationships, boosting our partners' performance and allowing them to manufacture competitive, marketable products.

## PRODUCTION DEVELOPMENT PROGRAMMES

Environmental performance and resource efficiency are particularly important to Metalloinvest's key customers. For this reason, the Company is implementing a large-scale programme to modernise its assets and digitise its management systems. Introducing flexible technologies and a centralised document management system makes it possible to build business process in such a way as to quickly and accurately track market needs, optimise

planning and output of products tailored to the needs of particular customers, and meet all the requirements for environmentally friendly, high-quality production. Research and Development (R&D) activities are also carried out as part of these programmes.

The Company's ongoing programme to enhance its mining and metallurgical enterprises aims to improve product quality, increase

customer-centricity, introduce technologies for sustainable subsoil use, and reduce environmental impacts. Technological upgrade programmes aim to achieve a positive effect throughout the Company's entire production chain. The investment programme for developing production is scheduled to last until 2026.<sup>19</sup>



## The Comprehensive Development Programmes and its progress in 2020

ENTERPRISE	MODERNISATION AREAS	BENEFITS FOR THE COMPANY AND CUSTOMERS	PROGRESS IN 2020
<b>LGOK</b>	<ul style="list-style-type: none"> <li>Implementing a premium product development programme</li> <li>Implementing flotation technology</li> <li>Reconstructing indurating machines</li> <li>Increasing the productivity of HBI units</li> </ul>	<p><b>Benefits for the Company:</b></p> <ul style="list-style-type: none"> <li>Production of premium quality products</li> <li>The opportunity to become one of the top three global leaders in terms of concentrate quality</li> <li>10% decrease in gas and electricity costs</li> <li>55% reduction in dust emissions</li> <li>35% reduction in generated and stockpiled waste (overburden)</li> <li>Half as much harmful contaminants and waste rock</li> </ul> <p><b>Benefits for Customers:</b></p> <ul style="list-style-type: none"> <li>International quality of LGOK's high-iron low-contaminant products (contaminants halved)</li> <li>Reduced greenhouse gas emissions</li> <li>Reduced slag build-up</li> </ul>	<ul style="list-style-type: none"> <li>Implemented a system to control and regulate the granulometric composition of crude pellets (a granulometer) at the indurating machines</li> <li>Developed basic engineering for reconstructing HBIW-1 and implemented an oxygen injection system and HSNP at HBIW-3                             <ul style="list-style-type: none"> <li>Constructing a flotation building</li> <li>Constructing a concentrate warehouse to improve logistics</li> <li>Preparing to launch a complex based on pit crushing and conveying technology</li> </ul> </li> </ul>
<b>MGOK</b>	<ul style="list-style-type: none"> <li>Implementing a comprehensive programme to improve product quality</li> <li>Introducing fine screening technology</li> <li>Building a re-preparation shop</li> <li>Reconstructing indurating machines (IMs)</li> </ul>	<p><b>Benefits for the Company:</b></p> <ul style="list-style-type: none"> <li>Greatly increased quality of concentrate and pellets</li> <li>Increased productivity and efficiency of ore processing</li> <li>Reduced energy intensity of pellet production</li> <li>5% reduction in generated and stockpiled waste (overburden)</li> </ul> <p><b>Benefits for Customers:</b></p> <ul style="list-style-type: none"> <li>Higher quality of concentrate and pellets at MGOK</li> <li>Lower coke and lime consumption</li> <li>Reduced greenhouse gas emissions</li> </ul>	<ul style="list-style-type: none"> <li>Launched pilot production of premium quality (DR-Grade) iron ore pellets</li> <li>Launched the construction of a metallurgical laboratory to improve the competitiveness of the Company's products by analysing the metallurgical properties of pellets</li> <li>Obtained approval to construct a concentrate re-preparation facility</li> <li>Upgraded the third indurating machine (IM-3)</li> <li>Launched a crushing and conveying facility</li> <li>Launched a technical water supply system for crushing and sorting plants</li> </ul>
<b>OEMK</b>	<ul style="list-style-type: none"> <li>Implementing a comprehensive programme to improve customer-centricity and product quality</li> <li>Reconstructing the continuous casting machine</li> <li>Implementing a hot-rolled steel heat-treatment line</li> </ul>	<p><b>Benefits for the Company:</b></p> <ul style="list-style-type: none"> <li>Modernised production facilities</li> <li>Expanded SBQ product manufacturing capabilities</li> <li>Enhanced SBQ product quality</li> <li>Improved steelmaking efficiency (use of LGOK products)</li> <li>Reduced consumption of lime, electrodes and refractories</li> <li>Reduced energy consumption.</li> </ul> <p><b>Benefits for Customers:</b></p> <ul style="list-style-type: none"> <li>Significantly customised OEMK products</li> </ul>	<ul style="list-style-type: none"> <li>Replaced the de-dusting scrubber at the pelletising and briquetting area of the metallising shop</li> </ul>
<b>URAL STEEL</b>	<ul style="list-style-type: none"> <li>Implementing a comprehensive production reorganisation programme</li> <li>Modernising blast-furnace production</li> <li>Modernising the electric arc furnace shop</li> </ul>	<p><b>Benefits for the Company:</b></p> <ul style="list-style-type: none"> <li>New technologies and improved efficiency of blast furnaces</li> <li>Decreased energy costs</li> <li>Decreased production costs</li> <li>Decreased coke consumption</li> <li>Reduced greenhouse gas emissions</li> </ul> <p><b>Benefits for Customers:</b></p> <ul style="list-style-type: none"> <li>High-quality products from Ural Steel at optimal prices</li> </ul>	<ul style="list-style-type: none"> <li>Launched reconstruction of the blast furnace underbunker respiration system</li> </ul>

<sup>19</sup> For more information, see the Investment programmes and projects section of the Annual Report [↗](#).



## RESEARCH ON PRODUCT QUALITY ENQUIRIES

### Construction of a high-tech concentrate beneficiation facility to produce premium quality concentrate has been launched at MGOK

We pay close attention to improving the quality of our products, which is why we carry out extensive research into our customers' needs. For several years, our enterprises have been using comprehensive research programmes to identify opportunities to improve the quality of our key products: pellets and hot-briquetted iron (HBI). These programmes are based on thorough study of customer demands and international best practices. Through these programmes, the Company is working to improve barb composition, increase the strength characteristics of pellets, and

improve their chemical composition. The Company's experts have developed a number of options for applying cutting-edge solutions at enterprises, thanks to which MGOK launched an investment programme to construct a concentrate beneficiation facility using a new technology, making it possible to produce premium quality concentrate with roughly 71% iron content and 1% silicon content. In 2020, a test batch of concentrate was produced that was highly praised by customers. Production of 700,000 tonnes of this premium product is planned for 2021.

The improved quality of the concentrate — and consequently pellets and HBI — enables the Company to transition to green metallurgical technology and completely eliminate coke usage. Blast furnaces can be eliminated from the metallurgical cycle as premium quality briquettes already serve as the raw material for the catalytic melting furnace. This almost halves electricity consumption and reduces emissions three times over.

## CUSTOMER ENGAGEMENT

In order to ensure complete customer satisfaction, Metalloinvest is implementing a two-tiered quality control system that consists of reactive and proactive components. The sales office promptly responds to any complaints that may arise, while vendors provide a direct channel of communication with

production and make suggestions for resolving complaints. The Company organises regular meetings with customers where it delivers presentations on new and planned products, also discussing current demand and market conditions.

As part of its proactive approach, and in order to identify long-term priorities and opportunities to improve product quality, the Company holds business meetings and coordination councils with new and strategic partners. Both metals vendors and technical experts represent the Company at such events.

### Customer engagement channels



#### COORDINATION COUNCILS

- Discuss ongoing projects, delivery plans and expansion of the product range
- Study new production opportunities
- Discuss technical product performance



#### TECHNICAL MEETINGS

- Discuss the prospects of using products for specific projects and developing new steel grades



#### INDUSTRY EXHIBITIONS AND TECHNOLOGY CONFERENCES

- Promote the Company's products, sign new contracts and share experience
- Explore the prospects of using steel products in various industries



#### PRODUCT CATALOGUE

- Provide an e-catalogue of Metalloinvest products that reflects the full service range
- Offer products with specific parameters that are tailored to individual customer requirements
- Provide information on product characteristics, certificates and enterprise licences
- Display relevant information on the Company's web portal



#### CERTIFICATE AUTHENTICATION VERIFICATIONS

- An e-service for checking the authenticity of quality certificates of Metalloinvest products (specifications and quality indicators)
- Available on the Company's web portal



#### ELECTRONIC DOCUMENT MANAGEMENT

- An e-service for exchanging legal documents with partners and customers

## Customer questionnaires and surveys

Customer satisfaction with our products and services is key to our Company's success. To understand our strengths and analyse ways we could improve, Metalloinvest relies on a methodology for monitoring and measuring customer satisfaction. This includes the Customer Satisfaction Index (CSI) and methodology for calculating the Company's Net Promoter Score (NPS). The methodology is based on ISO 10004:2018 and ISO 9001:2015, and it received a verification certificate from TÜV AUSTRIA in 2020 that covered all of the Company's facilities.

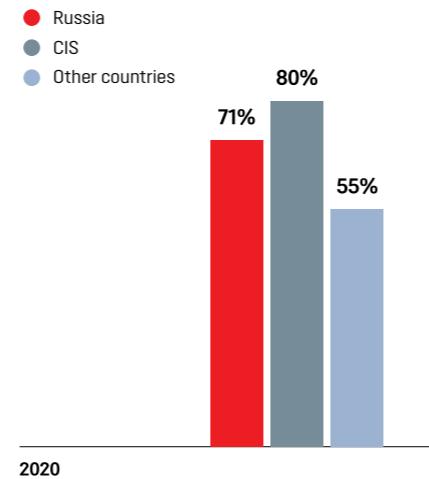
The way we track and measure customer satisfaction is segment- and enterprise-specific. This involves:

- Two levels of interaction with customers (at the Management Company level and at the enterprise level)
- Factoring in specific features of the Mining and Steel segments
- Factoring in the specific nature of individual enterprises

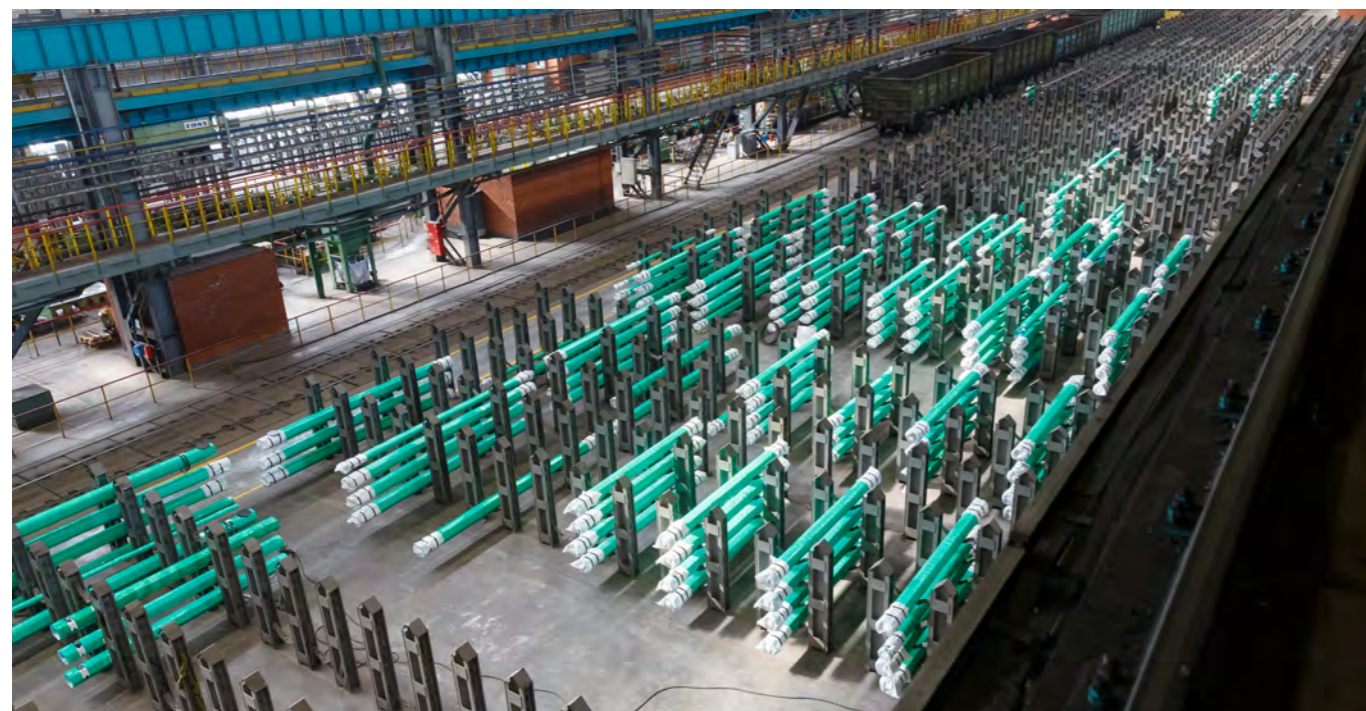
A total of 46 external market participants and 123 domestic and CIS customers took part in our annual customer satisfaction survey, according to which we received high NPS scores. Our assumption that the NPS coefficient would hinge on the customer's ABS classification category<sup>20</sup> was born out — satisfaction was higher among key consumers than less significant ones.

The overall consumer satisfaction index of the Company in Russia was 71%. The highest ratings were given by customers of MGOK (84%) and OEMK (72%) products. In terms of product mix, consumers of pellets, rolled steel for bridge building, and coils were the most satisfied in the majority of markets.

Cumulative customer satisfaction index by market



In 2020, the Company's methodology for monitoring and measuring customer satisfaction received an international verification certificate.



<sup>20</sup> The principle of classifying products according to their importance for company profits.

# Supply chain management and procurement policy

GRI 102-9 GRI 102-10 GRI 204-1

We aim to work with partners who share our beliefs about doing business with integrity. When selecting suppliers through open tenders, we prioritise those who meet the high standards set forth in our Supplier Code and Procurement Policy.

## SUPPLY CHAIN MANAGEMENT SYSTEM

GRI 102-9 GRI 102-10

Developing a unified strategy for interacting with suppliers is, in Metalloinvest's understanding, an integral part of building a reliable supply chain. This entails transparency and openness when doing business and consistent application of the principles of business ethics. The Company implements a systematic approach to creating engagement strategies and management principles for its base of suppliers; this approach is based on the Company's understanding of suppliers' role and their impact on business risk. When working with suppliers, we perform a detailed analysis of their production programmes, capabilities, plans, and other important business parameters. This is necessary to implement joint projects for developing technology and products, mitigating risks, and optimising supply chains and processes.

When making regular purchases of a certain category of goods or services, we strive to transition to long-term relationships and limit the number of business partners, as long as conditions are met for maintaining a competitive environment and ensuring supply deadlines, high product quality, and our lack of dependence on the supplier. In most cases, switching to long-term relationships and limiting the number of suppliers not only reduces total procurement costs, but also leads to faster delivery times and optimised demand planning, as well as better inventory management, logistics, document flow, and other business processes.

**In 2020, we carried out activities together with our suppliers and contractors to ensure OHS standards and protect our contractors' staff against COVID-19. In 2020, we carried out activities together with our suppliers and contractors to enforce OHS standards and protect our contractors' staff from COVID-19. The pandemic required the Company to tighten its controls over supplier performance, as reflected in the Supplier Code.**

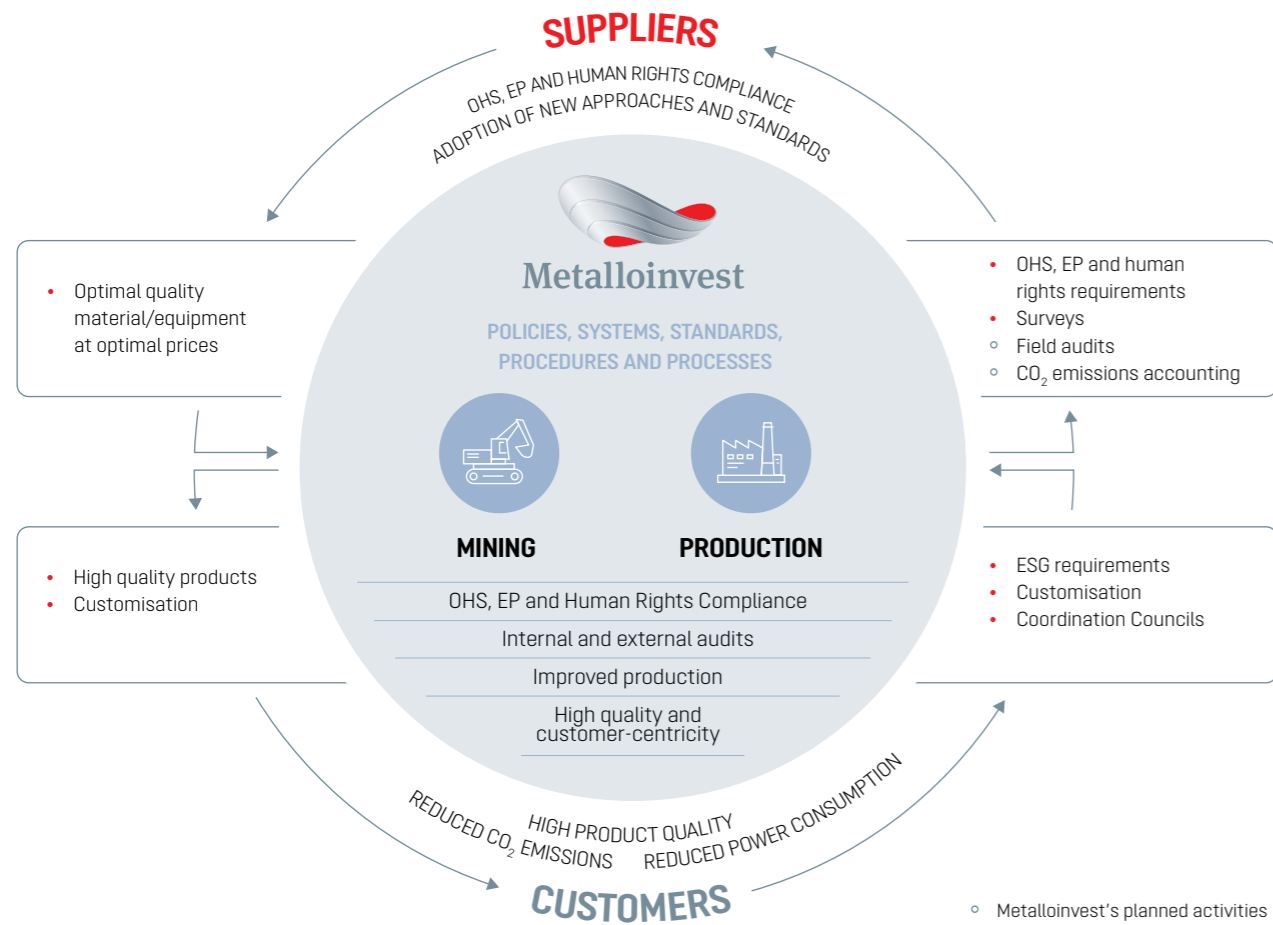


### The Supplier Code was implemented in 2020

We consider the concept of sustainable development to be key in our relationships with suppliers and contractors, and corresponding rules have been embedded into the Supplier Code adopted in 2020. This reflects our commitment to our business partners and society, as well as our expectations of suppliers in terms of professionalism, information security, decent working conditions, OHS, environmental protection, social responsibility, audit and transparency of documentation, and legal compliance.

We believe that only by working together in an ethical manner can we make a real difference, which is why we strive to define clear terms for cooperation, creating trends amongst our partners through the example we set. We are committed to the principles and standards of sustainable development, OHS, environmental protection, and business ethics, and we expect our suppliers to comply with these as well.

## Supply chain management



In addition to the Supplier Code, the Company makes use of its electronic document management (EDM) system to monitor the responsibility of suppliers and partners throughout the supply chain. The transition to electronic document flow is an important part of Metalloinvest's comprehensive digital transformation programme, which is aimed at improving the efficiency of business processes. Setting up an online system of interaction with regional divisions significantly increases transparency and

the speed at which critical aspects of our operations are handled. The set of measures we implemented in December 2020 to digitise business processes allowed us to attain a 91% share of e-documents at the Company.

In November, Metalloinvest won the PRO EDM Award in the 'Recognition' category at a competition for EDM projects. It was also short-listed in the 'Speed' category. The expert jury praised the efficiency of EDM implementation with our Company's suppliers and customers.

# 91%

**THE SHARE OF E-DOCUMENTS AT THE COMPANY AS AT THE END OF 2020**

**Metalloinvest received a PRO EDM Award at a competition for the best EDM projects, winning in the 'Recognition' category.**

## PROCUREMENT MANAGEMENT SYSTEM

Metalloinvest's current procurement system is based on the Regulation on Meeting the Needs of the Company's Enterprises for Material Assets, Services and Works (updated in September 2020), as well as the Supplier Management Regulation (updated in August 2020). These documents set forth principles for collecting and consolidating data on market opportunities for the procurement of material assets and services. They also outline criteria for selecting reliable contractors and suppliers that best conform to the Company's values and principles.

**The Supplier Management Regulation and the Regulation on Meeting the Needs of the Company's Enterprises for Material Assets, Services and Works were updated in 2020**

### Procurement principles

By ensuring the sustainability of the supply chains of Metalloinvest's enterprises, the Company strives to create, protect and foster long-term environmental, social and economic value for all stakeholders.

The main tool used by the Company to manage relationships with contractors and suppliers is the centralised procurement system, which ensures:

- Equal rights of contractors and transparency of procurement activities
- Absence of discrimination and unreasonable restrictions on procurement participants
- Long-term, mutually beneficial partnerships with reliable and qualified suppliers
- Zero tolerance for corruption
- Consideration for the environment and mitigation of negative environmental impacts
- Strict observance of human rights

### Organisational structure of procurement management

A three-year-long process to restructure procurement activities was completed in 2020. We distributed functions among the front office, middle office and back office; established the positions of category manager and operational buyer; and deployed a centralised support service at the Metalloinvest service centre — Metalloinvest Corporate Service LLC — which now supports the vast majority of procurement activities. Since 2019, the Methodological Support and Procurement Development Service has been responsible for methodology and change management. It also implements automated management reporting systems (dashboards), develops and implements a supplier-relationship

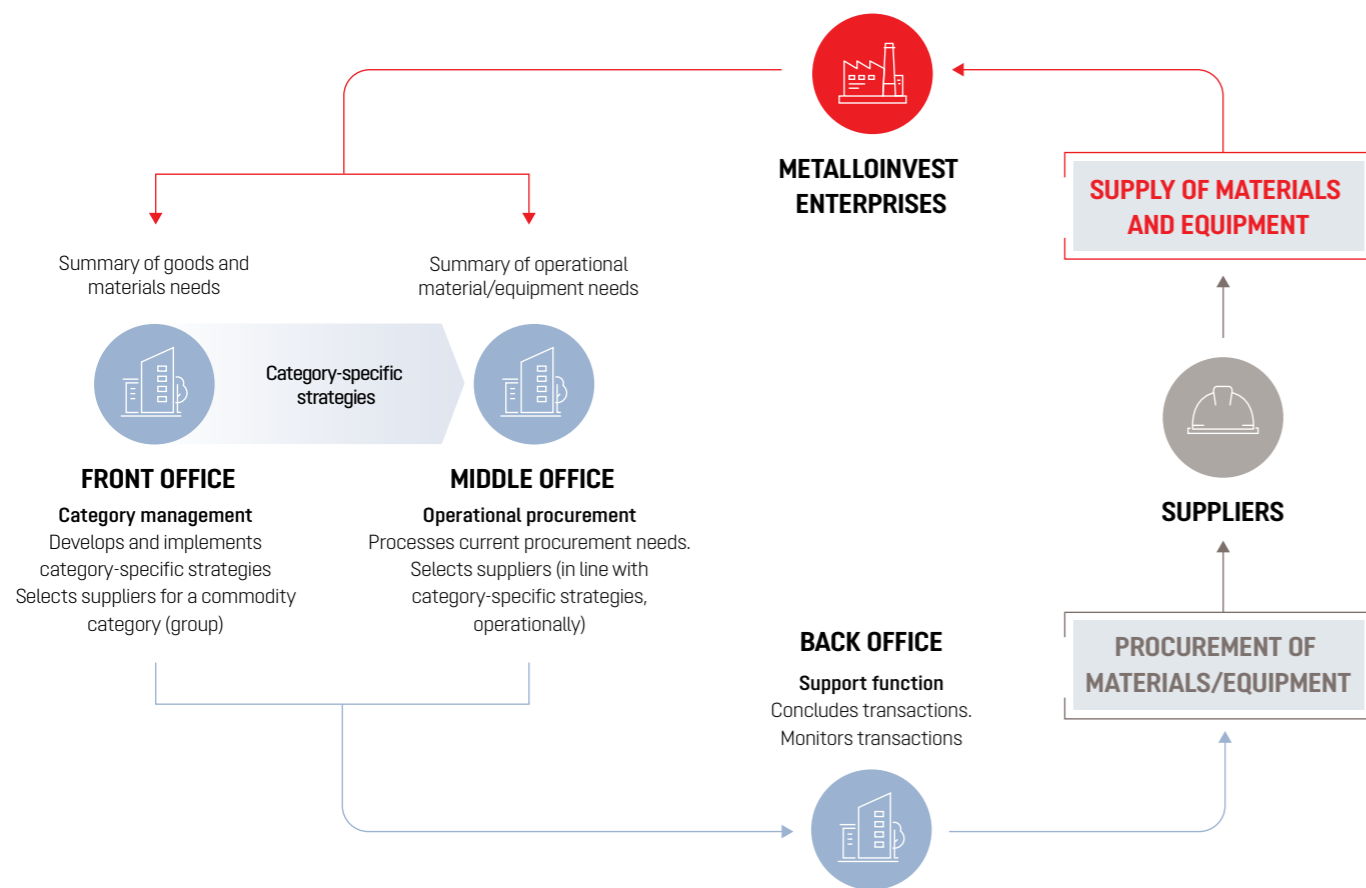
management (SRM) solution based on the B2B-Centre platform,<sup>21</sup> and provides methodological support to optimise operational processes. In 2020, in order to create and develop a catalogue procurement platform for low-value material assets, the Company established the Automated Procurement department (APD). The reorganisation of the Procurement Service has allowed us to reduce administrative costs and optimise key procurement processes.

To date, MGOK, LGOK and OEMK have already been restructured. Ural Steel is scheduled to switch to the new procurement management system next year.

### Procurement restructuring was completed in 2020

<sup>21</sup> A system of electronic trading platforms for corporate sales and purchases of goods and services.

## Operational model for procurement activities



### Procurement Staff Training and Retraining

In 2020, we conducted a training on how to react to uncertainty for procurement officers and managers.

To continue improving a project we launched last year — the Integral School — we are introducing various tools for Metalloinvest procurement staff, along with courses on relevant topics. Thus, in 2020, we conducted an extensive training on how to react to uncertainty. The training was held simultaneously for all procurement staff and managers, and it received positive feedback from the trainees.

In 2020, we also launched the Purchaser of the Year award, recognising the outstanding performance of 21 employees in various categories.

## Implementing best business practices in procurement

The Methodological Support and Procurement Development Service uses a management reporting system that compiles, processes, and structures ERP system data while tracking and structuring risks. In addition, we have built a dashboard system based on SAP Analytics Cloud that captures all aspects of the procurement service, counts OTIF, and tracks and structures information about stock, provision, and other individual processes. Such information is crucial for making informed operational and managerial decisions.

The implementation of the management reporting project became possible, among other things, due to the standardization of procurement

processes as part of the centralization of the procurement support service. Now it does not matter where the procurement is carried out (at the enterprise or in the centralized office) and who concludes the contract, all information about procurement is available in a convenient and structured form to all participants in the process. To coordinate the work of suppliers and customers (production and investment verticals), we have created procurement monitoring services at all enterprises. The tasks of the monitoring service include searching for risk areas in operational purchases based on both customer feedback and management reporting data, and facilitating their immediate resolution.

### Procurement by catalogue

During the reporting year, the Company's four enterprises were finally integrated within the SAP system. The comprehensive catalogue of materials that resulted comprises around 60 procurement categories and more than 300 subcategories. To facilitate the procurement of low-value, high-variety material types, catalogues based on the B2B-Centre cloud solution were launched at the end of 2020 for electrical engineering equipment, construction materials, IT equipment, administrative materials, tools, and cables.

Since even standardised materials from various suppliers can have a specific set of additional user characteristics, we consider balanced catalogues available for direct procurement by customers, without involving buyers, the most effective tool for quickly meeting the need for low-value materials.

When switching to catalogues, we drastically reduced the number of suppliers, which made it possible to significantly optimize the operational procurement process, including logistics issues, and thanks to a careful qualifying selection of suppliers, a balance of price and quality of materials offered in catalogues was ensured.

The Company's employees are already reaping the benefits of this system in their work.

### Consignment warehouses

To ensure the uninterrupted supply of excavator spare parts, the first consignment warehouse contracts were signed in 2020, eliminating the need for long-term planning for strategic materials. At the end of the year, consignment warehouse contracts were concluded for additional equipment: spare parts for heavy-duty BelAZ dump trucks. In 2021, the Company plans to expand the list of materials stored at consignment warehouses to facilitate more efficient production processes.

### Service level agreements

In 2020, 39 service level agreements were signed between the procurement service and the production units of Metalloinvest enterprises, covering 100% of process materials and 80.7% of the remaining costs of purchasing goods and services from third-party contractors. The agreements define the mutual obligations of the parties to ensure the required service quality. The main KPIs covered by the agreements are delivery on time and in full (OTIF), quality of delivered goods and services, and quality and efficiency of communication.

**39**

**SERVICE LEVEL AGREEMENTS WERE SIGNED BETWEEN THE PROCUREMENT SERVICE AND THE PRODUCTION UNITS OF THE COMPANY'S ENTERPRISES IN 2020**

### Guaranteed availability of regularly consumed materials without prior ordering

In 2020, taking into account the completion of the transition to a single SAP platform, we began to more widely use the tools of the new accounting system to increase the level of service in supplying enterprises. The provision of regularly consumed materials is gradually shifting from purchasing on demand to maintaining a replenishment stock. Stock size, stock replenishment point, order batch size, all these indicators are calculated based

on the analysis of consolidated information on the volume and regularity of previous purchases. This approach allows you to ensure the constant availability of materials in the warehouse and frees production services from the need to form purchase orders. The purchase of such materials is carried out strictly under long-term contracts concluded on the basis of the forecast demand.

## Qualification stages for contractors and suppliers

### 1. ACCREDITATION

Each supplier goes through the accreditation process. As part of this accreditation, the security service assesses the legitimacy of the counterparty and considers tax and other risks. It then assigns the supplier a status (producer, dealer, reseller), and offers advice on potential operating limitations (if any).

STAGE 1

### 2. QUALIFICATION FOR CONTRACTORS AND SUPPLIERS

In order to reduce the risks of late delivery, low-quality goods, and cost overruns, the Company practices strategic selection by conducting qualification assessments and shortlisting trusted suppliers.

STAGE 2

#### Operational capacity and experience

The Company assesses applicants' experience in working with Metalloinvest enterprises and their production capabilities, including requirements for manufacturers, available staff, production facilities, logistics hubs, and online shops guaranteeing market prices.

#### Financial Stability

Financial risks are identified. Applicants with strong long-term financial performance get positive ratings.

#### Sustainable Development

Suppliers fill out a questionnaire regarding their stance on Metalloinvest's requirements surrounding the principles of sustainable development. The questionnaire includes items on social support for staff, environmental policy, equality protection mechanisms, and prohibition of child labour. As of 2020, the supplier questionnaire has required applicants to provide confirmation documents. After they have been selected, suppliers are required to complete an extended questionnaire on OHS. The information received is assessed, after which applicants are scored to exclude the risk of increased occupational accidents at production facilities.

The confirmation documents already provided by suppliers to comply with the new requirements demonstrate the high maturity of the contractors who qualify, as well as their compliance with the Company's strategic goals and the requirements of Russian legislation. A total of 95% of our suppliers share Metalloinvest's sustainable development principles, and almost half developed relevant internal regulations in this area. We plan to develop a dedicated development programme for the remaining 5% of our suppliers.

### Supplier selection

As of Q1 2021, all procurement procedures for selecting contractors working on site are accompanied by the separate mandatory Supplier HSE Qualification assessment. Risks identified at this stage result in contract withdrawal.

# 95%

OF OUR SUPPLIERS SHARE METALLOINVEST'S SUSTAINABLE DEVELOPMENT PRINCIPLES

# ~ 50%

OF OUR SUPPLIERS HAVE INTERNAL SUSTAINABLE DEVELOPMENT REGULATIONS

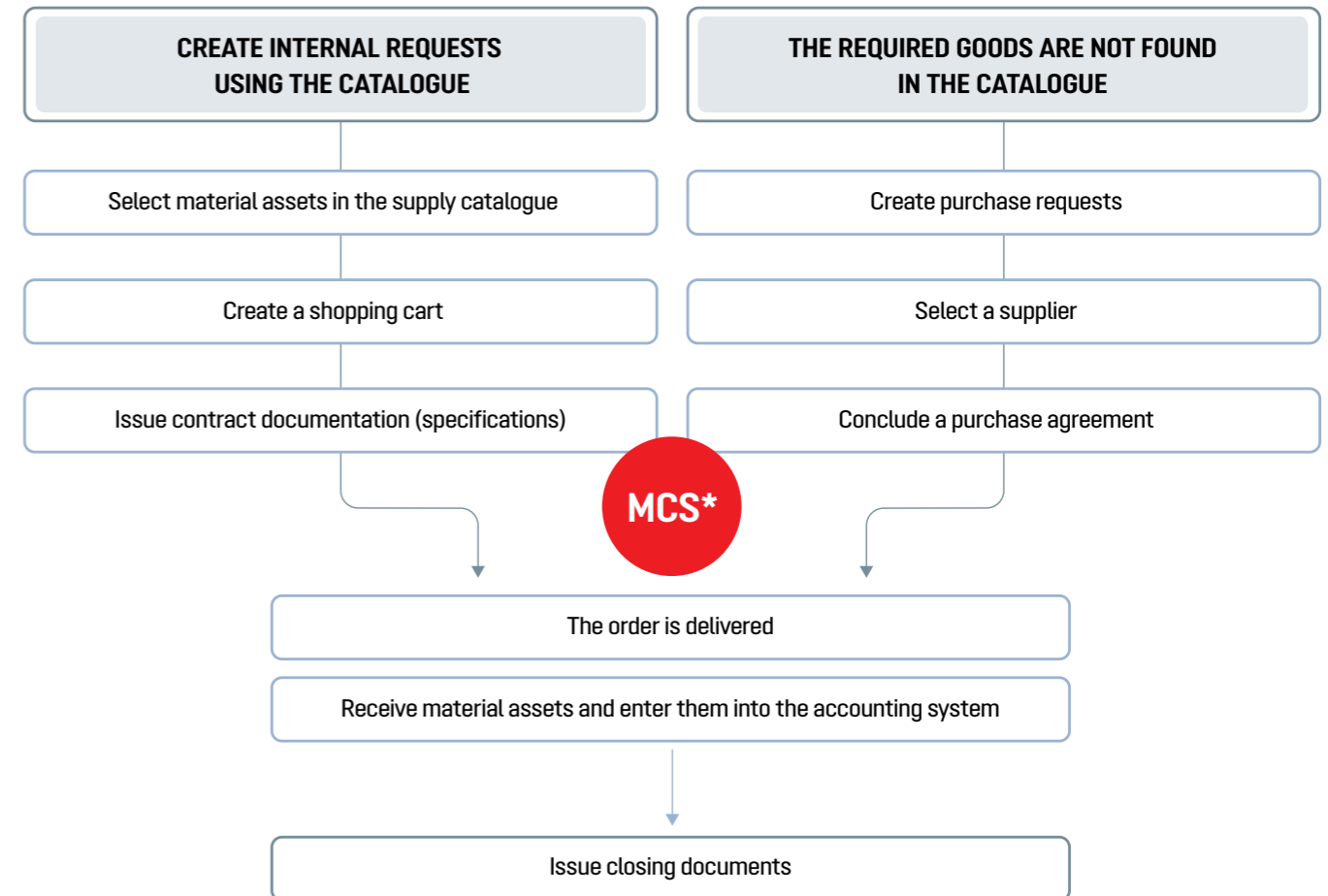
## AUTOMATION OF THE PROCUREMENT PROCESS

Using the B2B-Centre platform, Metalloinvest has created a unified information space for interaction with suppliers that provides a flexible service for managing the supplier lifecycle. In 2021, the B2B-Centre solution will be integrated with the SAP ERP S4/HANA corporate accounting system, allowing Metalloinvest to consolidate and process counterparty data, use a scoring model to qualify suppliers by procurement groups, and track the efficiency of cooperation.

The service enables the Company to perform all stages of the procurement business process electronically: creating and approving documents on the customer side, conducting all types of procurement, and signing contracts with suppliers. Moreover, 480,000 independent suppliers are registered on the site, which creates the necessary competitive environment.

An integrated information space for supplier lifecycle management was created in 2020

### Schematic diagram of the procurement mechanism



\* MCS is responsible for contract conclusion and the following steps



## SUPPORT FOR LOCAL SUPPLIERS

Due to the scale of procurement, the Company classifies all Russian suppliers as local. At the same time, to adhere to the principles of sustainable development, we strive to develop relationships with companies in our regions of operation, including small- and medium-sized enterprises (SME), to whom we give preferential treatment as long as the Company receives comparable quality.

The share of material and technical resources and services purchased by Metalloinvest from Russian companies in 2020 came to 88%. The Company purchases process equipment and ferroalloys that are not produced in the Russian Federation from foreign suppliers.

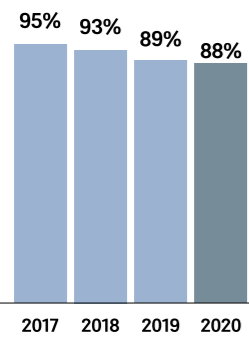
# 88%

SHARE OF PURCHASES FROM RUSSIAN SUPPLIERS

GRI 204-1

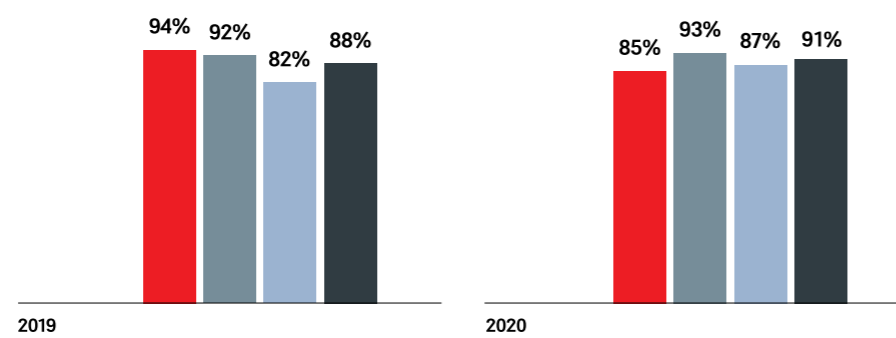
Share of purchases from local suppliers,<sup>22</sup> 2017–2020

● Share of purchases



Share of purchases from local suppliers by company, 2019–2020

● LGOK ● OEMK ● MGOK ● Ural Steel



<sup>22</sup> Without intragroup shipments.

## Plans for 2021 and the medium term

- 1 Centralise the operational procurement and support service at Ural Steel
- 2 Reduce the procurement approval period from request to order placement
- 3 Reduce delivery time by selecting key suppliers, using catalogue purchases and consignment warehouses, and transitioning to maintaining stock for regularly purchased material assets
- 4 Optimise material asset stock
- 5 Developing the SRM module<sup>23</sup> based on B2B-Centre and its integration with SAP 4/HANA
- 6 Increase the speed of supplier interaction through the electronic document management system (EDMS)
- 7 Implement a procedure for purchasing bulk parts from catalogues using a simplified process by eliminating purchasers (transferring work with catalogues to the staff of production units)
- 8 Develop a system of interaction between purchasers and contractors that allows the latter to work directly with the Company's catalogues
- 9 Incorporate the Supplier HSE Qualification assessment into the contractor selection process
- 10 Robotization of routine procurement operations
- 11 Include sustainable procurement indicators in the KPIs of the Procurement Director and procurement staff
- 12 Rank major suppliers of goods and materials based on the results of a sustainability questionnaire (taking into account the materiality of relations with individual suppliers)
- 13 Finalise the sustainable procurement section of the corporate website to increase transparency and provide more information
- 14 Organise events for suppliers (Supplier Day, focus groups for certain categories of goods/materials and services)
- 15 Conduct audits (both online and offline) of major suppliers of goods and services to ensure compliance with the principles of sustainable development; provide feedback to suppliers based on the results of audits

<sup>23</sup> Supplier relationship management.

DRIVING THE EVOLUTION OF METALLURGY

# INSPIRING BY EXAMPLE

## RESPONSIBILITY TO PERSONNEL

- 69 Approach to HR management
- 73 Personnel structure
- 76 Personnel recruitment
- 81 Training and development
- 87 Employee remuneration and the incentives system
- 90 Social support for employees
- 101 Corporate culture
- 105 Corporate volunteering
- 107 Plans for 2021 and the medium term

Qualified, motivated and loyal employees who share the Company's values are key to Metalloinvest's success. We treat our personnel as full-fledged business partners and active stakeholders with an interest in the Company's performance, and we aim to take care of their well-being and development.

### 42,730

TOTAL NUMBER OF EMPLOYEES

### 27%

SHARE OF WOMEN ON STAFF

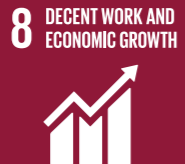
### 12%

AVERAGE WAGE INCREASE AT THE COMPANY'S ENTERPRISES

### 1.6 MILLION

HOURS: TOTAL TIME SPENT ON TRAINING BY EMPLOYEESB

Contribution to UN SDGs



# RESPONSIBILITY TO PERSONNEL

GRI 102-8	GRI 102-41	GRI 102-43	GRI 103-1	GRI 103-2	GRI 103-3	GRI 202-1
GRI 401-1	GRI 404-1	GRI 404-2	GRI 404-3	GRI 405-1		

## MATERIAL TOPICS

- EMPLOYEE ENGAGEMENT AND TRAINING
- RESPECT FOR HUMAN RIGHTS
- CORPORATE HEALTHCARE
- THE FIGHT AGAINST COVID-19

## KEY INDICATORS

## KEY ACTIVITIES

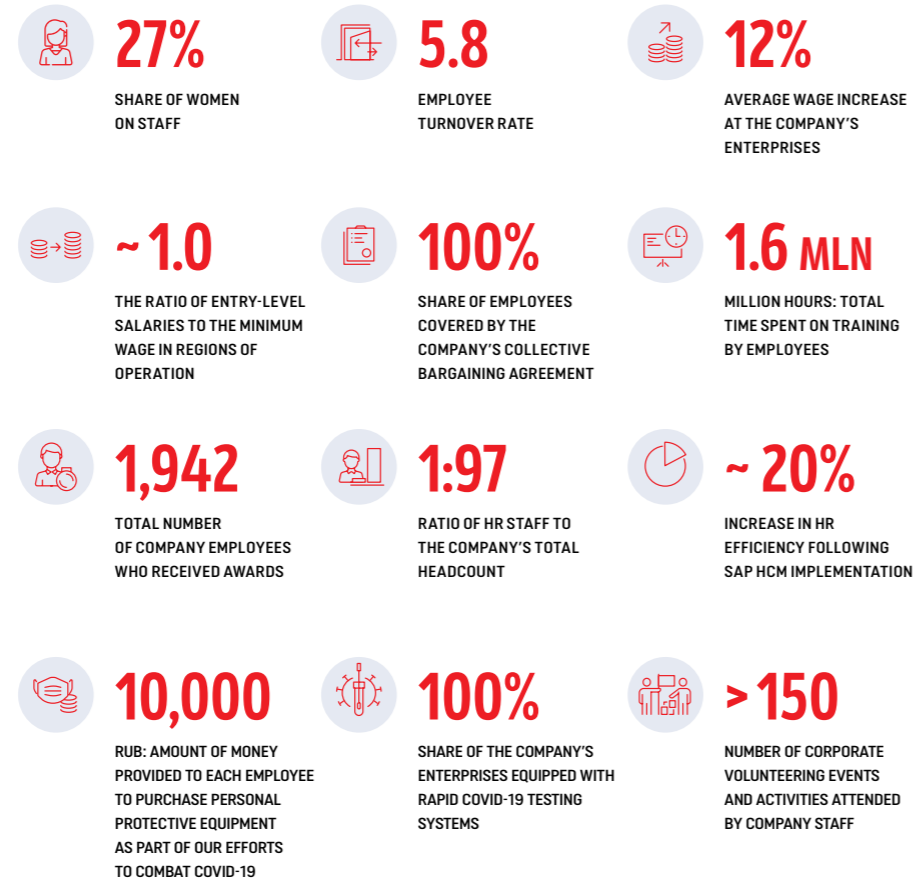
- Automated the process for setting goals and KPIs for staff, regulated performance management processes
- Laid the foundation for a global corporate healthcare management system to efficiently monitor the health of staff
- Launched a programme to improve social conditions at the workplace, renovated non-production facilities
- Launched the Leaders 4.0 comprehensive talent pool development programme
- Conducted a survey of employee satisfaction with the social package and ascertained demand for its individual components
- Introduced a corporate chatbot using the Viber public messaging service

**51,826**

TOTAL NUMBER OF EMPLOYEES OF ALL COMPANY'S SUBSIDIARIES

**42,730**

TOTAL NUMBER OF EMPLOYEES OF COMPANY'S OPERATIONAL BUSINESS UNITS



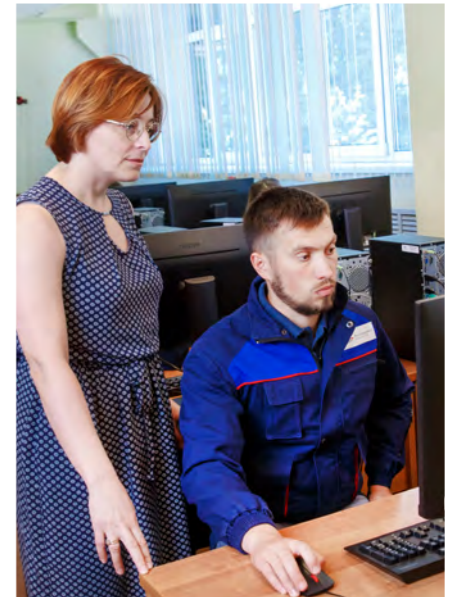
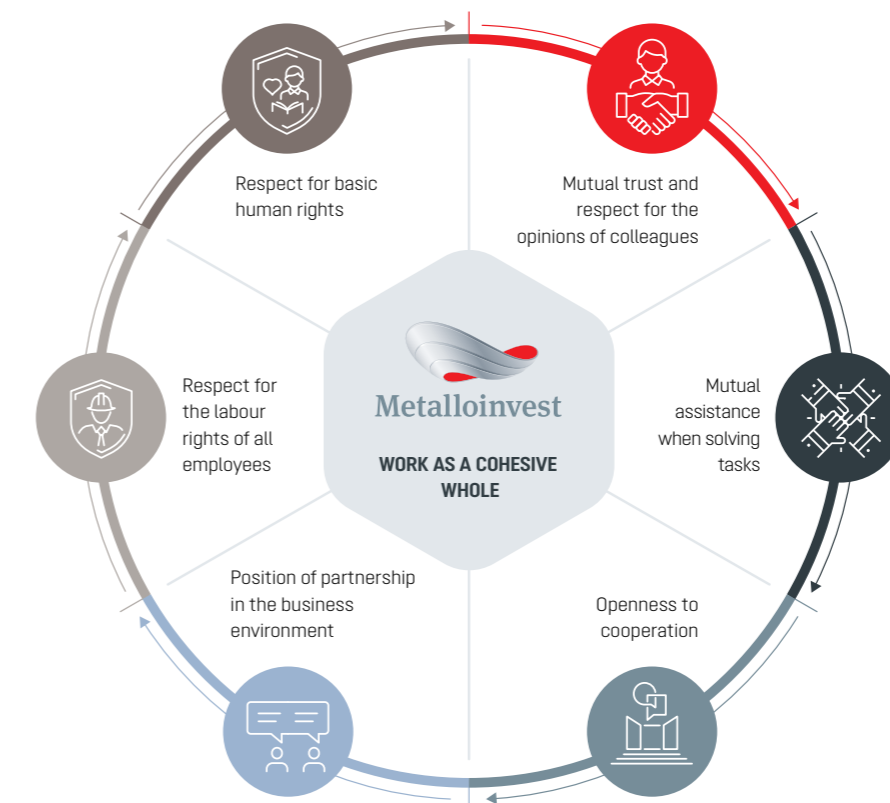
# Approach to HR management

GRI 102-41	GRI 103-1	GRI 103-2	GRI 103-3
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Taking care of employees and their families is part of the Company's policy, which aims to achieve high standards of living in its regions of operation.

In order to attract and retain highly skilled staff at our facilities, we maintain safe working conditions and provide fair remuneration. Metalloinvest assigns great importance to creating a comfortable working environment for the professional and personal growth of staff.

## Key principles of HR management



We are constantly improving our HR management system based on modern digital solutions. Internal policies and regulations are regularly updated to ensure high managerial efficiency. Likewise, we work to develop targeted professional development programmes to increase the productivity and personal motivation of staff and management.

## HR MANAGEMENT SYSTEM

Metalloinvest applies a two-level HR management system. At the level of the Management Company, control and strategic planning functions lie with the Sustainable Development and Corporate Communications Department. MCS provides integrated business services, including HR document flow and payroll operations. It also handles

other operational and accounting tasks. MCS implements an automated system for keeping track of primary documents and recording working hours. At the level of enterprises and auxiliary companies of Metalloinvest, HR management functions are assigned to relevant divisions.

### Corporate regulatory documents

The key corporate regulatory documents governing HR management and interaction are as follows:

- Regulations on Talent Pool Management
- Regulations on Employee Salaries and Bonuses
- Regulations on Social Support for Employees and Their Families
- Concept for Non-Financial Incentive Tools
- Regulations on Reward Activities
- Regulations on the Performance Management System (KPIs: goal setting, progress tracking and performance analysis)
- Regulations on Organisational Structures
- Regulations, rules and standards governing operations at the enterprises required for ISO certification and internal/external audits
- Regulations on Employee Training and Development
- Regulations on the Professional Excellence Competition
- Regulation on the Best Manager Competition
- Regulations on the Grade System



Significant work was done in 2020 to streamline performance management: the Company unified documentation across all Metalloinvest enterprises, compiled clear lists of positions subject to the performance management system, and regulated the target adjustment process in greater detail. Changes were also made to the documents required for certification and internal and external audits at the enterprises.

Due to the large-scale transfer of staff to remote work, pay regulations were updated at the enterprises to reflect the new payroll procedure during the period of self-isolation. The internal electronic approval process was also improved, eliminating the internal memo submission stage and significantly reducing the time spent on approval procedures.

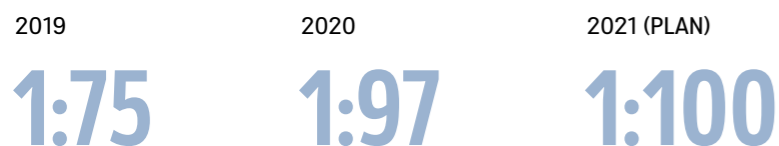
## De-bureaucratisation and optimisation of the HR department

Metalloinvest is currently implementing a large-scale de-bureaucratisation project that covers all subdivisions of the Company. One of its key objectives is to improve, simplify, and standardise HR-related processes. In 2020, a project was implemented to digitise basic documents, which will simultaneously make it easier and faster for employees to receive various types of social support.

Currently, the ratio of HR staff to the Company's total headcount is 1:97.

Staff relieved of duties as a result of operational efficiency and process automation programmes are retrained and prepared to take on new responsibilities or retire.

Metalloinvest is preparing to conduct a systematic reputational HR brand audit in 2021. The purpose of this analysis is to find out how people in its regions of operation feel about the Company and perceive Metalloinvest as an employer. This will enable us to identify potential growth areas for the Company's HR brand and develop a set of measures to improve the Metalloinvest HR Policy.



## DIGITISING HR MANAGEMENT

The Company uses the SAP Human Capital Management (SAP HCM) IT solution for HR Management. This provides the Company with a unified HR management environment with shared methodology and integrated processes. The system enables faster data processing for managerial decision-making, shorter processing time for large amounts of disparate data, consolidation of all available HR information, increased business process efficiency, and reduced administrative costs. In SAP HCM, line managers record working time and prepare applications for HR activities without involving HR staff.

Data silos are created in SAP HCM based on data analysis, which allows managers to collect and analyse up-to-date information on staff headcount, gender composition, average salary, sick leave, and other criteria. SAP HCM has brought about a nearly 20% increase in the efficiency of HR employees.

In 2020, the scope of SAP HCM was expanded. Additional modules were launched to conform to the requests of Metalloinvest staff and managers, and modules were developed such as the Electronic Employee Report Card and the Top Management Dashboard. The primary aim of these services is to reduce the amount of work expended by line managers on HR duties. The system updates have also improved the quality of customer advice, which had previously been performed by HR staff via face-to-face communication with employees.



### Challenge of the year: efficient and inclusive communications

Digitisation has had a profound effect on communications. During the pandemic, traditional methods of cascading information (from managers to subordinates, from subordinates to shop workers) became impossible, necessitating the establishment of open and efficient dialogue with staff. We strive to not only deliver information, but also receive feedback, for which we leverage cutting-edge digital communication tools.



### HR bot on Viber

In 2020, we integrated a corporate chatbot into the public messaging application Viber. Our HR bot is a technical solution that grants access to internal electronic self-services even to employees without a corporate e-mail or working PC. Employees can use the chatbot to request standard corporate paperwork. Moreover, the tool has demonstrated its efficiency in conducting prompt surveys covering many employees.

To implement this mechanism, the Company was required to take special security measures. The solution is hosted on an isolated server and does not transfer personal data to external sources. All traffic with the external Viber resource is monitored by a specially configured WAF, and the HR bot itself supports three-factor authorisation.

# NEARLY 20%

**INCREASE IN HR EMPLOYEE EFFICIENCY WAS ACHIEVED THANKS TO SAP HCM**



### HR dashboards for executives

Using the digital HR platform launched in 2019, the Company has released a dashboard that presents a consolidated report of comprehensive data for the Board of Directors and managers.

HR dashboards for executives automatically provide information on the headcount of various Company subdivisions, their structure, and other information relevant for decision-making.



## WORKFORCE ENGAGEMENT

### Social Council

In line with the principles of social partnership, the Company has established a Social Council, which continues to operate successfully at Metalloinvest. The CEO, top managers of the Management Company, enterprise directors, and representatives of major trade unions all take part in its activities. The purpose of the Social Council is to achieve a balance between the social and economic interests of staff and those of the Company as an employer, contributing to increased safety and operational efficiency.

The Social Council's priorities are as follows:

- Participate in creating and supporting the Company's HR and social policy
- Coordinate the interests of staff and the employer when developing social and economic programmes
- Advise on the development of collective agreements and local regulations surrounding social and labour relations

### Collective Agreement

GRI 102-41

In 2020, the Company's new model collective agreement for 2020–2022, which contains unified social and labour standards and guarantees for all company enterprises, came into force. The Contract is an act of social partnership that foresees mutual obligations for both the employer and employees. The document was developed in partnership with a trade union, approved by the Social Council, and unanimously approved by all staff. It covers 100% of employees.

**100%**

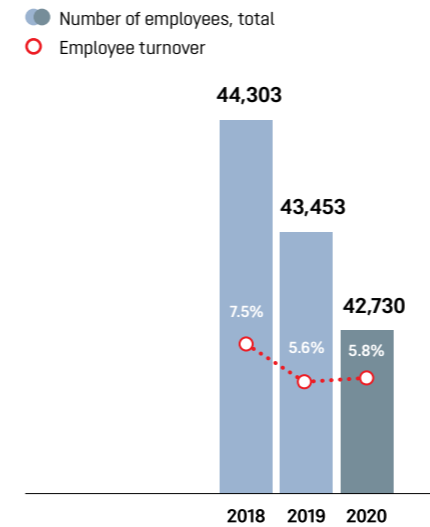
OF OUR STAFF ARE COVERED BY THE COLLECTIVE AGREEMENT

# Personnel structure

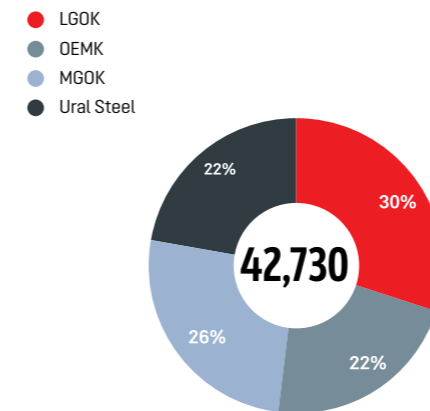
GRI 102-8 GRI 405-1

We strive to maintain a gender and age balance in our staff structure. This approach enables the Company to maintain a stable composition of personnel, guarantees a friendly workplace atmosphere, and allows us to retain and share professional experience.

Staff headcount and turnover, 2018–2020



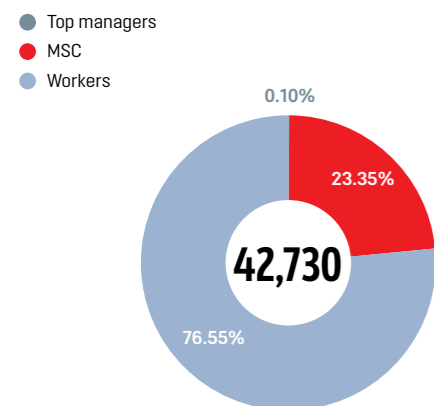
Staff structure by region (Company enterprises), 2020



	2018	2019	2020
LGOK	13,242	12,971	12,689
OEMK	9,585	9,429	9,332
MGOK	11,539	11,365	11,091
Ural Steel	9,937	9,688	9,618
<b>Total</b>	<b>44,303</b>	<b>43,453</b>	<b>42,730</b>

2020

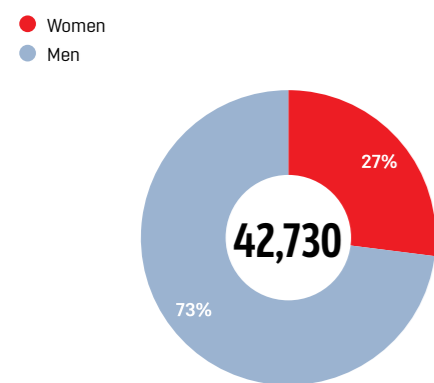
HR structure by position, 2020



2020

	2018	2019	2020
Top managers	44	44	44
MSC	9,952	10,284	9,977
Workers	34,307	33,125	32,709
<b>Total</b>	<b>44,303</b>	<b>43,453</b>	<b>42,730</b>

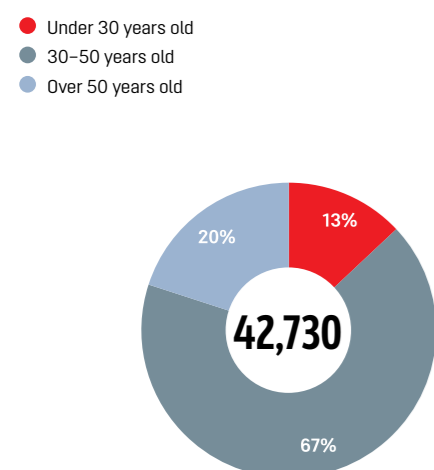
HR structure by gender, 2020



2020

	2018	2019	2020
Women	11,854	11,658	11,501
Men	32,449	31,795	31,229
<b>Total</b>	<b>44,303</b>	<b>43,453</b>	<b>42,730</b>

HR structure by gender, 2020



2020

	2018	2019	2020
<b>Women</b>	<b>11,854</b>	<b>11,658</b>	<b>11,501</b>
Under 30 years old	1,754	1,351	1,256
30-50 years old	7,925	8,101	8,029
Over 50 years old	2,175	2,206	2,216
<b>Men</b>	<b>32,449</b>	<b>31,795</b>	<b>31,229</b>
Under 30 years old	6,249	4,881	4,463
30-50 years old	19,482	20,469	20,587
Over 50 years old	6,718	6,445	6,179
<b>Total</b>	<b>44,303</b>	<b>43,453</b>	<b>42,730</b>

GRI 102-8

HR structure by employment contract and region

- Staff with open-end employment contracts
- Staff with fixed-term employment contracts

METALLOINVEST, TOTAL



MGOK (KURSK REGION)



URAL STEEL (ORENBURG REGION)



LGOK AND OEMK (BELGOROD REGION)



HR structure by employment contract and gender

- Women
- Men

STAFF WITH OPEN-END EMPLOYMENT CONTRACTS



STAFF WITH FIXED-TERM EMPLOYMENT CONTRACTS



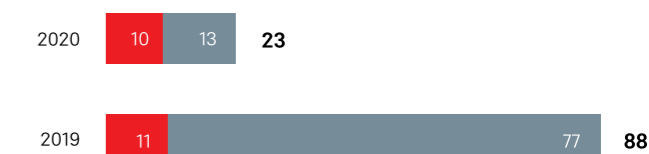
Total number of staff by employment type and gender

- Women
- Men

STAFF WITH FULL-TIME CONTRACTS



STAFF WITH PART-TIME CONTRACTS



# Personnel recruitment

GRI 401-1

Metalloinvest is continuously improving its recruitment tools to attract the best-qualified and most promising employees. We are convinced that we cannot achieve our strategic goals without professionals who are capable of success.

Metalloinvest is one of the largest employers in the Belgorod, Kursk and Orenburg Regions, which means that the current situation on the labour markets is constantly scrutinised by the Board of Directors. Likewise, the HR department regularly informs the Board of Directors about measures to support specialised institutions of higher educational and the availability of experts in the most in-demand professions.

The recruitment process at the Company is transparent and clearly regulated. Both internal and external candidates can compete to fill vacancies. However, Metalloinvest's policy for filling vacancies prioritises recruitment of workers, experts and managers directly from its regions of operation. This approach provides employment for the local population and job placements for graduates of universities and vocational schools.

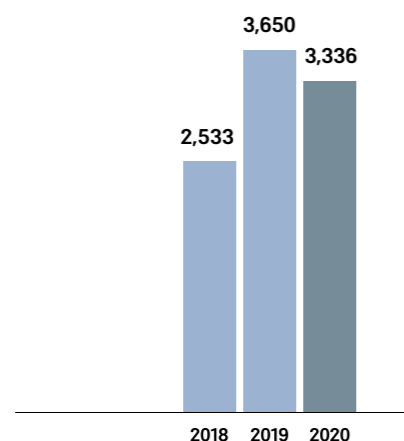
## RECRUITMENT POLICY

In 2020, the Company filled 3,336 positions with external applicants and employees; 84% of the vacancies were for workers, while 16% were for managers, specialists, and clerks (MSC).

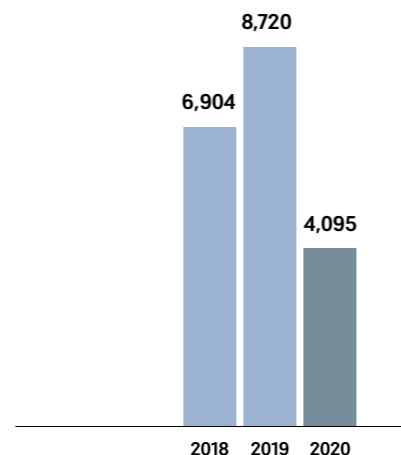
Recruitment is carried out by the Company's internal recruitment service, which consists of nine people. On average, there were 356 new staff per recruiter in 2020.

GRI 401-1

Number of employees hired in 2018–2020



Number of employees dismissed in 2018–2020



# 3,336

PEOPLE WERE RECRUITED IN 2020:

# 84%

WERE WORKERS

# 16%

WERE MANAGERS, SPECIALISTS, AND CLERKS

Total number of new employees in 2020 by gender, age and region

	BELGOROD REGION	KURSK REGION	ORENBURG REGION	TOTAL
<b>Total, including:</b>	<b>1,443</b>	<b>923</b>	<b>970</b>	<b>3,336</b>
<b>women</b>	<b>326</b>	<b>284</b>	<b>248</b>	<b>858</b>
Under 30 years old	118	113	137	368
30–50 years old	182	163	106	451
Over 50 years old	26	8	5	39
<b>men</b>	<b>1,117</b>	<b>639</b>	<b>722</b>	<b>2,478</b>
Under 30 years old	710	345	470	1,525
30–50 years old	372	250	223	845
Over 50 years old	35	44	29	108

Total number of dismissed employees in 2020 by gender, age and region

	BELGOROD REGION	KURSK REGION	ORENBURG REGION	TOTAL
<b>Total, including:</b>	<b>1,824</b>	<b>1,217</b>	<b>1,054</b>	<b>4,095</b>
<b>women</b>	<b>470</b>	<b>307</b>	<b>267</b>	<b>1,044</b>
Under 30 years old	69	50	101	220
30–50 years old	225	85	109	419
Over 50 years old	176	172	57	405
<b>men</b>	<b>1,354</b>	<b>910</b>	<b>787</b>	<b>3,051</b>
Under 30 years old	448	219	345	1,012
30–50 years old	430	321	280	1,031
Over 50 years old	476	370	162	1,008

## Main channels of communication for vacancies at the Company

Recruitment at Metalloinvest is carried out using both traditional and modern/digital recruitment tools, including social media. In 2020, OEMK increased the share of experts recruited using online services to 15%.

Classic recruitment tools also continue to prove their efficacy. In 2020, in order to find promising candidates to fill vacancies, work was carried out with educational institutions and media outlets, and ads were placed on specialised job search websites.



SPECIALISED RECRUITMENT WEBSITES



COMPANY PAGES ON SOCIAL NETWORKS



OPEN DOOR DAYS AT UNIVERSITIES AND VOCATIONAL SCHOOLS



CAREER GUIDANCE EVENTS



ADS IN LOCAL MEDIA



CAREER FAIRS

The Company is planning to launch a project to improve recruitment quality by implementing large-scale automation and by creating a unified database of internal and external candidates, which will increase the speed at which data is processed and reduce time spent on transactional operations.

When experts with the required competencies are not available locally, Metalloinvest recruits

personnel from other Russian regions or abroad. Furthermore, in order to ensure that employee relocation goes smoothly, a Mobility Policy is in place at Metalloinvest that provides assistance in relocating, housing and adapting to the new workplace.

Metalloinvest is also implementing a special support programme (Young Specialist), under which the Company reimburses the costs of

relocating employees to their new workplace, assists with the employment of family members, and reimburses housing rental costs for two years.

In the near future, the Company plans to find an optimal digital solution to automate recruitment and hiring of new staff, which will create a unified job base.



## Employment of persons with disabilities

Metalloinvest values corporate inclusion; for many years, it has been implementing an employment programme for persons with physical disabilities. The Company's policy states that persons with disabilities should be hired if they fully meet the job requirements.

When employing persons with disabilities, the Company is guided by the requirements of Russian legislation and the legislation of the Belgorod, Kursk and Orenburg Regions. The Company provides all benefits and guarantees for persons with physical disabilities stipulated by the Russian Labour Code.

Job placements for persons with disabilities have been created at OEMK; they are prepared in accordance with the recommendations of individual rehabilitation programmes and are paid on a monthly basis. Activities are carried

out under a contract with the All-Russian Society for the Blind (LLC Oskolskoye Training and Production Enterprise), which provides labour rehabilitation for persons with physical disabilities by enabling them to participate in the production of a wide range of products. The society also fosters an accessible working environment, promotes social and cultural rehabilitation, organises leisure time for them and their family members, arranges medical rehabilitation, and organises accessible sporting activities. In 2021, the Company plans to append an additional agreement to the existing contract with LLC Oskolskoye Training and Production Enterprise for four more jobs for persons with disabilities.

At MGOK, employees with physical disabilities are provided with free travel and hotel vouchers. The enterprise provides information

to the Employment Centre on a monthly basis about the quota of jobs for persons with disabilities. Currently, the number of employees with disabilities is almost three times higher than the quota prescribes.

In the future, the Company plans to continue providing economic, social and legal guarantees to persons with disabilities.

**382**

**PEOPLE WITH DISABILITIES WORK FOR THE COMPANY, 6 EMPLOYEES WITH DISABILITIES WERE HIRED IN 2020**

## INTERACTION WITH EDUCATIONAL INSTITUTIONS

In order to create a reliable talent pool, the Company develops targeted programmes with various educational institutions in its regions of operation, as well as with major Russian universities.

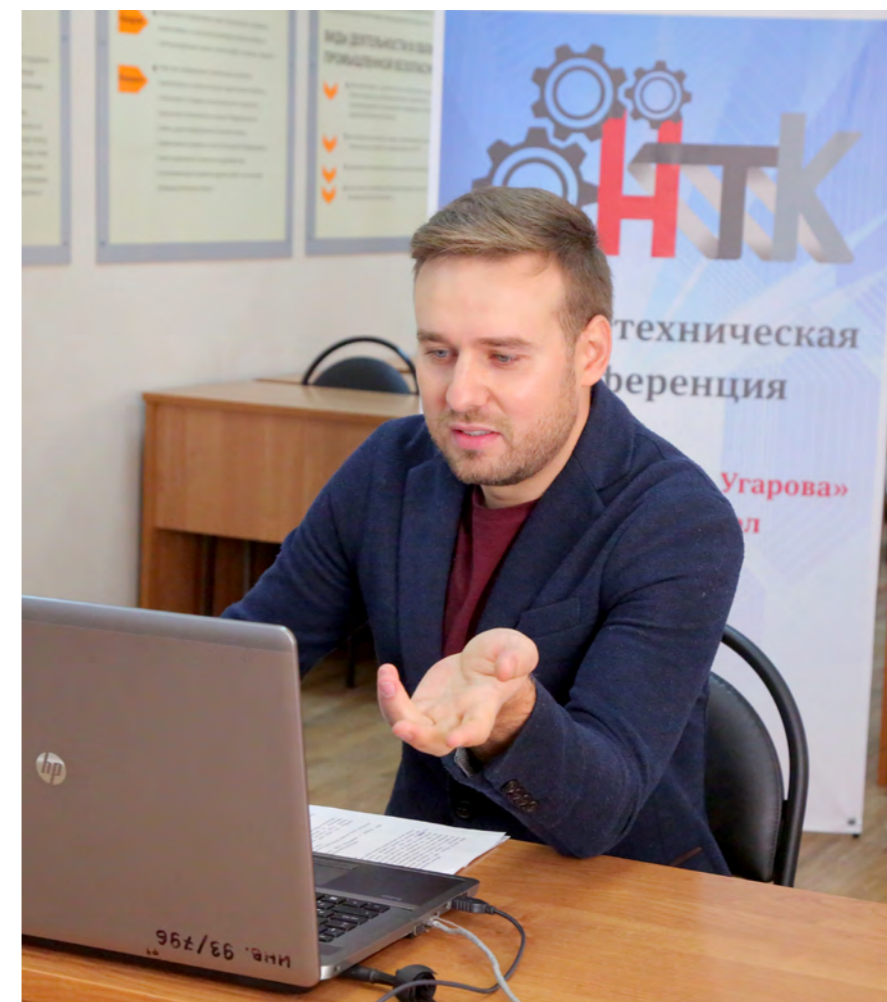
Metalloinvest enterprises, together with universities and vocational schools, develop curricula that take into account the Company's demand for staff. Scholarship programmes are available for university students, and a scholarship programme is in place in the Company's regions of operation that provides school students with expert training at vocational schools and universities. The Company offers promising students/graduates of universities and vocational secondary schools the opportunity to complete an internship at its enterprises with the possibility of subsequent employment.

### KEY PARTNER UNIVERSITIES:

- NUST MISIS
- Gubkinsky Mining and Polytechnic College
- Sergo Ordzhonikidze Russian State University for Geological Prospecting
- Zheleznogorsk Mining and Metallurgical College
- Novotroitsk Polytechnic College
- Oskol Polytechnic College

Working alongside partner universities, recruitment specialists at the enterprises take part in the Education national project and the Young Professionals federal project. They also prepare students for regional World Skills championships. Ural Steel's Next Generation project plays an invaluable role in this area, allowing students to gain unique knowledge directly from enterprise veterans.

The Company traditionally provides material support to universities and vocational schools. This allows them to upgrade training equipment and simulators, improve their competitiveness, provide quality training for engineering staff, and grant scholarships. In 2020, this support amounted to RUB 446 million. In order to improve the professional skills of teachers, the Company regularly holds practical training for them directly at the enterprises' production units.



**446 MILLION**

**RUB THE TOTAL AMOUNT OF SUPPORT FOR EDUCATIONAL INSTITUTIONS IN 2020**

Metalloinvest was the general partner of the Metal Cup Technology Strategy Championship, which is a professional competition for young teams from technical universities and vocational education institutions (technical and vocational schools). Participants solve urgent industry cases and develop project solutions for the sector. Those who make it to the qualifying stages and finals are offered internships, work placements, or permanent employment by the competition's partners.



## Main cooperation programmes

With the cooperation of specialised universities, Metalloinvest implements systematic training programmes to develop the competencies of key employees. It is also working to expand the scope of joint partnership projects with education institutions. In 2020, the following programmes were launched or improved:

EDUCATION INSTITUTIONS	SYSTEMATIC TRAINING PROGRAMMES
<b>NUST MISIS</b>	<ul style="list-style-type: none"> <li>MBA for the talent pool</li> <li>Cooperation to organise Metal Cup 2020. Gold Season (together with Oskol Polytechnic College, Zheleznogorsk Mining and Metallurgy College, Gubkin Mining and Polytechnic College, and Novotroitsk Polytechnic College)</li> </ul>
<b>STARY OSKOL BRANCH OF NUST MISIS</b>	<ul style="list-style-type: none"> <li>Internships for graduates at the regional Metalloinvest office: in 2020, two people were offered paid internships at the regional office. As a result of their successful completion of the internship, they were hired by the Company</li> </ul>
<b>RUSSIAN PRESIDENTIAL ACADEMY OF NATIONAL ECONOMY AND PUBLIC ADMINISTRATION (RANEPA), STOCKHOLM SCHOOL OF ECONOMICS</b>	<ul style="list-style-type: none"> <li>MBA programmes for Managers</li> </ul>
<b>MGIMO</b>	<ul style="list-style-type: none"> <li>The Metalloinvest Individual Scholarship (monthly payments of RUB 5,000 for 12 students during the academic year): the scholarship goes to students with high academic performance who are actively involved in scientific activities, as well as the university's civil life</li> <li>An open online lecture by the Director for the HSE department of Management Company Metalloinvest for students majoring in ecology and nature management</li> </ul>
<b>SWSU</b>	<ul style="list-style-type: none"> <li>In 2020, the federal state university Southwestern State University (Kursk) joined the vocational training programme as a new partner. SWSU organised advanced training for enterprise staff under the programme Operation of Industrial Exoskeletal Complexes</li> </ul>

Metalloinvest was the general partner of the Metal Cup Technology Strategy Championship, which is a professional competition for young teams from technical universities and vocational education institutions (technical and vocational schools). Participants solve urgent industry cases and develop project solutions for the sector. Those who make it to the qualifying stages and finals are offered internships, work placements, or permanent employment by the competition's partners.



# Training and development

GRI 404-1 GRI 404-2

Quality and up-to-date staff training lies at the heart of professional development at Metalloinvest. We make great efforts to improve the qualifications and education of our staff.

The Company abides by the principle of ongoing training. Staff training can be initiated by:

- Heads of structural units
- Department heads (when planning training and retraining to meet the requirements of legislation and state controlling or supervising authorities)
- HR management, based on Metalloinvest's strategic development areas, staff assessments, and individual development plans for employees based on talent pool assessments

The Board of Directors or the CEO may initiate professional training to address a new strategic objective if such a need arises. The CEO can also decide to launch corporate training programmes for all Company divisions, including the Production Leaders Institute, the Foreman School, and the Comprehensive Management Development Programme.

Health, Safety and Environment programmes are mandatory. In 2020, 12,264 employees were trained in these areas. There are also mandatory e-courses in areas such as Information Security, Raising Employee Awareness of Corruption and Fraud Prevention Measures, and Anti-Corruption Education for Employees Involved in Corruption-Prone Business Processes, which were attended by 23,468 employees in 2020.

During the pandemic, the Company has taken care of the safety and health of its employees. This has led it to hold most training programmes online, although face-to-face training has also been made available when required. Social distancing and personal protective equipment were enforced at such events, and a maximum of ten people were allowed to attend.

**12,264**

EMPLOYEES RECEIVED TRAINING IN HEALTH, SAFETY AND ENVIRONMENT

**23,468**

EMPLOYEES TOOK ONLINE COURSES ON INFORMATION SECURITY AND ANTI-CORRUPTION ACTIVITIES

**1.6 MILLION**

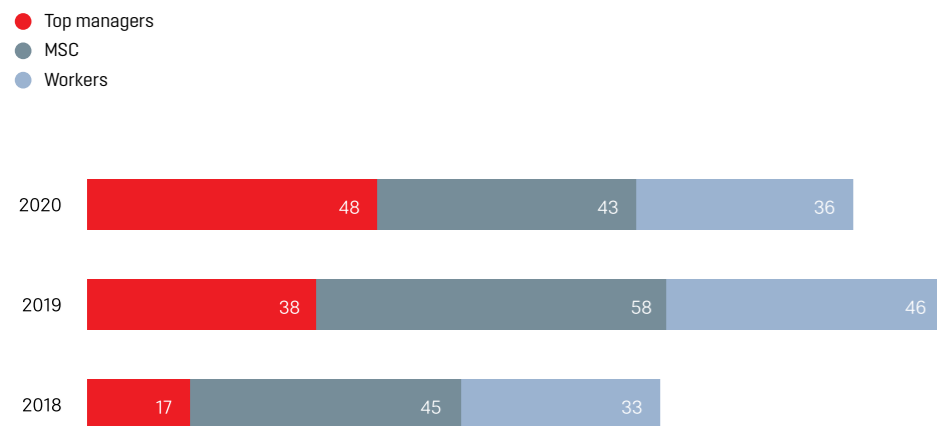
THE TOTAL NUMBER OF TRAINING HOURS IN 2020

**~ 37 HOURS**

THE AVERAGE NUMBER OF TRAINING HOURS PER EMPLOYEE

GRI 404-1

Average annual training hours per employee by employee category, 2018-2020 | hours



TRAINING PROGRAMMES

GRI 404-2

Key corporate training programmes in 2020

In 2020, Metalloinvest updated its corporate training programmes, focusing on development of managerial and leadership skills. Section managers joined the Foreman School project and HR employees were enrolled as internal trainers. The Production Leaders Institute programme was transformed into a comprehensive talent pool development programme for key production positions (the Leaders 4.0 programme). Training programmes are based on the MBA principle and provide comprehensive development of skills for production unit management. They are integrated into the Company's strategic priorities and goals, which contributes to the formation of unified business thinking at all levels of management.

The Future Generations programme has been transformed into a framework for local meetings between top managers and employees of functional streams. The new format covers a wider target audience and enables building a direct dialogue with managers.



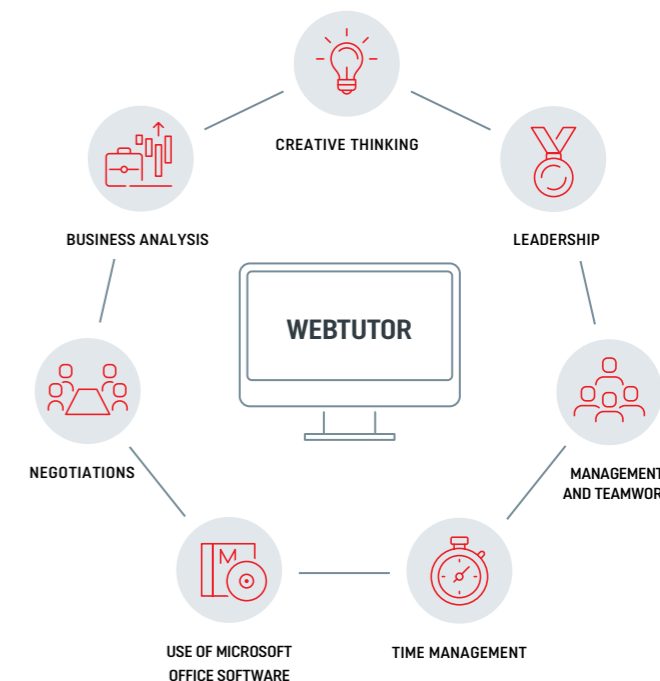
Corporate training programmes and projects in 2020

PROGRAMME	TRAINED EMPLOYEES	OUTCOME
Internal Trainers Institute (two trainings)	36	Created the Company's internal trainer pool
Foreman School (three modules: Business System Development, Creating a Safe Production Site Environment, Production Personnel Management)	1,230	Improved personal, managerial, and professional competencies of foremen and section managers
Service Management and Service Quality Management; Service Control at Public Catering Facilities	72	Improved quality and control of catering services, particularly as part of the Metalloinvest project Creating Customer Service at the Management Company
State Defence Orders. Key questions. Practice programme	46	Developed employee skills for supporting procedures related to fulfilment of orders from the Defence Ministry
Mining Basics	13 people set to be trained (Q4 2020 - Q2 2021)	Equipped the Company's top management with professional knowledge not directly related to mining operations
Exoskeleton Basics	15	Taught trainees about the practical application of exoskeletons in the production environment
Pandemic Anxiety Management	90	Granted top managers and line managers the tools for managing their own anxiety and the psycho-emotional atmosphere of their team in order to reduce anxiety amongst employees and ensure they remain mobilised
Conscious Safety	50	Enhanced behavioural safety and production culture

Distance learning system

Since 2012, Metalloinvest has been operating the WebTutor distance learning system, which is used to train existing and newly hired employees, test knowledge gained from trainings (such as Foreman School), develop a talent pool, and conducts test as part of various corporate contests.

The e-courses uploaded to the WebTutor system increase the competencies of Metalloinvest employees in the following areas, among others:



## CORPORATE UNIVERSITY

The Metalloinvest Corporate University was established in 2019. Over its two years of activity, it has made a significant contribution to developing the Company's intellectual potential.

### THE CORPORATE UNIVERSITY'S KEY ACHIEVEMENTS IN 2020 WERE AS FOLLOWS:

- Started building a talent pool consisting of managers from the Company's subsidiaries
- Launched a project to develop the corporate e-courses Environmental Culture and Ethics and Sustainable Development
- Launched an HR brand development project
- Arranged online meetings between HR staff and the Company's top managers at all subsidiaries
- Launched a comprehensive programme to build a talent pool in cooperation with Sary Oskol Technological Institute of NUST MISIS
- Developed the Internal Trainers Institute, improved the quality of methodological guidelines
- Expanded the Foreman School's target audience by adding section managers and involving internal trainers from HR
- Transformed the Future Generations programme to achieve an expanded target audience, more openness and accessibility from managers, and trust-based dialogue with participants
- Launched Leaders 4.0, a comprehensive talent pool development programme created by reorganising the Production Leaders Institute
- Expanded the number of key managers on track for Executive MBA training at various business schools



In 2020, comprehensive training programmes for the internal talent pool were approved to ensure the development of managerial competencies. The programmes included the following topics: Live Presentation; Audience Communication Methods; How to Improve Performance during Working Hours; Controlling Emotions; and Tough Negotiations. The topics were chosen based on an assessment conducted at the start of the project. They are equally relevant to both novice and experienced managers.

## EMPLOYEE TRAINING AND DEVELOPMENT INITIATIVES SCHEDULED FOR 2021

- Develop an online training course on values, establish KPIs for the number of employees trained for 2022
- Develop the Dialogue on Goals e-course, expand the range of courses on information security
- Begin automating learning and development processes
- Add new training modules to the School of Masters
- Deliver trainings under the Correcting Hazardous Employee Behaviour during Behavioural Safety Audits (BSA): Finding and Managing the Root Causes of Incidents programme. We plan to train 2,000 employees, including workshop and section managers, senior foremen, and foremen
- Conduct the workshop Scientific Aspects of Performance Management: Corporate Culture, Strategy, and Other Myths for 72 employees of the Company
- Conduct Safety Profile psychometric testing for 4,000 employees of structural production units
- Implement a comprehensive programme of assessment, training and development for the maintenance and repair (MR) functional stream as part of the Maintenance and Repair System strategic transformation project
- Begin the phased launch of a comprehensive training programme for employees of the social stream in three areas: external social and charitable programmes, internal social programmes, and development of public amenities<sup>24</sup>
- Develop and launch the Metalloinvest Sustainable Development corporate programme on the Corporate University platform
- Increase personal, managerial, and professional competencies of foremen and section managers
- Develop an internal training culture, transfer knowledge within functional streams, create a pool of internal corporate trainers
- Conduct the workshop Application of Practical Risk Management Tools for Making Key Decisions for the Company for 80 employees of the Company as part of a strategic session
- Implement a training plan based on structural units' requests
- Involve HR employees in the roll out of the Business System at MGOK, OEMK, and Ural Steel
- Implement the Modular HR Vertical Personnel Development Programme as part of the Mentoring Institute to comply with the MGOK HR Standard
- Roll out the TWI — Training Within Industry programme for LGOK employees
- Continue with training through Repairs Faculty project for OEMK employees

<sup>24</sup> The programmes are under development due to the outsourcing of a number of areas, the consolidation of public amenities, and the launch of new corporate initiatives.

## TALENT POOL

The Talent Pool programme is being implemented by the Corporate University in cooperation with Metalloinvest’s strategic partner university, NUST MISIS. The project aims to ensure that key management positions of production and technical units can be filled. It foresees a multi-stage selection procedure.

### Selecting candidates for the talent pool

To select talent pool candidates, all enterprises of the Company have formed HR committees that oversee candidate nomination and initial selection.

The candidates are nominated by top managers such as managing directors of the enterprises and functional directors (the Social Policy Director, Investment Director, Finance and Economics Director, HR Director). This approach facilitates the identification of promising and talented employees. In 2020, 90+ employees were nominated for the programme during the first round. A total of 77 employees moved on to the next round in accordance with the selection

procedure.

Next, assessments are conducted based on the current corporate competence model and the professional competence model for key production positions. Also at this stage, related services (HR, OHS, Business System, and others) prepare candidate profiles for the talent pool. The assessment results form the basis of an individual development plan for each talent pool member.

Committee meetings chaired by the managing director of the enterprise are then convened to collectively discuss the proposed candidates’

readiness for development. Likewise, local HR committees (LHRC) hold meetings to determine when a candidate could be ready to take on the target role. Decisions by LHRCs led to a total of 42 candidates at all enterprises being included in the talent pool.

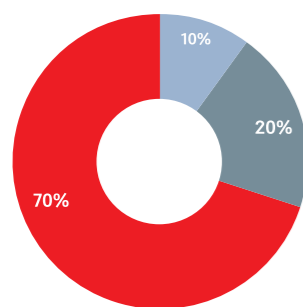
The candidates nominated by the enterprises’ senior managers are discussed and approved for the talent pool during a Central HR Committee meeting chaired by the CEO. Committee members meet with high-potential candidates in person.

## Leaders 4.0

To efficiently train and develop Talent Pool members, the comprehensive programme Leaders 4.0 has been created in cooperation with MISIS.

### Allocation of employees’ time during the Leaders 4.0 training programme

- Training
- Development with the help of others
- Development during the work



### TRAINING (10% OF THE TIME)

- Trainings
- Workshops
- Thematic literature
- Distance courses
- Upskilling
- Professional education
- Development of soft skills

### DEVELOPMENT WITH THE HELP OF OTHERS (20% OF THE TIME)

Shadowing is the key principle. A candidate is assigned a mentor who currently occupies the target position to act as a coach during practical training.

### DEVELOPMENT DURING THE WORK (70% OF THE TIME)

This part of the training includes daily application of the new work approaches and methods learned during the ‘Training’ and ‘Development With the Help of Others’ portions of the programme. It also involves practice conducting employee trainings as corporate internal trainers.

# Employee remuneration and the incentives system

All remuneration and incentives systems for Metalloinvest personnel are underpinned by the principles of fair and competitive wages. The Company’s employees are provided with an extensive benefits package in line with current international practice.

## REMUNERATION SYSTEM

### GRI 202-1

The Company pays competitive wages to its employees, offering one of the best benefit packages in the industry. Each employee has ample opportunities for career growth, professional development, and active social life.

Metalloinvest has zero tolerance for discrimination in any form, and it guarantees unbiased pay adjustment and equal opportunities for career growth. Employees’ remuneration depends on their individual results.

The wages of each employee include fixed and variable components. Employee’s wages are based on a pre-determined range that

depends on their job grade, while the final value depends on their qualifications and work results. In 2020, the fixed component of wages was increased twice, and the payroll increased by 5% each time.

The variable component of wages is based on compliance with KPIs; it includes quarterly incentives for employees who abide by a professional OHS culture. In addition, employees can receive one-off incentives for innovation, operational improvement, and other achievements. In 2020, we streamlined our incentive programmes for critical results and developed new performance incentives

programmes. In the reporting period, new incentives were introduced for increasing productivity in maintenance and repair, and we also added special incentives for participants of corporate strategic production development projects. Consequently, the average wages at our enterprises increased by more than 12% in 2020. According to a study of working conditions and the incentives and compensation system carried out by Ecopsy Consulting in the reporting period, employees agree that the incentives system is aimed at improving work results and do not feel an acute shortage of information on the wage structure.

# >12%

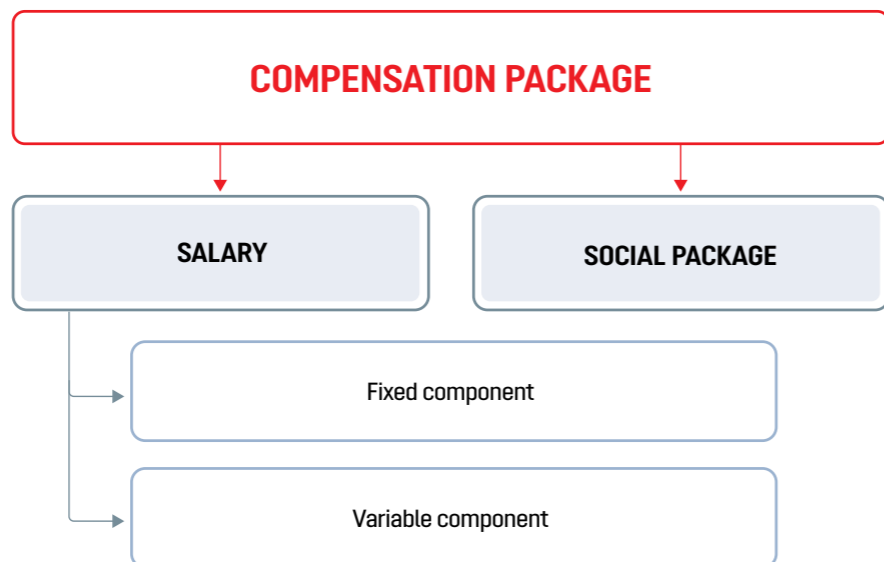
AVERAGE WAGES AT METALLOINVEST ENTERPRISES GREW IN 2020

Moreover, proposals have been developed to change the performance management system, which, together with the goal-setting transformation programmes, were submitted for discussion to working groups and the Board of Directors. The proposals suggest reducing the number of performance indicators while expanding their coverage, which would allow employees to be rewarded for outstanding results, rather than just be penalised for falling short. The performance indicators themselves would be set by immediate line managers, who are the most intricately involved in the specific processes under their purview.



A pilot project has been implemented at MGOK to introduce a "motivational" KPI system. In During the pilot, employees were offered a flexible incentives system according to which a wage premium was paid for outstanding results. Over the three months of the pilot, the cost of production was reduced by more than RUB 70 million thanks to the system.

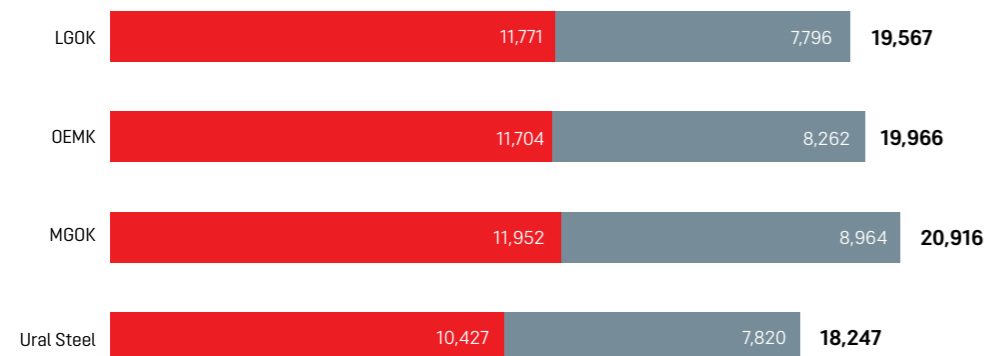
**Material incentives structure**



**GRI 202-1**

**Lowest wage\* level vs. minimum wage in the regions of operation, 2020 | RUB**

- Minimum wages for entry level staff
- Premium part



The ratio of the lowest wage grade at the Company to the minimum wage varies from 0.7 to 1.0 depending on the region.

\* The minimum salary consists of two integral components: the base salary and bonuses, which the Company is obliged to pay out regularly.

**EMPLOYEE MOTIVATION**

The level of employee involvement and motivation at Metalloinvest is high, and the Company assigns particular importance to intangible motivation. The Company encourages employees to help solve production problems and celebrates their achievements.

All Metalloinvest enterprises have a **unified reward policy**: the Company has approved Regulations on Corporate Awards and Standard Regulations on Reward Activities. Corporate, state, departmental, regional, and municipal awards can be granted

to Metalloinvest employees for high achievements and merit. In 2020, there were no changes to the reward policy; the Regulations on Corporate Awards are scheduled for revision in 2021.

In 2020, we held a contest amongst Metalloinvest employees who switched to electronic labour record books. The winners were granted valuable gifts from the Company, including nine smartphones, 50 tablets, and 250 external chargers.

**IN 2020, METALLOINVEST EMPLOYEES WERE ALSO HONOURED WITH THE FOLLOWING AWARDS:**

**116**

EMPLOYEES RECEIVED AWARDS FROM THE MINISTRY OF INDUSTRY AND TRADE OF THE RUSSIAN FEDERATION

**14**

EMPLOYEES RECEIVED STATE AWARDS OF THE RUSSIAN FEDERATION

**275**

EMPLOYEES RECEIVED REGIONAL AWARDS

**80**

EMPLOYEES RECEIVED METALLOINVEST'S CORPORATE AWARDS

**1,457**

EMPLOYEES RECEIVED AWARDS FROM METALLOINVEST'S ENTERPRISES

# Social support for employees

GRI 403-10

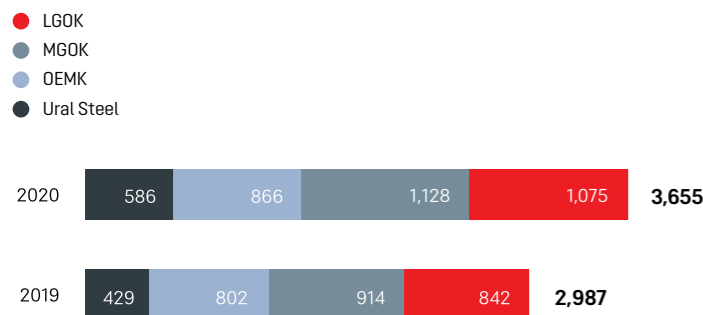
## INTERNAL SOCIAL POLICY

Metalloinvest's investment in internal social programmes came to RUB 3.7 billion, which is 22% or RUB 668 million increase on the preceding year

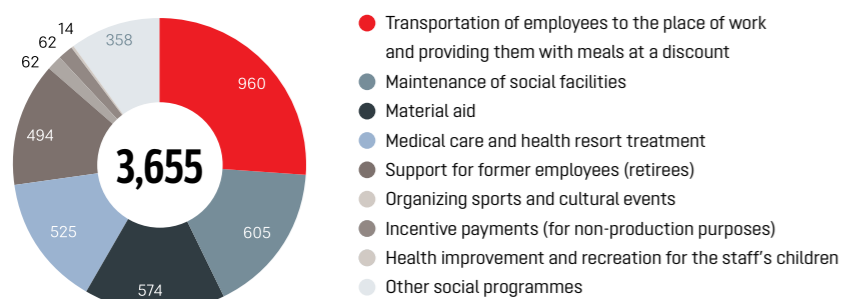
The internal social policy of the Company is aimed at maintaining the health of employees and creating a favourable environment that increases loyalty and motivates them for long-term and effective work.

The Company offers a competitive benefits package and social support for its employees, their families, and corporate retirees. In 2020, Metalloinvest's investment in internal social programmes came to RUB 3.7 billion, which is 22% or RUB 668 million increase on the preceding year.

Expenditures on internal social programmes by company, 2019-2020 | RUB million



Structure of expenditures on internal social programmes by category in 2020 | RUB million



## Social package for Metalloinvest employees

Metalloinvest has one of the best social packages in the industry, which includes a wide range of compensation and benefits in five key areas:

- Health support and recreation for employees
- Family support
- Support in exceptional situations
- Holidays and anniversaries
- The corporate volunteering programme

The Company regularly evaluates existing programmes and duly adjusts its social support measures. When conducting these assessments, the following important criteria are considered: relevance, efficiency, and value.

In 2020, Metalloinvest conducted a survey of employee satisfaction with social benefits and working conditions in cooperation with Ecopsy Consulting. Social benefits such as meals, travel vouchers for children, and the medical aid programme were assessed highly. In general, the Company's scores for quality and availability of social benefits have improved since last year. Employees noted improvements in the condition of amenities, the organisation of meals, and health care programmes. Based on the study, a set of measures was developed to optimise and improve social benefits for implementation in 2021.

## Health support and recreation of employees

Employee healthcare, which is also extended to family members, is a priority of Metalloinvest's social policy.

### EMPLOYEE HEALTHCARE MEASURES INCLUDE:

- Healthcare services
- Health improvement and recreation for employees
- Sporting events
- Improvement of working conditions<sup>25</sup>
- Transportation to and from work

### Healthcare services

In 2020, we laid the foundations for a global employee health management system.

In 2020, we laid the foundations for a global employee health management system. The system covers all employees, regardless of their position, and allows the corporate medical service to maintain up-to-date information on the health status of personnel.

To improve preventive care, the full-time position of chief epidemiologist was introduced in 2020, meaning that each enterprise now employees specialists responsible for monitoring the sanitary conditions of the 2,000+ facilities of Metalloinvest, including common areas such as canteens, showers, health resorts, recreation facilities, and children's camps. All of these require continuous monitoring, which is now carried out by the Company's internal epidemiological service.

The implementation and strategic expansion of the health management system requires enhanced staffing. In light of this, the Health Division was transformed into the Health department, which reports to the Deputy CEO for Sustainable Development and Corporate Communications.

Current legislation stipulates that certain categories of employees (27% of Metalloinvest employees) must undergo daily pre-shift medical inspections in order to gain access to the workplace, which the Company now automates. Previously, daily medical examinations were carried out by paramedics who had to log the results manually. Now, medical examinations are performed by 40 automatic terminals that measure temperature, pulse and blood pressure; analyse mucous membranes; and determine blood alcohol level with special certified testers. Each medical examination takes about 90 seconds.

The terminals' functionality will be expanded in 2021, allowing them to analyse premonitory<sup>26</sup> conditions and the mental status of employees using pulse wave analysis. In addition, a unified health database of employees will be maintained for storing, archiving, and analysing data to make decisions on rehabilitation, additional diagnostics and treatment for each employee.



The full-time position of chief epidemiologist was introduced in the Company in 2020

<sup>25</sup> Organisation of meals and repairs of non-production facilities.

<sup>26</sup> Preclinical.

## Prevention of occupational diseases

The development of preventive medicine is the Company's priority in terms of protecting the health of employees.

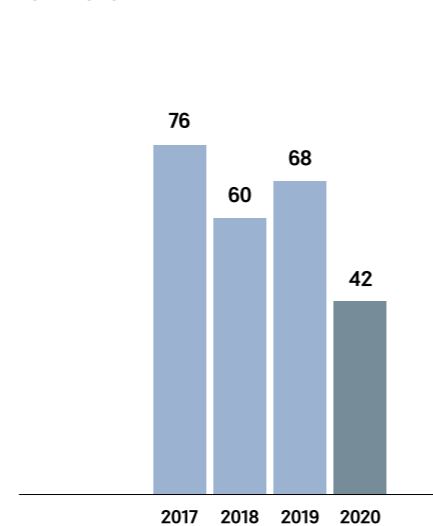
About 80% of Metalloinvest employees work in hazardous working conditions. The most common occupational diseases include professional dust bronchitis, bronchial asthma, vibration disease, dorsopathy, sensorineural hearing loss, polyneuropathy, osteoarthritis, radiculopathy, silicosis, COPD.<sup>27</sup>

In cooperation with the Izmerov Research Institute of Occupational Health, we have developed a method for detecting undeveloped clinical symptoms and taking preventive measures for occupational diseases. Our employees undergo regular medical examinations, including laboratory tests, to detect early signs of diseases. If deviations

are identified, employees receive medical treatment. They may be referred to an outpatient clinic, undergo physiotherapy, or receive vouchers for health resort treatment. Employees who are diagnosed with an occupational illness after being tested by occupational health commissions of the Federal Centre for Occupational Pathologies are subject to appropriate treatment and suspended from hazardous operations.

The number of identified occupational diseases at Metalloinvest enterprises is decreasing, which points to the effectiveness of our approach to disease prevention.

Incidence of occupational diseases, 2017-2020<sup>28</sup>

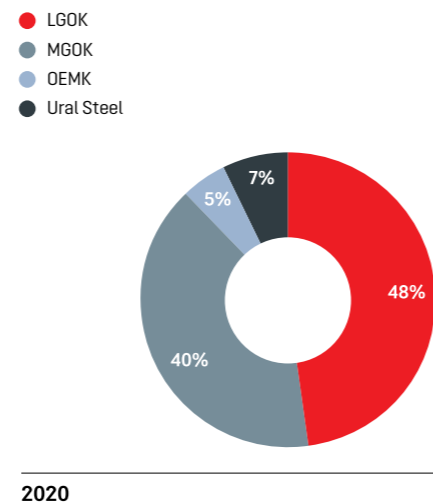


GRI 403-10

### Structure of occupational diseases at the Company's enterprises, 2020

DISEASE	CASES
Vibration disease	10
Sensorineural hearing loss	10
Polyneuropathy	9
Osteoarthritis	4
Radiculopathy	3
Dust bronchitis	2
Bronchial asthma	1
Dorsopathy	1
Silicosis	1
COPD	1
<b>TOTAL</b>	<b>42</b>

Occupational disease statistics by enterprises, 2020



## The fight against COVID-19

To help combat COVID-19, the chief epidemiologist of Metalloinvest developed and implemented a set of measures to improve the healthcare service, which has allowed the Company to contain the spread of the pandemic at its enterprises and manage employee illness. The Company's enterprises operate programmes to rapidly diagnose and treat employees infected with COVID-19.

The Company's priority focus during the pandemic was to fully maintain the production programme while protecting the health of employees. Preventive measures such as **obligatory masks and regular sanitisation** were introduced at the Company's enterprises three months before the official recommendations of Rospotrebnadzor, Russia's health watchdog, were issued.

In April 2020, the Company decided to provide each employee with RUB 10,000 to purchase personal protective equipment. Individual protective kits were also provided to employees containing **reusable masks, gloves, antiseptics**. The Company developed preventive medical packages consisting of five antiviral drugs, which, according to independent studies, can significantly reduce the risk of COVID-19. These packages are regularly handed out to each employee.

As part of its efforts, the Company developed a campaign to raise awareness of the current situation, the measures taken to stem the spread of COVID-19, and need to comply with restrictions. Employees' typical routes to and from work were also swiftly analysed. For each area exposed to an increased risk of infection, sanitary and epidemiological measures were developed and implemented and business processes were changed.

Employees whose continuous physical presence at the workplace was not strictly required to support production processes were transferred to remote work, as were employees belonging to risk groups. All contacts were minimised: meetings were held online, business trips were suspended, and the working hours of canteens and clinics were changed. Additional buses were allocated to transport employees, thereby reducing the amount of riders and ensuring social distance. Ultraviolet lamps for air disinfection were installed, and quartz treatment of the main premises was carried out. Common areas, motor vehicles and production facilities were equipped with disinfectants, air recirculators and filtering units.

Metalloinvest was one of the first companies to launch a **corporate COVID-19 testing system**. The Company's enterprises independently concluded contracts with laboratories, determined the scope of testing, and financed the programme. To reduce response times, the Company decided to establish internal PCR diagnostic laboratories on the basis of corporate healthcare institutions.

As soon as anti-COVID-19 restrictions were introduced, Metalloinvest transferred its employees to remote work, which proved to be very effective. Currently, the Company has established a working group to transfer employees of the Moscow office to a hybrid work format on an ongoing basis.

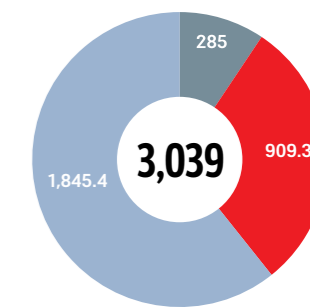
**100%**

OF ENTERPRISES HAD BEEN PROVIDED WITH COVID-19 EXPRESS TESTING SYSTEMS BY THE END OF 2020



Funds allocated by Metalloinvest to combat COVID-19 | RUB million

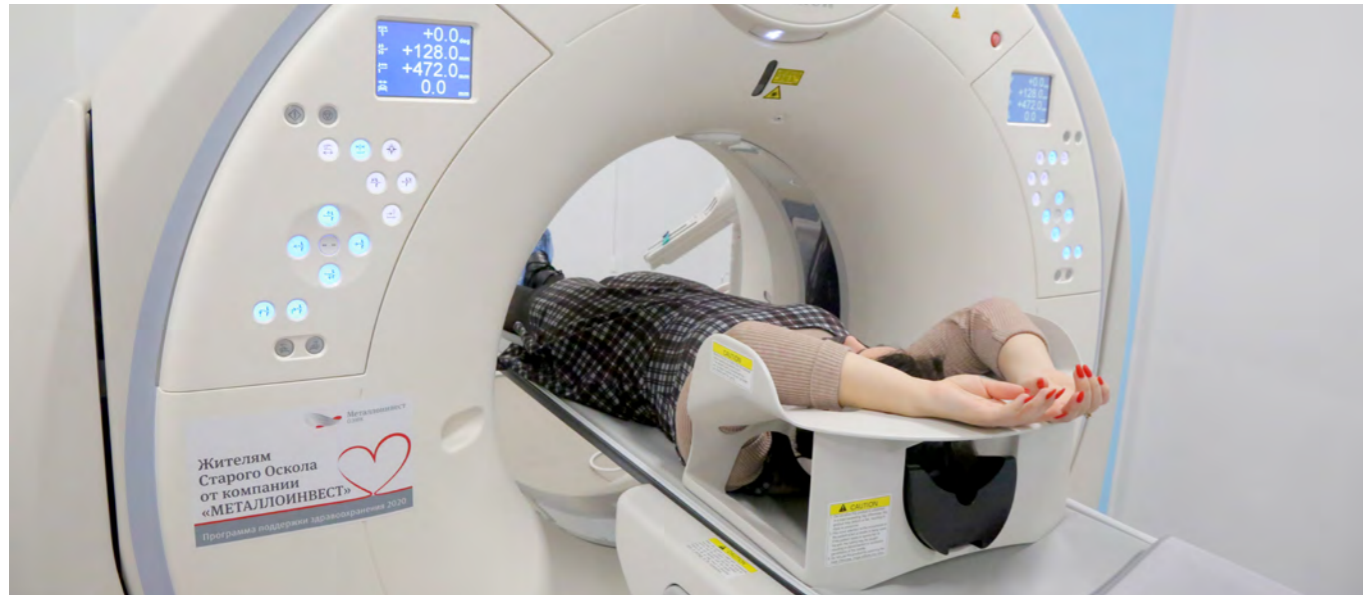
- Corporate safety and security measures
- Support for staff
- Support for external organizations



2020

<sup>27</sup> Chronic obstructive pulmonary disease.

<sup>28</sup> Information for 2020 is presented on occupational diseases identified in the reporting period. Information for 2018 and 2019 is provided taking into account previously identified occupational diseases, which became known in the reporting period.




In preparation for the second wave of COVID-19, **situation centres were established** on the basis of each medical unit of Metalloinvest's enterprises. Situation centres include a dispatch service and a hotline; they also maintain mobile medical teams that administer home tests and

deliver patients to medical examinations or hospitals. These measures reduce the burden on state healthcare institutions. Meanwhile, the laboratories of the corporate medical institutions of MGOK and LGOK provide prompt diagnostics.

**> 3 BILLION**

**RUB METALLOINVEST SPENT TO COMBAT COVID-19**



As before, in the reporting year we continued to vaccinate our employees against seasonal influenza and acute viral respiratory infections, as well as against bacterial infections that cause pneumonia. In this way, we developed an immunological line of defence amongst our employees that, together with emergency anti-epidemic measures, had a tangible impact on the incidence rate of COVID-19, which was significantly lower at the Company's enterprises than the average rate in the Company's cities of presence.



## Health improvement and recreation of employees, support for sports

Healthcare for employees and their families is a top priority of Metalloinvest's social policy. Employees improve their wellbeing at both corporate and third-party health resorts on the Black Sea coast, in the Caucasus and in Central Russia.

In 2020, more than 4,300 employees visited such resorts to improve their health. Due to the pandemic, large-scale recreation and rehabilitation of employees only began at the end of summer 2020.<sup>29</sup>

### Sports

Metalloinvest support employees' athletic undertakings, providing them with access to corporate sporting facilities and partially reimbursing the costs. It also organises mass sporting events for employees and their families.

Since 2001, the Company has held annual corporate sports competitions. These are held first at individual enterprises, after which a competition is organised for employees of the entire Company. Sports competitions take place in both winter and summer, depending on the sport. Venues are different each year: enterprises take turns hosting sports contest.

In February 2019, Metalloinvest held the II Corporate Winter Sports Competition, attended by more than 250 athletes in seven teams competing in six different sports: Russian hockey in felt boots, ice hockey, cross-country skiing, curling, speed skating and biathlon. Due to the COVID-19 pandemic, this competition was not held in 2020, but the tradition will continue in 2021. Metalloinvest's VIII Corporate Summer Sports Contest will be held in Novotroitsk in June 2021.



**605 MILLION**

**RUB INVESTED IN MAINTENANCE AND DEVELOPMENT OF SOCIAL FACILITIES IN THE CITIES OF OPERATION IN 2020**



The Company maintains 17 social amenities, including healthcare institutions, health resorts, children's camps, and sports facilities. Sports, cultural and recreational activities are held annually for employees, their families, retired employees.

#### CORPORATE MEDICAL ORGANIZATIONS

- LebGOK Health LLC
- ChLPU Ambulatory
- ChLPU Sanatorium Gornyatysky
- Uralskaya Zdravnitsa LLC

#### RECREATIONAL FACILITIES AND CHILDREN'S CAMPS

- Metallurg Recreation Centre
- Lebed Recreation Centre
- Lesnaya Skazka Recreation Centre and Children's Camp
- Belogorye Health Resort and Children's Camp
- Gornyatysky Children's Camp
- Rodnik Children's Camp

#### SPORTS

- LGOK Sport Centre
- Magnit Sports Club
- Palace of Water Sports
- Steel Sports Palace
- METALLURG Sports and Recreation Complex

#### CATERING

- TPO LLC
- Tsekh Pitaniya LLC

<sup>29</sup> Due to anti-COVID-19 restrictions that affected health resorts across the country, including corporate ones, the number of employees and their children who visited health resorts decreased as compared to 2019.



In 2020, Metalloinvest allocated RUB 605 million, or 17% of all funds intended for internal social programmes, to the maintenance and development of social amenities in its cities of operation. The Company saw a significant, 45% increase in costs YoY, which is attributable to the purchase of medical equipment for corporate medical institutions in the cities of operation (computerised tomography scanners, laboratories), the organisation of observations for doctors involved in combating COVID-19 in Zheleznogorsk, the purchase of extra equipment for sanitizing the Company's premises, and the purchase of personal protective equipment for employees.

**THE MAIN INITIATIVES FOR DEVELOPING SOCIAL AMENITIES IN 2020 INCLUDED THE FOLLOWING:**

- Launched a website [🌐](#) for Metalloinvest's social amenities, which is designed to provide information on the services provided at various facilities and make bookings and online payments
- Designed a project for developing the sports and recreation centre in the town of Gubkin<sup>30</sup>
- Continued implementation of a project to develop the territory of Vmeste Park in Stary Oskol



**One of the year's most ambitious social projects was the creation of a unified development concept for Vmeste Park in Stary Oskol.**

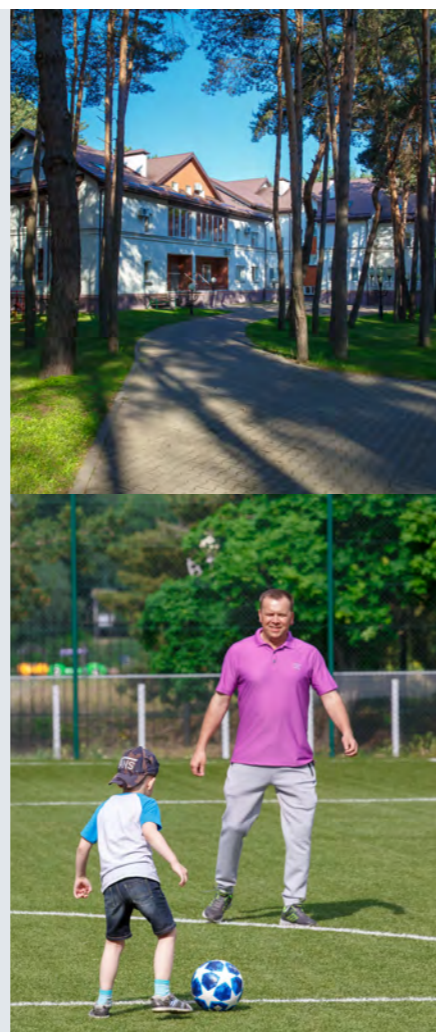
**Vmeste Park**

The project is implemented on the territories of the Metallurg and Lebed recreation centres, which are owned by OEMK and LGOK under the single brand Vmeste Park. For many years, these recreation centres have been landmarks of Stary Oskol and Gubkin: famous as places where miners and metallurgists can relax on the bank of the Stary Oskol reservoir.

**KEY TASKS PROJECT TASKS INCLUDE:**

- Create comfortable and safe conditions for the long-term relaxation of children and parents, including Metalloinvest employees
- Support the development of sports infrastructure and sports associations
- Attract locals to the new park by developing the urban landscape, improving open spaces, and creating a comfortable and modern living environment

In 2019, the Company launched another project in the Belgorod Region under the Vmeste (Together) Park brand. The new multifunctional centre was named by the Company's employees based on survey results. In 2019, the recreation centres were assessed for compliance with the requirements of the Hotel Star Classification Regulation; some of them were assigned the two star category. The common territory and the unification of the infrastructure allowed the procedure for providing services to be changed. A large-scale communication campaign was also organised to draw the attention of residents to the centre. Due to these changes, the centre has become more popular; numerous corporate, sports and family events are held on its territory. In 2020, the range of Vmeste Park services was expanded, and the development of infrastructure resumed.



**Improving social conditions and workplace amenities for employees: catering**

Since 2017, Metalloinvest has been implementing a large-scale programme to improve meal services for its employees. The programme seeks to integrate meal services at LGOK and OEMK under a single operator: TPO LLC (Trade and Production Association). Over the last two years, the Company has reorganised the work of catering providers based on TPO requirements. The implementation of the project has facilitated the introduction of common standards, improved the quality of food and service, reduced costs, and made prices more attractive for employees.

In 2020, Metalloinvest allocated RUB 51.9 million<sup>31</sup> for the technical re-equipment and improvement of meal provision. Three canteens were opened after major repairs at MGOK, LGOK and OEMK; innovative equipment for cooking was installed at food service areas; canteens and buffets were re-equipped; and new furniture, dishes and cutlery were purchased. As part of the project, RUB 3.9 million<sup>31</sup> were allocated to an external meal provider for technical re-equipment and improvement of meal quality at Ural Steel.

Since December 2020, Ural Steel employees have been using the Lunch Box service, which provides daily meals during night shifts and offers them two lunch box options. Since 2020, 50% of the costs of these lunch boxes have been compensated for MGOK employees.

**> 55 MILLION**

**RUB SPENT ON A PROJECT TO IMPROVE MEAL QUALITY IN 2020**



**Good Mood Territory**

In 2020, Metalloinvest launched a new large-scale project aimed at improving the service quality of public dining facilities at the Company's enterprises.

Since 2020, catering at the Company has been handled by services established as part of the Social Policy departments of the Company's enterprises. Strong and trust-based relationships with customers, as well as a high level of customer service, are important competitive advantages of our catering providers, and they help define our corporate identity by creating a positive image and a basis for long-term prosperity.

In 2020, an additional Service Level Agreement was concluded with TPO LLC<sup>32</sup> and Tsekh Pitaniya LLC. This document establishes control algorithms and methods for assessing the quality of the

services rendered by the two catering providers; it also specifies measures for rectifying any identified shortcomings. The assessment methodology stipulates sanitation checklists for food service areas based on which points are assigned. Final assessment protocols are prepared for each month based on the results, and the services provided by the caterers are rated at the end of each year.

To ensure healthy, high-quality meals for miners and metallurgists, the Company has purchased new multifunctional smart machines. These guarantee compliance with all requirements and GOST standards, introducing innovative technologies to the production process. The catering companies are constantly improving their customer service, ensuring the safety of visitors throughout the pandemic.

**”** Despite the difficult sanitary and epidemiological situation, our association has made tremendous efforts to improve the quality of meal service. In 2020, modern, ergonomic, eco-style serving lines were installed at six canteens of OEMK and LGOK, and new production equipment was purchased.

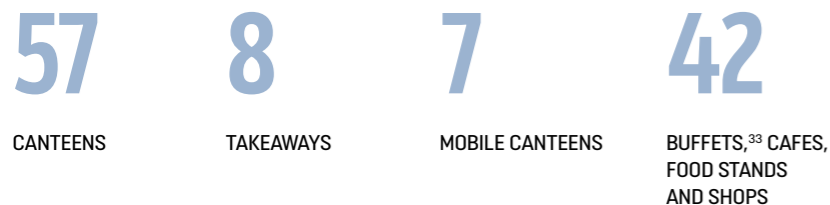
Tatiana Karpacheva,  
General Director of TPO

<sup>30</sup> The project was developed in 2020, and construction is set to be launched in 2021.

<sup>31</sup> Excluding VAT.

<sup>32</sup> TPO LLC serves OEMK and LGOK, while MGOK is served by Tsekh Pitaniya LLC.

At Metalloinvest, there are 114 food preparation areas for production staff, administrative personnel, and employees staying at corporate camps, health resorts and recreation centres:



### Improving social conditions and workplace amenities for employees: repairs of non-production facilities

In 2020, the Company began repairs under a renovation programme for sanitary facilities. The programme covers six types of facilities:

- Restrooms
- Showers
- Dressing rooms
- Washrooms
- Women's personal hygiene rooms
- Workwear rooms

Repairs are carried out in accordance with a unified Corporate Standard for Amenities at the Company's production facilities that was developed in 2019. It establishes unified technical requirements for facilities' layout, design, equipment, and compliance with fire safety and sanitary standards.

In 2020, repairs were launched at OEMK, LGOK, and MGOK in compliance with these standards. In all, 163 facilities were repaired for a total cost of RUB 82 million.

#### PLANS FOR 2021:

- Expand the programme to Ural Steel facilities
- Update the Standard based on experience with repairs in 2020 to improve the ergonomics of premises, increase their service life, and simplify the process of repairs and cleaning

To improve meal services at Metalloinvest's enterprises, in 2021 the Company plans to:

- Create a website for corporate caterers where the Company's employees can place online orders
- Develop new ways of providing hot meals to employees at remote workplaces
- Open a new canteen at MGOK
- Further implement the project to develop meal services and improve the quality of meals offered by the caterers (Customer Service)

# 82 MILLION

**RUB SPENT ON THE REPAIR OF NON-PRODUCTION FACILITIES IN 2020**



### Transportation to and from work

The Company organises travel to and from work for employees who are unable to use public transport.



### Family support

Metalloinvest offers financial aid programmes to the families of employees in various situations, including:

- Financial aid in connection with the birth or adoption of a child
- Financial aid in connection with maternity leave for a child under the age of three
- Financial aid for employees with three or more children under the age of 18
- Financial aid for employees with disabled children

The Company organises summer vacations for employees' children on an annual basis, both to children's camps in groups and to health resorts together with their parents. In 2020, trips to children's camps were suspended due to the pandemic. Children went on vacation with their parents using Mother and Child vouchers, which were granted to over 840 children.

On New Year's Eve and during the New Year's holidays, the Company's enterprises traditionally organise performances for employees' children and charity New Year's trees with gifts. In 2020, more than 28,000 children of employees under the age of 14 received gifts.

### Support in exceptional situations

Metalloinvest supports its employees in difficult life situations, providing financial aid in the following cases:

- Expensive medical treatment for an employee or their family
- Loss of property and dire financial straits
- Death of an employee or a family member

RUB 34.5 million were allocated for these purposes in 2020.

The Company provided RUB 10,000 in financial aid to each employee to support them during the COVID-19. Total payments amounted to RUB 436 million.

### Holidays and anniversaries

The Company provides incentive payments for employees on significant events and holidays:

- 8 March and 23 February (International Women's Day and Defenders of the Fatherland Day respectively)
- The anniversary of the Chernobyl disaster
- The anniversary of the withdrawal of Soviet troops from Afghanistan
- Employees' work anniversaries
- Metallurgist Day (a career holiday)

Every year, the Company organises various events to bring employees together and introduce their family members and local inhabitants to the Company's values. One of the largest and most beloved citywide holidays, which is held at all enterprises of the Company, is Metallurgist Day. In 2020, Ural Steel celebrated Metallurgist Day and the 65th anniversary of the Novotroitsk plant. Employees helped build a commemorative alley to honour the anniversary, planted trees by the Metallurgist Monument, and took part in a motor rally.

<sup>33</sup> Including 23 buffets connected to canteens.



## SUPPORT FOR FORMER EMPLOYEES (RETIREES)

In 2020, the Company allocated RUB 494 million to support retirees and former employees of Metalloinvest.

Metalloinvest's retirees systematically receive the following types of support:

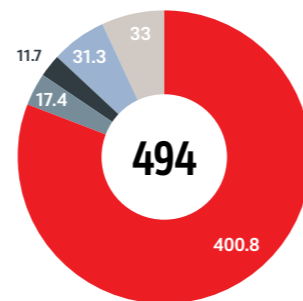
- Financial bonuses upon retirement
- Monthly financial aid
- Financial aid for difficult life situations, including death
- Financial aid for significant events and holidays, including payments to WWII veterans in 2020 in honour of the 75th anniversary of Victory Day
- Spa treatment and healthcare services

Metalloinvest volunteers also help the elderly. Veteran production workers provide career guidance to young people, acting as teachers and mentors.

Upon reaching retirement age, employees can receive advice on further employment and, upon agreement with management, continue their employment at the Company after completing retraining courses and training for new jobs at the Company's Training Centre.

### Support for former employees (retirees) structure, 2020 | RUB million

- Monthly material aid
- Financial aid for difficult life situations
- Financial aid for significant events and holidays
- Spa treatment and medical services
- Other



2020

# Corporate culture

GRI 102-43

Metalloinvest recognises that having an effective corporate culture is a key factor for the successful operation of the Company.

That is why we foster a corporate culture that provides clear guidelines and encourages appropriate attitudes amongst members of our team, thereby helping us attain the goals of our business strategy while culturally uniting people of different professions, ages, and experiences to fulfil our common work tasks.

## THE CODE OF CORPORATE ETHICS

The Corporate Ethics Code is a key document that defines corporate ethical standards of conduct and communication, also regulating the external and internal relations of all our employees. The standards of conduct included in the Code help each employee to fully recognise their potential, make the maximum contribution to the Company's development and establish open and good faith relations with colleagues, customers, partners, suppliers, and local communities.

### THE KEY OBJECTIVES OF THE CODE ARE TO:

- Define unified standards and rules of business conduct for employees in order to increase the sustainability of the Company's activities
- Develop a corporate culture based on high ethical standards
- Maintain and strengthen the business community's trust in the Company, improve the Company's reputation

The provisions of the Code of Corporate Ethics help ensure mutual understanding and productive working relations between employees and business units. The document formulates and consolidates common values that unite the large Metalloinvest team around a common goal.



Each Metalloinvest employee is personally responsible for complying with the rules of corporate ethics and standards.

The Code includes practical guidelines and advice on ethical behaviour. Each section contains references to corporate documents applicable to a specific ethical issue along with a list of departments and individuals authorised to provide advice on compliance and necessary action in case unethical behaviour appears.

Creating and implementing common values and common principles at all enterprises are the priorities of Metalloinvest's corporate culture



## DEVELOPING AN OPEN DIALOGUE

GRI 102-43

One of the Company's tasks in 2020 was to build a two-way communication channel to convey the necessity of complying with new precautionary rules, as well as to explain why wearing masks is important, how to keep a distance, and what measures are taken and planned in the Company to protect employees' health.

Managers of all levels, including the Company's top executives — who realise the importance of ongoing changes in communications and their role in maintaining stable morale, high productivity, and the cohesion of the entire team — have been actively involved in employee interaction and dialogue, which take place in the format of online meetings and work-related chats.

Since 2020, we have been publishing a weekly digest of the most significant events at the Company. It contains links to the social media pages of Metalloinvest's corporate portal or representative office, allowing people to watch media content, learn about news in greater detail, and discuss it with colleagues. The digest is emailed to all Metalloinvest employees.

We have been ramping up our Instagram activity and investing in media content creation, which ensures maximum engagement and efficiency of message delivery.

The Company has not abandoned traditional communication channels such as corporate TV. Despite lower demand than for digital tools, the Your Voice feedback boxes are still in use. In 2020, enterprises continued to receive corporate newspapers as before.

### Common online space

We noted an increase in the number of discussions and a higher percentage of engagement compared to the period of offline meetings and face-to-face conversations. While previously the meetings were attended by a group of 5-10 people, now the number of participants is practically unlimited. As a common communication space is created, everyone is involved in discussion, understands the processes taking place in the Company and becomes like-minded people.

## Metalloinvest goes virtual

To ensure rapid communication, build community, and gather feedback, corporate accounts have been created on social media. Likewise, corporate apps for mobile devices have been developed based on the most popular operating systems.



FACEBOOK [↗](#)



SHAREPOINT [↗](#)



VKONTAKTE [↗](#)



ODNOKLASSNIKI [↗](#)



INSTAGRAM [↗](#)



YOUTUBE [↗](#)

Click on the links (below) for the corporate appendices:



In 2020, preparatory work began for an extensive update of Metalloinvest's corporate culture. This transformation programme is scheduled for launch in Q3 2021. As part of the preparations, a draft of the updated mission, vision, strategic priorities, and values were submitted to the Board of Directors for approval. Based on these fundamental elements, a new assessment system and other HR tools will be developed.



### Feedback

Metalloinvest employees are able to submit requests, questions, complaints, and suggestions through Your Voice boxes, as well as by e-mail or corporate messaging apps such as Viber and WhatsApp. The main communication principle is that no request should be left unanswered. Realising that employees may hesitate to leave their names when communicating sensitive messages, we respond to all requests, even if they are anonymous. This way, employees remain completely confident in the safety of trust-based and open relations within the Company.

~ 500

REQUESTS FROM EMPLOYEES WERE RECEIVED, REGISTERED AND PROCESSED IN 2020

## CORPORATE EVENTS FOR EMPLOYEES

Another challenge brought about by the pandemic was organising corporate events to unify Company staff

All large-scale events in 2020 were held online. Nevertheless, we hosted several recreational activities to increase employees' motivation and engagement. Thus, on Metallurgist Day (a career holiday to celebrate workers in our profession), we organised a real online concert given by a popular Russian rock band. Every Metalloinvest's employee could attend the celebration, receive congratulations from top managers and watch colleagues' performances.



Our corporate New Year's holiday party, which we named Evening Metallurgist, was organised in a format similar to the popular Russian talk show Evening Urgant, after which it was named. Unlike our traditional corporate parties, which are usually attended by 700-800 people, this time we gathered 14,000 employees. New Year's celebrations at the enterprises were celebrated in a similar way, bringing together 5,000 to 7,000 employees per business unit.



# Corporate volunteering

We believe that fostering employees' participation in public life and encouraging their direct contribution to develop local communities is an efficient tool for strengthening corporate culture, sharing corporate values in a new way, and jointly improving the world around us. Corporate volunteering programmes are designed to empower employees to independently identify significant problems in their cities and help solve them together with the Company.

6 MILLION

RUB ALLOCATED TO THE CORPORATE VOLUNTEERING PROGRAMME IN 2020

The Company implements corporate volunteering programs in six key areas:

### ECO-VOLUNTEERING AND ASSISTANCE TO ANIMALS

- Environmental education
- Creation and development of local communities
- Infrastructure development
- Improvement
- Support of nature reserves

### EVENT VOLUNTEERING

- Participation in significant city and Russian events
- Media volunteering for coverage and invitation to corporate events

### HELPING VULNERABLE PEOPLE

- Targeted assistance
- Assistance in the development of the economy
- Organization of leisure

### MENTORING

- Vocational guidance, assistance in building a career and choosing a profession
- Mentoring in education

### PRO BONO VOLUNTEERING

- Using professional skills to solve urban problems and tasks of NGOs

### SILVER VOLUNTEERING

- Learning new skills

The Respond! corporate volunteering programme aims to foster corporate values, encourage employees to solve significant social problems, and develop their professional and personal qualities. Currently, we have been implementing a programme monitoring system to help us collect, store, and analyse data on the activities and their results. This will allow us to further improve and develop the programme.

### Respond! Corporate volunteering programme

Launched in 2016, the programme brings together over 1,600 employees across all Metalloinvest enterprises. More than 150 volunteer campaigns and events were held in 2020, including active support for the nationwide mutual aid campaign #WeAreTogether. As part of our Environment Marathon, 37 environmental campaigns were held in two summer months, joined by 800+ activists. The total budget of corporate volunteering programmes in the reporting period amounted RUB six million.

Due to the epidemiological situation, the strategic and educational components of programme activities were held online in 2020. Projects that could be implemented in full compliance with safety requirements, however, were held in the traditional format.

### Metalloinvest volunteers in the fight against the pandemic

In response to the Company's appeal, participants of the Respond! corporate volunteering programme lent assistance to their fellow citizens during the pandemic. They joined the #WeAreTogether mutual aid campaign (a nationwide project aimed at supporting healthcare workers, the elderly, and individuals with impaired mobility), accepting and processing 2,000+ citizens' requests.

Moreover, a fundraiser was launched for the #WeAreTogether fund. The donated money was used to purchase protective equipment for volunteers and physicians, delivery food and medicines to those in need, and support healthcare institutions. Our employees donated RUB one million to the fund. Metalloinvest matched these donations by transferring another RUB one million to the fund.



**1 MILLION**

RUB WAS DONATED TO CHARITY BY THE COMPANY'S STAFF IN ORDER TO PAY FOR PERSONAL PROTECTIVE EQUIPMENT FOR VOLUNTEERS AND DOCTORS IN THE FIGHT AGAINST THE PANDEMIC

**> 2,000**

CITIZEN REQUESTS WERE PROCESSED BY THE COMPANY'S VOLUNTEERS AS PART OF THE #WEARETOGETHER CAMPAIGN

### Media Volunteer, Respond!, an intensive online course, was held for Metalloinvest employees in 2020.

Guided by experienced mentors, participants discussed key issues in media volunteering, completed homework, and received feedback and practical recommendations. They also received a certificate from the Company along with useful media gifts upon completion of the course.

On 5 December 2020, we held a traditional volunteering forum, which brought together 100 participants of the Respond! Programme. Attendees presented the results of their annual activities and discussed the prospects for developing volunteer programmes in the Company's regions of operation. They also touched upon environmental, corporate ethics and labour protection issues, and exchanged the experience they had gained in the course of their work. Speakers shared basic rules for effective teamwork and motivation and conducted a business game to foster team skills.

### Good Deeds Champions

#### Volunteer projects of MGOK and LGOK took first and the second respectively at the nationwide Good Deeds Champions 2020 contest.

LGOK's Efficiency Champion project, which granted schoolchildren knowledge and career guidance through a unique lean technologies learning quest, was awarded first place in the 'Skill-based Volunteering' category. The project was established in 2018, and so far, approximately 300 students from four schools in the town of Gubkin have participated in classes conducted by our volunteers. Following the training, the children came up with over 140 ideas for improving life at their educational institutions, some of which were successfully implemented.

Meanwhile, MGOK's Mentor project came second in the 'Mentoring' category. The project has made helping children with disabilities a tradition over the past three years, earning the recognition and love of the entire city. Hobby groups, tours, sports clubs and numerous victories in various grant contests have brought about new, vivid impressions on children with disabilities.

# Plans for 2021 and the medium term

The key goal for 2021 is to improve the efficiency of standard HR functions. We plan to achieve this by increasing the customer focus of HR managers, including a business agenda in HR plans, changing role models in the organisations, motivating the development of personal competencies, and actively using commercially available digital solutions.

An employee engagement survey is also planned for 2021, and its results will be compared to a similar survey conducted in 2019.

In 2021, Metalloinvest's HR department plans to develop projects in six priority areas:

- 1 CHANGE THE OCCUPATIONAL SAFETY CULTURE**
  - Transform the incentives system
  - Modernise learning and capacity development programmes
  - Improve the communications system of sustainable development departments
- 2 IMPROVE OPERATIONAL EFFICIENCY**
  - Conduct de-bureaucratisation
  - Digitise processes
  - Use value stream mapping
- 3 AUTOMATE RECRUITMENT**
  - Create personal accounts for candidates, available 24/7
  - Develop self-service, systematise data and introduce predictive analysis tools
- 4 ENSURE PROFESSIONAL SECURITY**
  - Develop the system for building the talent pool
  - Implement a training programme for applicants to key production positions
  - Introduce technologies for identifying roles that significantly affect the achievement of strategic priorities in HR planning
- 5 TRANSFORM CORPORATE CULTURE**
  - Improve performance management
  - Introduce value assessments based on a new mission and vision of strategic priorities
  - Create individual development plans
- 6 TRANSFORM THE HR FUNCTION**
  - Change the organisational structure
  - Redistribute roles
  - Develop new competencies and improve existing ones

DRIVING THE EVOLUTION OF METALLURGY

# UNDERSTANDING THE VALUE INHERENT IN EVERYONE



## OCCUPATIONAL HEALTH AND SAFETY

- 111 Approach to OHS management
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- 122 Safety Training and Culture
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- 127 Plans for 2021 and the medium term

Complying with OHS requirements is a fundamental goal of the Company. To this end, we focus on ensuring healthy and safe working conditions for Metalloinvest employees and contractors (subcontractors) and improving the reliability of the Company's process equipment.

**17 FEWER**

INJURIES COMPARED TO THE PREVIOUS  
REPORTING PERIOD

**LTIFR OF 1.15**

FOR EMPLOYEES AND CONTRACTORS

**1.8 BILLION**

RUB SPENT ON OHS ACTIVITIES IN 2020

Contribution to UN SDGs

3 GOOD HEALTH  
AND WELL-BEING



8 DECENT WORK AND  
ECONOMIC GROWTH



# OCCUPATIONAL HEALTH AND SAFETY

GRI 103-1	GRI 103-2	GRI 103-3	GRI 403-1	GRI 403-2	GRI 403-3	GRI 403-4
GRI 403-5	GRI 403-6	GRI 403-8	GRI 403-9	GRI 403-10		

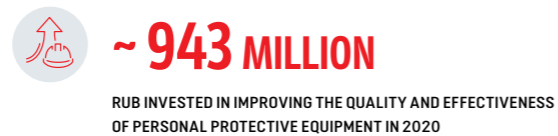
## MATERIAL TOPICS

- OCCUPATIONAL HEALTH AND SAFETY OF EMPLOYEES AND CONTRACTORS

## KEY ACTIVITIES

- Established the Committee on Environment, Health and Safety
- Established the HSE department and introduced the position of Deputy CEO for Health, Safety and Environment, transformed the role of Deputy Chief Engineer for OHS to OHS director at the enterprises
- Received approval from the Board of Directors for a pre-developed and functional programme of measures to reduce injuries and improve the safety culture (Roadmap for Major Changes in the Occupational Health and Safety Management System)
- Developed personal OHS obligations for chief engineers and heads of production units
- Audited professional risks at all of the Company's enterprises
- Improved regulations on investigating microtraumas and methods of classifying incidents
- Launched a chatbot for corporate messengers to inform employees of requirements surrounding personal protective equipment (PPE) and proper work wear
- Piloted the Industrial Safety Week project (Ural Steel)
- Received a gold medal from the MarCom Awards in the 'Industrial Safety' category for induction training videos (developed in 2020) for the Company's visitors and employees
- Tested the Behavioural Safety Audit project at all production sites of the Company
- Improved the incentives system to comply with OHS requirements

## KEY INDICATORS



- 17 fewer injuries** compared to the previous reporting period
- LTIFR of 1.15** for employees and contractors
- 10 fatal accidents** in 2020

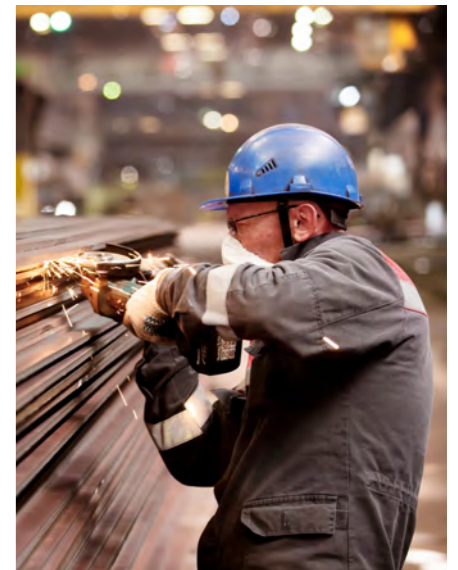
# Approach to OHS management

GRI 103-1	GRI 103-2	GRI 103-3	GRI 403-1	GRI 403-2	GRI 403-3	GRI 403-4
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Complying with OHS requirements is a fundamental goal of the Company. To this end, we focus on ensuring healthy and safe working conditions for Metalloinvest employees and contractors (subcontractors) and improving the reliability of the Company's process equipment.

Metalloinvest makes significant efforts and spends a considerable amount of money on managing OHS issues. We are constantly studying international practices, the best of which we introduce to our production processes. Likewise, we continuously improve our personnel training systems and motivate employees to take an active part in promoting responsible and safe work.

The Company applies the Target Zero strategy, under which it strives to completely eliminate workplace incidents. Not only does Metalloinvest comply with all the standards and requirements of Russian law, it also actively fosters a safety culture — encouraging conscientious safe behaviour amongst employees, both during production and in everyday life.



## COMPANY PRIORITIES

Ensuring safe work conditions, preserving employees' life and health, and reducing the risk of incidents are the key priorities of the Company.

## Metalloinvest's OHS goals



ENSURE SAFE WORKING CONDITIONS, PRESERVE EMPLOYEES' LIFE AND HEALTH



RETAIN OUR LEADING POSITION AMONGST RUSSIAN MINING AND METALS COMPANIES; ENSURE A WORLD-CLASS INDUSTRIAL SAFETY AND PRODUCTION CULTURE



REDUCE FREQUENCY OF ACCIDENTS, INJURIES, AND OCCUPATIONAL DISEASES



MINIMISE ANTHROPOGENIC ENVIRONMENTAL IMPACT



## OHS MANAGEMENT SYSTEM

### Occupational safety management system

GRI 103-1 GRI 103-2 GRI 103-3

GRI 403-1

In 2020, Metalloinvest's OHS management system underwent a number of changes. A separate HSE department was formed, and the position of Deputy CEO for Health, Safety, and Environment was introduced.

At the enterprises, the role of deputy chief engineer for OHS was transformed into OHS Director, who reports directly to the HSE department.

The Company pays special attention to occupational health, safety, and environmental protection. At Metalloinvest, a permanent, eponymous committee was created with the following functions: preparing proposals and expert opinions, determining Metalloinvest's HSE development strategy, planning and coordinating the HSE activities of the managed companies' divisions, and assessing the HSE activities of Metalloinvest units and managers. The Committee meetings are personally headed by the CEO.

At the end of 2020, the Board of Directors approved a pre-developed and functional programme of measures to reduce injuries and improve the safety culture (Roadmap for Major Changes in the Occupational Health and Safety Management System). The Roadmap envisages:

- Transferring the functions of HSE directors from the enterprises to the Management Company
- Adjusting HSE targets
- Setting up communication channels to accommodate the new system whereby OHS directors answer to both the managing director of the enterprise and the Company CEO

The Committee on Environment, Health and Safety was established to ensure the strategic development of OHS.

GRI 403-4

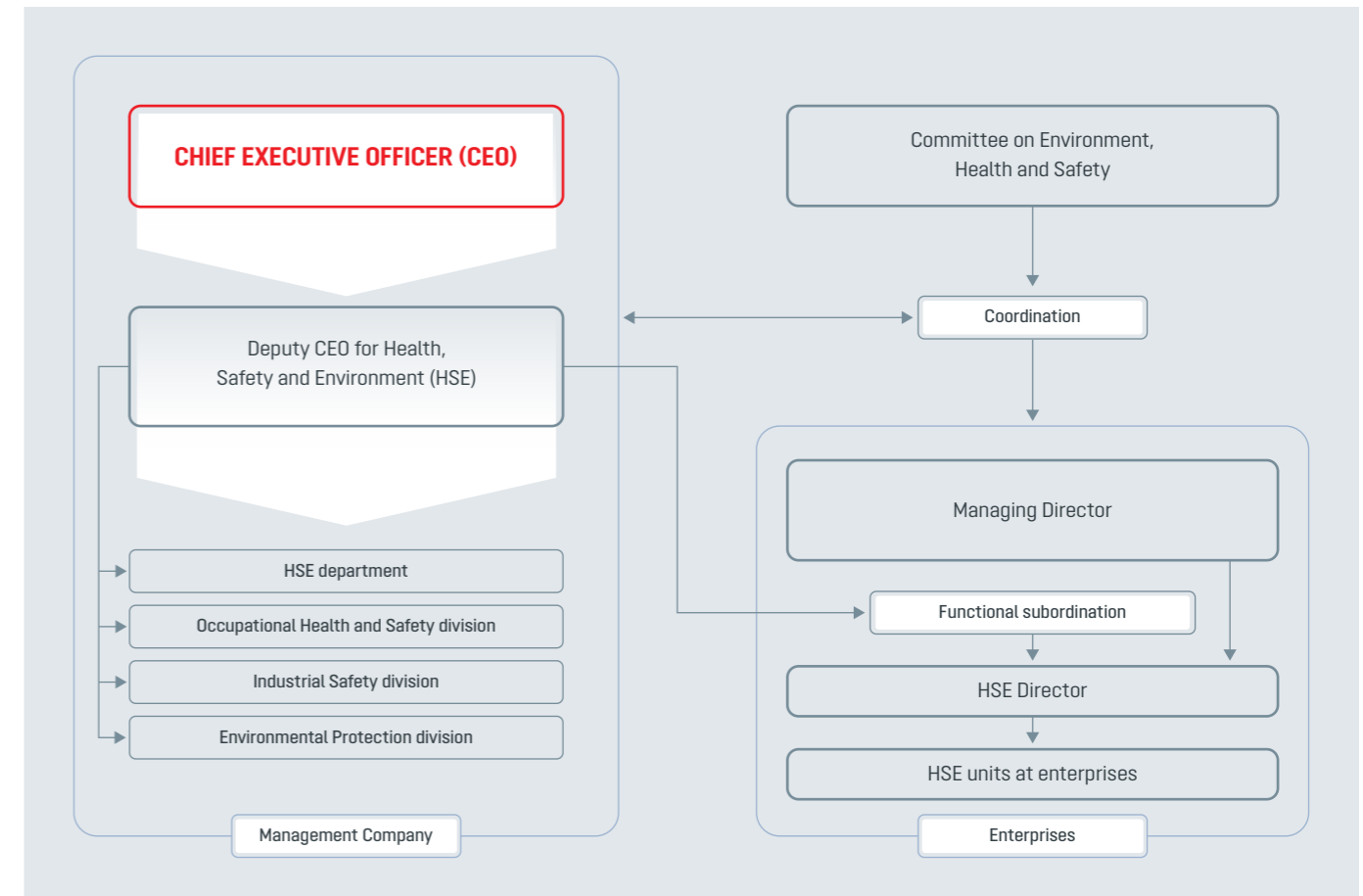
### Employee participation, consultations, and dissemination of information on OHS

Metalloinvest aims to involve all employees in OHS issues. The Company holds regular internal meetings on the development of the HSE management system with mandatory feedback from employees.

The Committee on Environment, Health and Safety designates experts from among employees. These possess the necessary professional qualifications to develop strategic plans, comprehensively assess identified problems, and accelerate their resolution. Each member of the Committee has the right to introduce items to meetings' agenda.



## HSE management system



## Corporate HSE documents

The Health, Safety and Environmental Policy, which applies to all employees of the Company, as well as its contractors and subcontractors, is the fundamental corporate document governing HSE. OHS approaches, standards, and rules are also set forth in the Human Rights Policy.

Each enterprise has its own policies based on the corporate Health, Safety and Environment Policy and other local OHS regulations. OHS management systems cover all key Metalloinvest enterprises and 100% of their employees.

Metalloinvest's OHS regulatory framework includes 17 corporate documents developed in accordance with Russian laws, international standards, and corporate practices. The key documents include:

- Regulations on the Committee on Environment, Health and Safety
- Strict OHS requirements
- The Golden Rules for Metalloinvest Employees
- Standard Procedure for STOP CARD Usage
- Standard Requirements for Special Clothing, Special Footwear, and Other Personal and Collective Protective Equipment for Employees
- Standard Procedure for Investigating the Circumstances of Personal Injuries
- Standard Procedure for Conducting OHS Inspections at Metalloinvest Enterprises

**100%**

OF THE COMPANY'S EMPLOYEES ARE COVERED BY THE OHS MANAGEMENT SYSTEMS



Metalloinvest monitors compliance with OHS regulations at all of its enterprises using a three-tier system: first at the level of production line managers, second at the level of structural units, and finally by the Company's top managers. In accordance with Russian labour legislation, industrial safety systems are regularly audited internally and undergo a range of unscheduled, scheduled, and targeted checks developed by the Management Company. In addition, OHS department specialists constantly improve the corporate regulatory framework based on the specifics of production and business processes. They also ensure adherence to strategic SDGs and perform daily monitoring of compliance with the Health, Safety and Environmental Policy.

Metalloinvest enterprises' OHS management systems are ISO 45001:2018 compliant. The OHS management system applies to all Metalloinvest employees.

## THE GOLDEN RULES FOR METALLOINVEST EMPLOYEES

For years, the Company has been applying unified OHS requirements, which in 2019 were transformed to the Golden Rules for Employees. These are mandatory for each Metalloinvest employee, and it is their personal responsibility to abide by them. They

are aimed at self-control, self-motivation, and the development of a safe work culture. The Company's employees are responsible for their own safety as well as the safety of the people around them; they are expected to demonstrate adherence to the OHS principles.



**Metalloinvest**

### THE GOLDEN RULES FOR METALLOINVEST GROUP EMPLOYEES



I get to work in a sober condition, able to work



I comply with all health and safety requirements



I always use the required personal protective equipment



I carry out hazardous work only with a valid permit



I only use tools and equipment in good condition when working



I assess that it is existing hazards and take action to eliminate their effects before I start working



I obey traffic regulations



I only smoke in the designated specially equipped areas



I respect the environment



I am responsible for my own safety and the safety of others



I will stop work immediately if there is a threat to the life and safety of people or the environment

Enacted by Order No. 163 of July 2019  
On the enactment of the Golden Rules for Metalloinvest Group Employees

### Personal OHS obligations of the Company's top management

In order to achieve the Target Zero goals at the workplace, Metalloinvest has been implementing a programme to personally involve the Company's executives in OHS issues. It applies to all senior management and assigns personal responsibility to the CEO.

The Company CEO is personally responsible for:

- Following the Target Zero strategy and the OHS priorities as core corporate values, demonstrating personal commitment to HSE issues
- Setting clear HSE goals for all direct subordinates and discussing their implementation on a quarterly basis
- Opening key production meetings with HSE issues
- Regularly delivering public speeches on HSE issues, especially during events connected with World Day for Safety and Health at Work.
- Participating in incident investigations
- Undergoing behavioural safety audit training and personally participate in audits
- Presenting the Sustainability Report to the media and key audiences

These personal obligations apply to the managing directors of all Metalloinvest enterprises. In 2020, personal OHS obligations for chief engineers and heads of production units were also developed.

In 2020, personal OHS obligations for chief engineers and heads of production units were developed.

## HAZARD IDENTIFICATION AND RISK MANAGEMENT

GRI 403-2 GRI 403-3

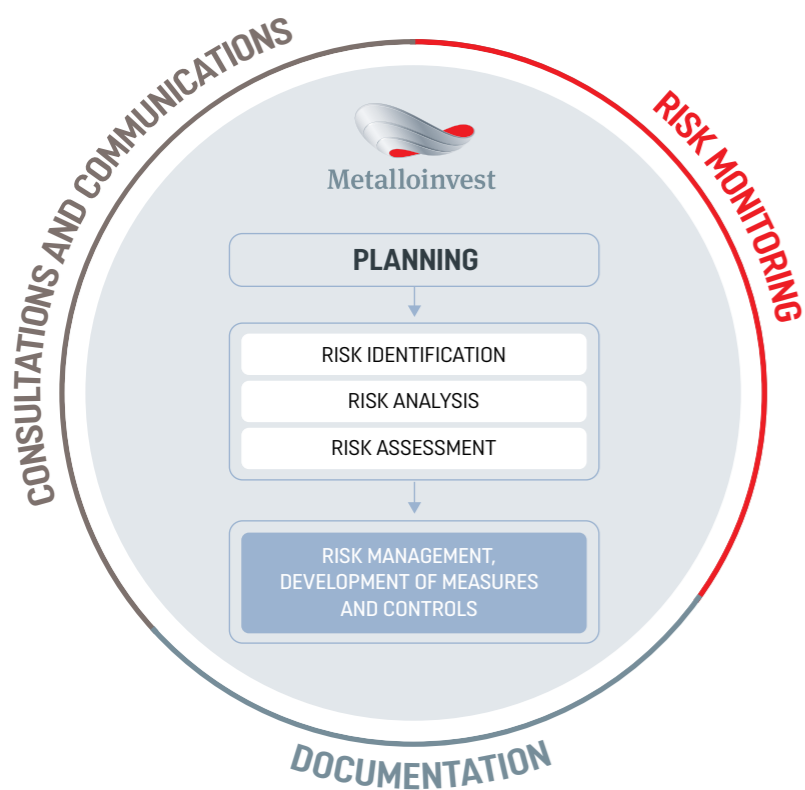
### HSE professional risk management

In 2020, we conducted a professional risk audit at all enterprises of the Company. The results were presented to the CEO with suggestions for adjusting the approaches to identifying and managing Metalloinvest's professional risks. Based on the decisions made in Q1 2021, we plan to develop a risk-based approach to HSE management.

We conduct risk and hazard assessments at least once a year in accordance with corresponding regulations. Unscheduled risk assessments are carried out in response to events such as emergencies and incidents, the commissioning of new equipment, introduction of new technology, etc.

Currently, each enterprise of the Company has its own risk assessment methodology in place. To manage HSE more efficiently, Metalloinvest plans to unify such methodologies.

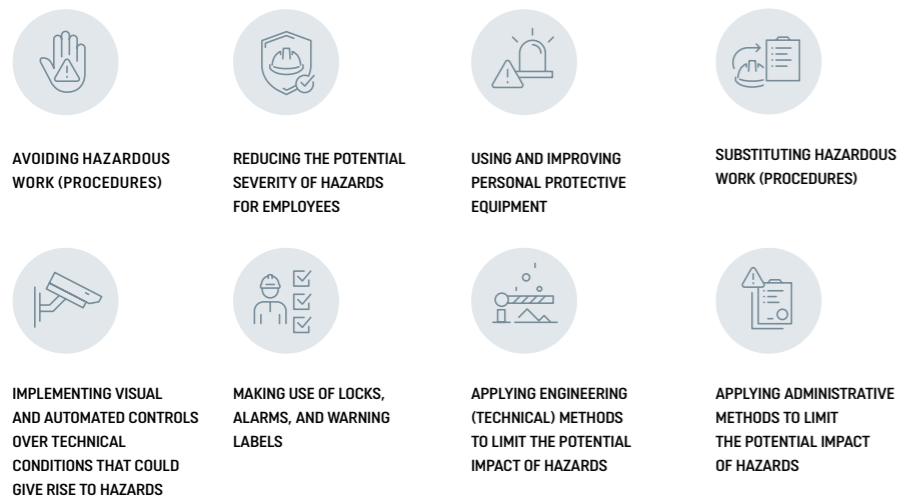
## Risk and hazard identification, analysis and assessment algorithm



Metalloinvest assigns great importance to effective prevention of root causes of incidents, which it pursues by identifying and managing potential threats.

In accordance with ISO 45001:2018, all enterprises of the Company carry out hazard identification and risk assessment, develop and implement appropriate remedies, and investigate and analyse the causes of all types of incidents.

Based on the current approach to risk management, the Company abides by the principle of continuous risk reduction by taking the following steps:



Each employee of the Company is involved in identifying incidents. Such events can be reported by employees through existing communication channels or directly to their line manager. All identified incidents are investigated and the necessary measures are taken.<sup>34</sup>

In 2020, in cooperation with Ecopsy Consulting, Metalloinvest audited its OHS development programmes, including its corporate safety culture. Likewise, the company Orto analysed the Company's communication technology, while the company Tactis oversaw analysis of the risk-based approach. Based on the above studies, recommendations were prepared that formed the basis for development plans in the corresponding fields.

## Investigating incidents related to risk events

All incidents related to risk events are investigated using the new A-3 format, which includes root cause analysis. A-3 incident investigation form allows to clearly, concisely and accurately state the facts of the incident, without exceeding the volume of an A-3 page. The causes of each incident are then investigated by a special commission headed by the chief engineer or chief specialist in the relevant field (chief mechanical engineer, chief power engineer, etc.). During the investigation,

the commission applies a full range of measures in accordance with applicable Russian laws.

Metalloinvest is constantly improving its production processes, upgrading equipment, and upskilling personnel. Nevertheless, despite the extensive measures in place at the Company, there were two accidents at LGOK in 2020: a railway collision (involving no injured parties) and an uncontrollable explosion caused by

a misfired charge during loading of rock mass into vehicles (three people suffered minor injuries). The explosion was investigated in the A-3 format and a timeline was established. Based on the investigation, the necessary adjustments were made to OHS regulatory documents, a conversation was held with the employees regarding the circumstances and causes of the incident, and an unscheduled safety briefing was delivered.

## DIGITISATION

### Health, safety and environment management system

The Company has been implementing a long-term digitisation programme for OHS management underpinned by a project to create an automated HSE management system. This system will allow the Company to:

- Ensure remote control over the state of occupational health, safety, and environmental protection
- Carry out prompt assessments of the risk of emergencies, accidents, and other incidents
- Roll out a unified comprehensive methodology for all key HSE business processes across all Metalloinvest enterprises
- Create unified data sources in the form of general handbooks
- Improve HSE effectiveness and optimise respective activities

We have implemented the LOGOUT/TAGOUT Industrial Equipment Safety System, and we plan to roll it out to all enterprises in 2021. The projects Determining Root Causes of Accidents; Risk Management System; and Visualisation of Hazardous and Safe Areas have also been implemented and are being developed.

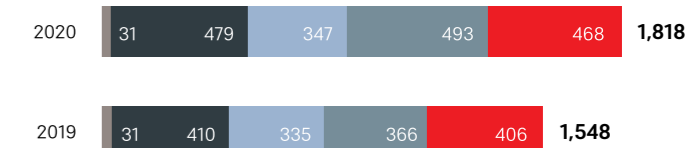
**>1.8 BILLION**

RUB INVESTED INTO HSE DEVELOPMENT IN 2020

## SAFETY INVESTMENTS

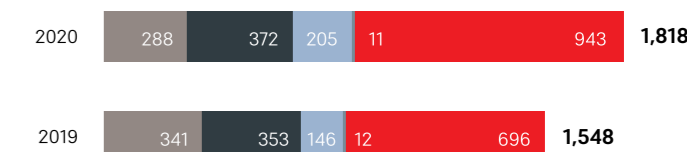
OHS expenses by enterprise<sup>35</sup> | RUB million

- LGOK
- MGOK
- OEMK
- Ural Steel
- Ural Scrap Company



OHS expenses by item | RUB million

- Improving the quality and efficiency of personal protective equipment
- Training, assessment and certification
- Improving fire safety
- Activities for improving working conditions and healthcare activities
- Technical and operational efficiency improvement activities



<sup>34</sup> For more information, see Preventing injuries and accidents section.

<sup>35</sup> 2019 data has been updated and may differ from the data in the 2019 Sustainability Report.

# Preventing injuries and accidents

GRI 403-6 GRI 403-8 GRI 403-9

## RESULTS

Metalloinvest is making every effort to reduce the number of incidents to zero, which is why we have been improving the system for recording, investigating, and preventing them. In 2019, a new Information Transparency Policy was adopted that requires disclosure and investigation of any injury, including off-the-job injuries and microtraumas. The procedure for conducting investigations is established in the

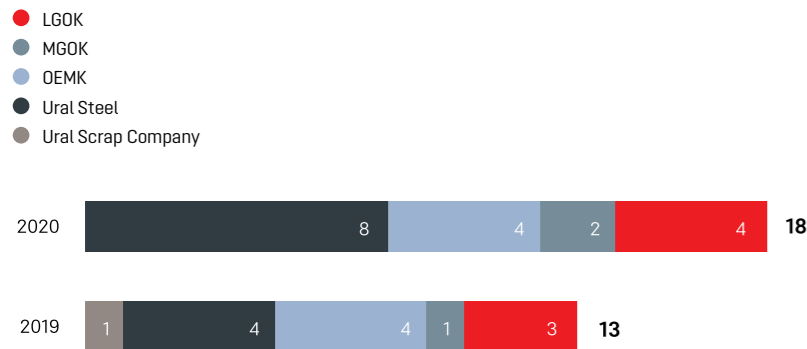
Microtrauma Investigation Regulations, which is in effect across all enterprises of the Company. In 2020, some changes were also made to the methodology for classifying incidents. As absolutely all cases are now recorded and investigated using root cause analysis, the Company has built a database that allows it to improve internal OHS rules, thereby minimising the risks of incidents.

In 2020, the Company recorded 119 cases of industrial injuries, which is 17 less than in 2019. There were ten fatal accidents (FAs) in 2020, compared with seven in 2019.

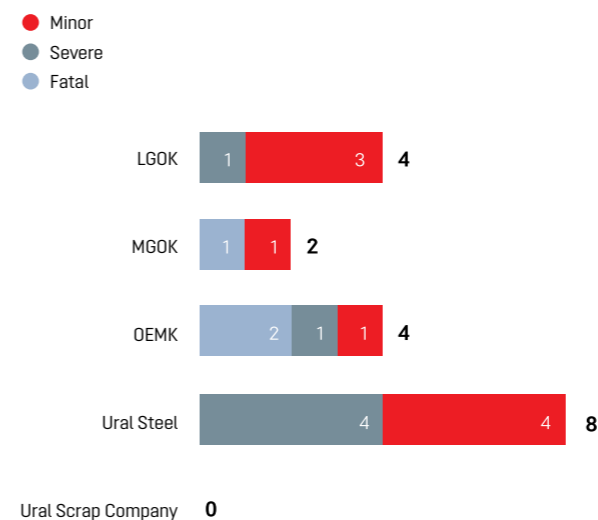
Number of injured parties (employees and contractors) by severity of injury, 2019–2020<sup>37</sup>



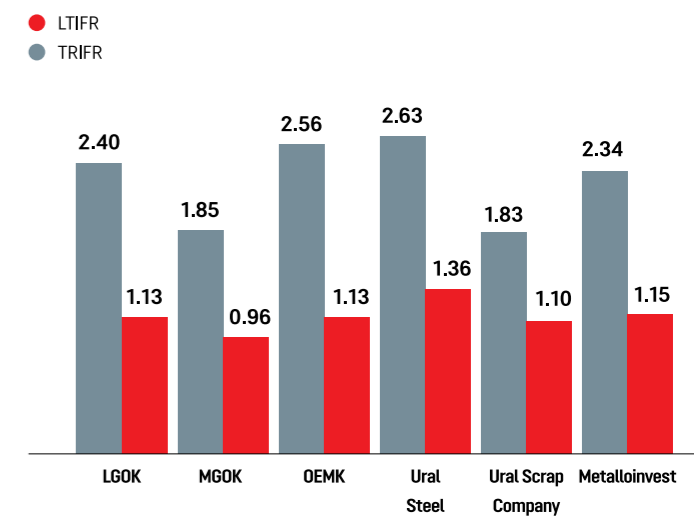
Number of injured contractors by enterprise, 2019–2020



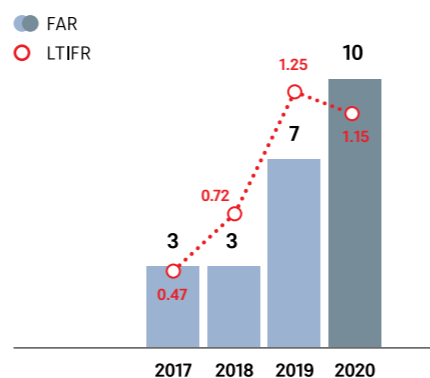
Number of injured contractors by enterprise and severity of injury, 2020



Total reported injury frequency rate (TRIFR) and lost time injury frequency rate (LTIFR) at Metalloinvest enterprises, 2020<sup>38</sup>



FAs (employees) and LTIFR (employees and contractors),<sup>36</sup> 2017–2020<sup>37</sup>



# 17 FEWER

INJURIES WERE RECORDED IN 2020 COMPARED TO THE PREVIOUS REPORTING PERIOD

## Types of incidents causing injuries at Metalloinvest enterprises, 2020<sup>39</sup>

The key causes of injuries in 2020 included slipping and stumbling, falling from height, impact from falling objects, and pinching between stationary and moving objects.

INCIDENT TYPE	TOTAL
Slipping, stumbling, falling on a uniform surface	33
Falling from height	19
Pinching between stationary and moving objects	16
Falling objects	11
External road traffic accident	9
Gas poisoning, suffocation, exposure to chemicals	7
Manual work or tools use	6
Explosion	4 <sup>40</sup>
Operating equipment	2
Fire	2
Electric shock	2
Hot substances	1
Other	7
<b>TOTAL INJURED</b>	<b>119</b>

<sup>38</sup> The LTIFR and TRIFR calculation included 118 of the 119 persons injured in the accidents. One case was a sports injury, but it was investigated and recorded as per the Labour Code of the Russian Federation as an occupational injury since the employee was acting in the employer's interests. The accident was not included in the LTIFR and TRIFR calculation.

<sup>39</sup> The calculated value covered the Group and contracting companies.

<sup>40</sup> During the loading of rock mass into vehicles by the EKG-20 excavator at the borehole bottom, there was an uncontrollable explosion due to the misfired charge of explosive materials. The accident caused mild injury to three workers.

<sup>36</sup> LTIFR is calculated per one million hours worked.  
<sup>37</sup> The calculated value covered the Group and contracting companies.

## PROTECTIVE PRODUCTION EQUIPMENT FOR EMPLOYEES



The Company has been systematically improving employee protection by fostering a culture of safe production. Metalloinvest's employees are granted personal protective equipment of the highest quality, which is selected based on the results of production testing. In 2020, approximately RUB 943 million were invested in improving the quality and effectiveness of PPE.

**~ 943 MILLION**

**RUB INVESTED INTO IMPROVING THE QUALITY AND EFFECTIVENESS OF PERSONAL PROTECTIVE EQUIPMENT IN 2020**

Also in 2020, the Company adopted new regulations requiring enterprises to provide employees with PPE: thus, employees simultaneously received two sets of work clothes, which allowed workers to take better care of them.

**A chat bot to inform employees on required PPE and work clothes was developed using corporate messaging apps**



In 2020, a system for uploading data on work clothes to SAP S4 was finalised. Likewise, a chat bot for corporate messaging apps was developed that allows employees to request information about mandatory PPE and get a list of the necessary equipment.

## PPE IMPROVEMENT CONCEPT

In order to ensure that the Company's employees always have modern, comfortable, and effective PPE, Metalloinvest constantly works to improve it. To achieve this objective, the Company:

- Keeps the following standards up to date: the PPE Prototype Testing Procedure; Requirements For Special Clothing, Footwear, and Other Personal Protective Equipment for Employees
- Purchases new types of special work wear. Contracts for the supply of PPE are only concluded after the prototypes have been checked for compliance with applicable requirements and have undergone production tests with the participation of the Company's employees
- Organises "employees safety months" devoted to various types of PPE. In addition to informational and training sessions, employees can submit questions and suggestions on the quality of protective equipment to the OHS units
- Works to expand the scope of Smart PPE. Examples include photochromatic welding helmets and forced air supply; active anti-noise headphones; helmets with voltage indicators; and replaceable PPE respiratory filters with clogging indicators
- Develops draft terms of reference for selecting contractors to design and produce new models of protective outfits based on employee surveys

## TRANSPORT SAFETY

Due to the specific nature of its activities, the Company makes extensive use of cargo transport via railways and roads, as well as special equipment. Thus, thorough training of personnel, as well as advanced technical equipment and software, is essential for organising and carrying out activities in a safe, efficient way.

Since 2020, we have investigating all transport incidents, even if they did not lead to injuries. Such incidents are studied, analysed, and accounted for in the risk system on a mandatory basis. They are then used to issue clarifications and updates to OHS documents.

Improving the safety and organisation of road traffic is among the Company's top priorities. This year, due to the pandemic and the ensuing adjustments to multiple business processes, we were unable to complete all project stages for improving transport safety processes. The purchase of some necessary equipment was postponed until next year.



### Collision prevention systems

Since 2019, the Company's transport divisions have been installing and configuring a software suite and hardware. The fleet has been equipped with special devices such as GLONASS, automatic headlights, and more. Transport divisions at the enterprises have introduced the new position of road safety manager. Using the truck control system, they monitor drivers' behaviour, checking that that drivers are following the speed limit, complying with road signs, fastening their seatbelts, and more. Moreover, new penalties have been introduced for those who violate traffic rules more than three times. Such drivers are forced to work as vehicle mechanics for one month.

In 2021, the installation of collision prevention systems in our rail and road transport will continue. The system must promptly notify train or truck drivers of the presence of people or other vehicles ahead of it the locomotive.



# Safety Training and Culture

GRI 403-5

As part of its efforts to develop a systematic safety culture, Metalloinvest has been implementing a set of measures that covers 100% of its employees and provides for their personal development in the field of OHS, both at work and in everyday life.

## PERSONNEL TRAINING

OHS trainings are taken by 100% of the Company's employees. These trainings, which impart all the necessary knowledge to employees, are provided at Metalloinvest's own expense at Company training centres by full-time teachers, managers, and experts from various corporate divisions. The Company also trains employees at third-party training centres licensed and certified to conduct educational activities.

The frequency of mandatory OHS training is strictly regulated by Russian law and the Company's internal documents. All Metalloinvest managers and specialists undergo training at least once every three years, while workers undergo it annually. The effectiveness of training is assessed during OHS certification. Unscheduled trainings and knowledge testing are conducted at the request of enterprises' divisions, to reflect legislative changes, or when OHS requirements are violated.

# 100%

OF WORKERS UNDERGO ANNUAL OHS TRAINING

### Corporate communications on safety

Establishing bilateral channels of communication with our key audience — experienced employees and opinion leaders who influence the people around them — is an important task for popularising safety rules at work and in everyday life. We strive to form a team of like-minded people who understand and convey Metalloinvest's safety values, stay up-to-date on the corporate strategy and ongoing changes, and are aware of their own contributions to corporate life. For this purpose, we are developing an engagement programme that aims to foster open dialogue in a language understandable to our audience. This should enhance the culture of workplace safety, thereby preventing injuries, creating zero tolerance for any violations of safety rules, and encouraging employees to strive to actively and continuously make improvements to OHS. The programme includes Awareness Days, meetings between employees and managers, and cutting-edge corporate digital communication channels.

## SAFE PRODUCTION CULTURE

To improve the culture of safety across Metalloinvest enterprises, the Company has strengthened its level of control over compliance with OHS rules. Moreover, HSE Committee meetings are held monthly and training courses for specialists are updated on a regular basis.

In December 2020, we piloted an Industrial Safety Week at Ural Steel, which focuses on employee actions and all production processes related to OHS. Based on the results of the pilot, the Company decided to expand the programme to all Metalloinvest enterprises starting in 2020 and increase its duration to one month.

During month-long safety campaigns, the entire OHS department will strengthen control and maximise attention to compliance with rules and standards for safe work throughout the Company. We also plan to conduct a targeted industrial safety audit at each enterprise, deliver additional training/informational sessions with managers, and hold dialogues on the development of OHS programmes.



The induction training videos developed for Metalloinvest for visitors and employees received a gold medal in the 'Industrial Safety' category at the MarCom Awards, one of the largest and most reputable international marketing, corporate communications, and PR contests.





## Internal rules and regulations on behavioural safety audits

The Company is testing a behavioural safety audit (BSA) project at all production sites. BSA is an improved tool for enhancing industrial safety; its key mechanism comprises monitoring employees' actions during operations, encouraging safe working methods and techniques, and discussing specific mistakes through direct dialogue. No penalties are imposed based on the audit results. The BSA's goal is to make employees aware of the possible consequences of hazardous actions, as well as to instil a sense of responsibility. It also strives to formalise proper work procedures, ensure 100% engagement in the labour improvement process, and, as a result, reduce the number of accidents and industrial safety violations.

As part of the project, behavioural audits at production sites are supplemented by various events such as on-site practical work at height training, as well as industrial safety and BSA leadership trainings for senior managers. All events featured the participation of the Company's top executives. The CEO of Metalloinvest also underwent the training, thereby demonstrating the seriousness of the issue for the Company.

Behavioural safety audits are conducted by enterprise directors several times a month. Audit results are systematised to analyse and eliminate the causes of hazardous actions, as well as to develop measures for improving conditions and applying safe working practices.

## Safety dialogues

Safety dialogues are thematic workshops aimed at increasing employees' awareness of safety requirements, proper use of PPE, required work permits, and ways to reduce OHS risks during work. These workshops can be conducted by either direct supervisors or responsible employees charged with delivering a presentation on the topic.

Safety dialogues also aim to involve workers and their family members in discussions of safe behaviour in everyday life and developing a mature safety culture. Participants discuss the real accidents that occurred in the Company over the last five years.

As zero occupational injuries is the common goal of the entire team, all Metalloinvest employees participate in safety dialogues, regardless of their position.

## Incentives for complying with industrial safety requirements

In addition to raising awareness of OHS rules by developing a culture of safety, all Metalloinvest enterprises have introduced additional incentives for complying with industrial safety requirements. These apply to all categories of employees except managers; up to 5% of the annual payroll is allocated for this purpose. The Company aims to bring its culture of workplace safety to a new level by increasing each employee's personal responsibility and motivation.

The incentives system enables the Company to:

- Materially motivate employees to comply with OHS requirements
- Encourage employees to increase collective responsibility
- Ensure a systematic approach to developing a culture of safe production
- Track employees' workplace safety achievements (a special incentives logbook is kept)



In 2020, the OHS compliance incentives system was improved. A new quarterly KPI was introduced based on foremen's assessment of their own direct subordinates. Participants in the 2020 pilots received an additional reward for complying with OHS requirements.

### Evaluation criteria for the new OHS compliance incentives

To assess compliance with OHS requirements, the Company relies on 5 five criteria, each of which is communicated to all metallurgical and mining production employees. These criteria are divided into two groups based on the employees' category: workers and MSC. Every day at the end of a shift, the line manager fills out a checklist for each employee, indicating their score under each of the five criteria.

At the end of the quarter, the average score is calculated, determining the size of the employee's incentive. The full incentives amount is rewarded to employees who not only fulfil OHS requirements, but also help their colleagues avoid violations, serving as role models. To guarantee transparency, employees learn about process violations or deviations at shift meetings, on information boards, orally, and in writing.

# 5%

OF THE ANNUAL PAYROLL CONSISTS OF OHS COMPLIANCE INCENTIVES

#### CRITERIA FOR WORKERS

- PPE use
- A well-maintained workplace
- Compliance with the requirements of operational documentation and safe work regulations
- High-quality OHS documentation
- Good behaviour in the enterprise's production and administrative buildings

#### CRITERIA FOR MANAGERS, SPECIALISTS, AND CLERKS

- Commitment to OHS principles, fostering a culture of workplace safety
- Preventive OHS activities
- High-quality of OHS documentation
- High-quality of briefings, trainings, and exercises
- Organisation of the activities of subordinates, compliance with standards, proactiveness

# OHS interaction

## OHS INTERACTION WITH CONTRACTORS

By decision of the Board of Directors, 100% of incidents that occur on the Company's territory are accounted for in Metalloinvest's incident statistics, even those caused by contractors. Thus, if there is an incident involving the contractor's transport on the Company's territory, it is entered into the general register, subjected to all applicable investigation procedures, entered into the risk system, and responded to accordingly. Due to these changes to the principles of incident registration, we have

made contractor selection more rigorous. The corporate documents that govern our relations with contractors state that they must share our OHS priorities, comply with applicable Russian laws, and adhere to Metalloinvest's internal safety regulations. Moreover, we have become more rigorous with induction trainings, encouraging contractors to strictly follow the rules.

## ENGAGEMENT WITH THE PROFESSIONAL COMMUNITY

**Metalloinvest systematically interacts with the World Steel Association to provide occupational injury indicators.**

In cooperation with the Russian Steel Association, the Company analyses technical, engineering, and organisational projects to improve the efficiency of HSE. It pays particular attention to the international experience, assessing the prospects of implementing similar projects in the Russian metals industry. It also holds joint HSE-related events together with federal legislative and executive bodies.

As a member of the Industrial Safety Committee of the Russian Union of Industrialists and Entrepreneurs (RSPP), Metalloinvest is responsible for establishing a unified position for the RSPP's business members with regards to regulatory support and practical implementation of industrial and process safety requirements for production systems, as well as OHS and emergency prevention requirements.

When interacting with the Industrial Safety Committee of the Chamber of Commerce and Industry of the Russian Federation — of which the Company is a member — Metalloinvest helps develop, discuss, and formalise business community proposals related to industrial safety requirements. Proposals and recommendations are developed to improve Russian industrial safety laws and adopt regulations on safe work, industrial safety, and other types of process safety that directly affect the sector.



# Plans for 2021 and the medium term

## IMPLEMENT THE FOLLOWING PROGRAMMES

- 1 Improve gas safety to prevent toxic gas poisoning or inert gas asphyxiation; equip the OEMK emergency gas service; set up advanced gas analysers; visualise hazardous gas-related locations
- 2 Improve transport safety to eliminate group injuries associated with sources of increased hazard (road and rail transport); improve the safety of utility vehicles at railway crossings and intersections
- 3 Develop the production culture; involve managers and employees in the process of improving the safety culture; implement incentives programmes and competency development; improve the culture of safety at the enterprises
- 4 Manage contractors in terms of OHS; make improvements to contractor requirements; engage contractors that meet the Company's internal OHS requirements; introduce a contractor management mechanism (to impose penalties, lock entry passes, terminate contracts, etc.); use video recording to monitor contractor operations and hazardous activities



## IMPLEMENT THE FOLLOWING DIGITISATION PROJECTS, AMONG OTHERS

- 5 Implement a workplace gas pollution monitoring system
- 6 Introduce machine surveillance—monitor PPE use and crossing into hazardous areas
- 7 Implement a video surveillance system for drainage shafts
- 8 Introduce digital pre-shift testing of each employee's knowledge of OHS requirements
- 9 Issue personal protective equipment using vending machines
- 10 Automate induction trainings
- 11 Implement the Roadmap for Major Changes in the Occupational Health and Safety Management System
- 12 Unify risk assessment methodology across the Company



DRIVING THE EVOLUTION OF METALLURGY

# MAINTAINING A SUPPORTIVE ATMOSPHERE

## ENVIRONMENTAL RESPONSIBILITY

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- 164 Biodiversity conservation
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Metalloinvest regards sustainable development and green production as an integral part of its strategy. The Company invests significant resources into developing environmental protection programmes, and it provides stakeholders with the results of its activities to facilitate the joint achievement of strategic goals.

### 2.5 MILLION TONNES

REDUCTION IN THE VOLUME OF GREENHOUSE GAS EMISSIONS

### 1ST PLACE 20%

IN TO THE WWF ENVIRONMENTAL TRANSPARENCY RATING 2020

DECREASE IN DUST EMISSIONS ACHIEVED BY REPLACING THE ELECTROSTATIC PRECIPITATOR AT LGOK'S PELLETISING PLANT

Contribution to UN SDGs

6 CLEAN WATER AND SANITATION

7 AFFORDABLE AND CLEAN ENERGY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

15 LIFE ON LAND

# ENVIRONMENTAL RESPONSIBILITY

GRI 103-1	GRI 103-2	GRI 103-3	GRI 301-1	GRI 302-1	GRI 302-4	GRI 303-1	GRI 303-2	GRI 303-3		
GRI 304-1	GRI 305-1	GRI 305-2	GRI 305-3	GRI 305-4	GRI 305-7	GRI 306-2	GRI 306-3	GRI 306-4	GRI 306-5	GRI 307-1

Metalloinvest regards sustainable development and green production as an integral part of its strategy. The Company invests significant resources into developing environmental protection programmes, and it provides stakeholders with the results of its activities to facilitate the joint achievement of strategic goals.

## MATERIAL TOPICS

- WATER CONSUMPTION AND WASTEWATER DISCHARGE
- MINING AND PRODUCTION WASTE
- CLIMATE CHANGE
- AIR EMISSIONS



## KEY INDICATORS

 <p><b>&gt; 50%</b></p> <p>SHARE OF ENVIRONMENTAL PROGRAMME PROJECTS SCHEDULED TO BE FINISHED BY 2025 THAT WERE COMPLETED IN THE REPORTING PERIOD</p>	 <p><b>30 MEGAWATTS</b></p> <p>REDUCTION IN ELECTRICITY CONSUMPTION ACHIEVED BY SWITCHING TO FLEXIBLE MODULAR FURNACE (FMF) TECHNOLOGY</p>
 <p><b>37 EMPLOYEES</b></p> <p>HAVE BEEN TRAINED UNDER THE PROGRAMME ENSURING ENVIRONMENTAL SAFETY FOR HEADS AND PROFESSIONALS OF ENVIRONMENTAL SERVICES AND ENVIRONMENTAL MONITORING SYSTEMS</p>	 <p><b>150 PEOPLE</b></p> <p>HAVE COMPLETED THE TRAINING PROGRAMME ENSURING ENVIRONMENTAL SAFETY FOR HEADS OF GENERAL ECONOMIC MANAGEMENT SYSTEMS</p>
 <p><b>150 MILLION</b></p> <p>RUB ECONOMIC GROWTH OF COMBINED HEAT AND POWER (CHP) ENERGY EFFICIENCY THANKS TO NEW REPAIR TECHNIQUES</p>	 <p><b>2.5 MILLION</b></p> <p>TONNES REDUCTION IN THE VOLUME OF GREENHOUSE GAS EMISSIONS</p>
 <p><b>1ST PLACE</b></p> <p>FOR INFORMATION DISCLOSURE IN THE MINING AND METALS INDUSTRY ACCORDING TO THE WWF ENVIRONMENTAL TRANSPARENCY RATING 2020, WITH THE BEST OVERALL RESULT IN THE FERROUS METALLURGY SECTOR</p>	 <p><b>50 MILLION</b></p> <p>RUB ANNUAL ECONOMIC EFFECT OF WINNING PROJECTS IN A COMPETITION FOR THE BEST INNOVATION PROPOSALS IN THE FIELD OF ENERGY SAVING AND ENERGY EFFICIENCY</p>

- 155.2 billion m<sup>3</sup> total water withdrawal
- 13.18 million tonnes of CO<sub>2</sub>-equivalent volume of direct greenhouse gas emissions
- 20% decrease in dust emissions achieved by replacing the electrostatic precipitator at LGOK's pelletising plant
- 227,319 TJ total energy consumption
- 128.2 million tonnes total waste generated
- 192,663 TJ amount of fuel consumed

# Management of environmental responsibility

## KEY ACTIVITIES

- Formulated environmental requirements for suppliers and contractors
- Introduced a Standard Procedure for Performing Inspections of the Implementation of Environmental Protection Activities and Environmental Management Systems
- Confirmed the compliance of the Environmental Management System and Integrated Management System with ISO 14001:2015 at all of the Company's enterprises
- Approved key KPIs for the Environmental Programme
- Implemented the Operational Standard for Gas Treatment Plants
- Started elaborating a climate strategy
- Developed the e-course Environmental Culture and Ethics, which is unique to the industry
- Received first place for information disclosure amongst enterprises in the sector in the WWF's 2020 Environmental Transparency Rating
- Launched Green Office, a comprehensive programme for conducting environmentally friendly business
- Elaborated and approved of Energy Efficiency Improvement Programme
- Trained staff and organised professional development programmes on reducing the cost of energy resources
- Completed a joint project with Megafon to create the main design solutions for a Pollutant Emission and Discharge Automated Control System
- Started a project to create a hydrotransport water reuse and recycling system at OEMK
- Developed the recycling programme
- Remediated a landfill site for industrial waste disposal at LGOK
- Implemented projects to improve technological processes at the beneficiation plant and the tailings storage facility
- Performed a set of internal and external inspections of tailings storage facilities, implemented a set of measures for levelling dust suppression at all of the Company's enterprises
- Improved documentation regulating the Company's impact on biodiversity

GRI 103-1	GRI 103-2	GRI 103-3	GRI 307-1
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## OUR APPROACH

Metalloinvest takes a very responsible approach to its environmental management activities. The Company complies with Russian law and constantly perfects its production by introducing best practices in environmental management, as well as innovations that reduce its negative impact on the environment, from manufacture to end use of products. We strive to ensure that our employees, partners, customers and suppliers are fully aware of the importance of environmental responsibility.

## ENVIRONMENTAL MANAGEMENT SYSTEM

### Health, Safety and Environment Policy

The Company has adopted a Health, Safety and Environment (HSE) Policy that aims to fulfil the following obligations:

- Comply with the requirements of Russian environmental protection laws
- Comply with national and international standards, regulations, rules and other binding environmental requirements
- Continuously improve environmental management systems and adhere to their requirements
- Improve environmental protection
- Inform stakeholders about material aspects of environmental protection activities
- Improve workplace culture and the professionalism of employees in terms of environmental protection

The Company's HSE activities are strictly regulated by internal environmental management standards, which are integrated into the general management system and cover the entire range of HSE measures and development programmes.

**The Company is developing environmental requirements for suppliers and contractors in addition to the Supplier Code.**

There is a prescribed procedure for managing environmental issues and risk diversification, handling waste management, planning and carrying out environmental measures, interacting with counterparties, and performing environmental monitoring and control. Moreover, regulations are in place throughout the corporation that establish requirements for the operation of gas treatment plants and production environmental control (PEC). There is a Standard Procedure for Performing Inspections of the Implementation of Environmental Protection Activities and Environmental Management Systems. Currently, a standard is under consideration that would stipulate environmental requirements for service providers and contractors.

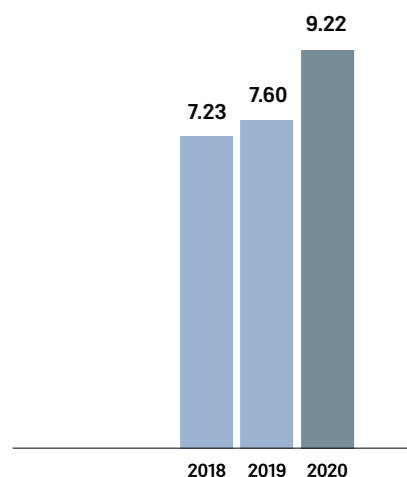


**HSE management structure**

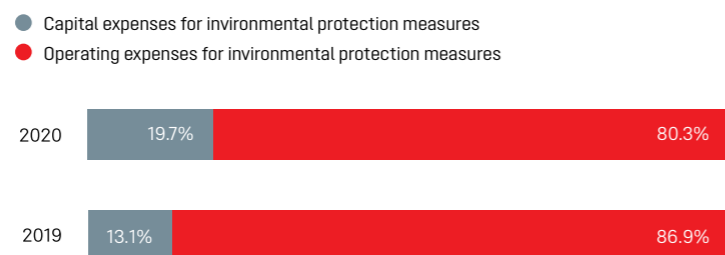
Environmental protection at Metalloinvest's enterprises is managed at the level of the Management Company and at the level of the enterprises. Since 2020, the Deputy CEO for Health, Safety and Environment has overseen the coordination of environmental activities at the Management Company level. He is also in charge of the HSE department, which includes the Environmental Protection division. At the level of the Company's individual enterprises, environmental protection activities are monitored by HSE directors and special teams.

**Investments in environmental management**

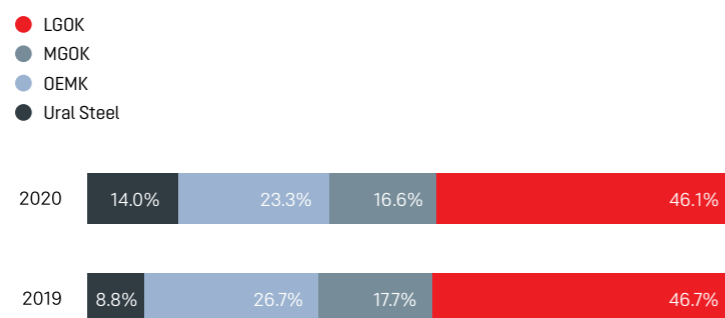
Change to environmental protection costs, 2018–2020 | RUB billion



Structure of investments in environmental management, 2019–2020



Structure of investments in environmental management by enterprise, 2019–2020



**ENVIRONMENTAL AUDITS**

Metalloinvest regularly conducts environmental audits to check its compliance with Russian laws and ISO 14001:2015, as well as to seek independent confirmation that the corporate and production measures, key goals, and performance indicators of the Environmental Programme are at a global level. A corporate-wide Standard Procedure for Performing Inspections of the Implementation of Environmental Protection Activities and Environmental Management Systems has been introduced throughout the Company; it regulates the procedures for internal company-wide audits and specifies how to rectify identified violations.



**Internal audits of the Environmental Management System**

To ensure compliance with environmental laws and ISO 14001:2015, as well as to identify growth points for environmental protection, the Company conducts internal corporate audits of its environmental protection and environmental management systems. Based on the audit results, it takes corrective actions and eliminates identified shortcomings to improve its systems.

Likewise, special teams at all of the Company's enterprises perform internal audits on a regular basis. To ensure compliance with HSE laws, enterprises' environmental services carry out industrial environmental controls. This comprehensive approach ensures that HSE activities and environmental management systems function effectively.



**External audits of the Environmental Management System**

Independent external audits conducted in 2020 confirmed the compliance of MGOK, LGOK, OEMK and Ural Steel with ISO 14001:2015. Each enterprise had introduced an Environmental Management System (EMS) and an Integrated Management System (IMS).

Recertification audits were held at LGOK and MGOK, based on which updated EMS/IMS certificates of conformity to ISO requirements were issued. External surveillance audits also confirmed the validity of previously issued certificates for OEMK and Ural Steel.

Moreover, in 2020, Branau Environment conducted an independent environmental audit and comparative analysis of Metalloinvest's Environmental Programme. The audit scope included an assessment of the current Environmental Programme, environmental audits at the Company's enterprises, an audit of environmental management business processes, and a benchmarking study. In the final report, the auditors outlined major ways of improving the Environmental Programme and proposed measures for implementing them. These suggestions were used to create targets for the next development period.

*The Environmental Programme was independently audited by an international company.*



**State environmental control**

GRI 307-1

In 2020, Metalloinvest's enterprises underwent 10 audits initiated by Rosprirodnadzor, Rospotrebnadzor, the Orsk Inter-District Environmental Prosecutor's Office, and the Kursk Region Prosecutor's Office. Of these audits, seven were unscheduled and three were scheduled. The size of the fine imposed by Rosprirodnadzor amounted to RUB 270,000; all shortcomings were promptly rectified.

## TRAINING AND AWARENESS OF ENVIRONMENTAL PROTECTION

### Training centres and learning activities for staff

An important aspect of the Company's environmental activities is improving the HSE qualifications of its employees. For this purpose, the Company's enterprises have established special centres that regularly organise training sessions for employees, pursuant to environmental legal requirements. Priority training is provided for employees who work at subdivisions with the greatest potential impact on the environment, as well as employees involved in collecting, transporting, processing, disposing of, deactivating, and dumping class I-IV hazardous waste.

The personnel training and development system of Metalloinvest includes the following main types of training:

- Functional training
- Corporate training
- Distance learning
- Training at universities at the Company's expense

### Number of employees who underwent HSE trainings in 2020

In 2020, the Company's employees underwent training in the following HSE areas:

**216**

**EMPLOYEES: PROFESSIONAL TRAINING FOR PERSONS CERTIFIED TO DEAL WITH CLASS I-IV HAZARDOUS WASTE**

**150**

**EMPLOYEES: ENSURING ENVIRONMENTAL SAFETY FOR HEADS OF GENERAL ECONOMIC MANAGEMENT SYSTEMS**

**37**

**EMPLOYEES: ENSURING ENVIRONMENTAL SAFETY FOR HEADS AND PROFESSIONALS OF ENVIRONMENTAL SERVICES AND ENVIRONMENTAL MONITORING SYSTEMS**

### Trainings on ISO 14001:2015 and ISO/IEC 17025

Trainings on ISO 14001:2015 and ISO/IEC 17025 are held at the Company on a regular basis. In 2020, nine people were trained on ISO 14001:2015, and seven more were trained on ISO/IEC 17025-2019.

### Information activities

Informing employees of the importance of environmental protection and establishing a dialogue with them is extremely important. We disseminated information on this subject through the following formats:

- Regular meetings of the Committee on Environment, Health and Safety
- Managers' reports on HSE issues
- Quarterly reports on HSE activities
- An annual corporate workshop on HSE
- Open-door days dedicated to environmental education
- Briefings for newly hired employees

Employee involvement was nearly 100%.

**100%**

**OF STAFF ARE INVOLVED IN ENVIRONMENTAL TRAINING AND INFORMATION SESSIONS**

### Fostering an environmental culture

In 2020, we developed the e-learning course Environmental Culture and Ethics, which is part of our Unified Information Platform for Raising Awareness of the Environment amongst Personnel. It remains unparalleled in the industry. The course aims to foster a conscientious attitude amongst employees towards protecting nature, motivating them to contribute to environmental protection and providing in-depth information on related matters. The training course is geared towards both specialists and employees whose work is not directly related to environmental matters.

We developed the unique course Environmental Culture and Ethics for employees.

## EXTERNAL STAKEHOLDER ENGAGEMENT

Metalloinvest adheres to the principle of transparency. In this regard, it strives to provide stakeholders with timely and reliable information on the material aspects of its activities, identify their expectations regarding the implementation of environmental protection measures, and use various mechanisms to include these expectations into its HSE efforts.

By actively interacting with stakeholders, the Company promotes an environmental approach to business among its partners. Thus, before signing a contract with contractors or suppliers, the Company requests that they pass a mandatory assessment in the form of a questionnaire that includes questions on HSE issues. A standard is currently under consideration that would establish environmental requirements for service providers and contractors, as well as material and technical resources.

The Company pays considerable attention to building relationships with external stakeholders in its regions of operation. In order to provide information to local communities about the impact of the Company's current and planned activities on the environment, we publish reports and hold public hearings.

**14**

**ENQUIRIES FROM INDIVIDUALS AND LEGAL ENTITIES WERE ENTERED INTO THE GENERAL REGISTER FOR ENVIRONMENTAL PROTECTION MATTERS IN 2020**

Thus, in 2020 we organised a public event dedicated to the commissioning of a crushing and conveying (CCF) facility at MGOK. In addition to the Company's top management and government officials, nearly 19,000 virtual participants joined the online broadcast of the event.

We have introduced a procedure for registering and considering enquiries from both individuals and legal entities. The Company considers solutions for all issues raised and always provides feedback. All enquiries concerning HSE activities or enterprises' impact on the environment are entered into a general register. This tool enables us to create a unified platform for responding to proposals and appeals from stakeholders related to environmental protection. In 2020, 14 enquiries were received.

Enquiries about environmental protection may be made in writing, over the phone, or by e-mail:

### METALLOINVEST

Telephone: +7 (495) 981-55-55  
E-mail: info@metalloinvest.com  
28 Rublevskoye Motorway, Moscow, 121609, Russia

### LGOK

Telephone: +7 (47241) 9-44-55  
E-mail: gok@lebgok.ru  
LGOK mine site, Industrial Zone, Gubkin, Belgorod Region, 309191, Russia

### MGOK

Telephone: +7 (47148) 9-12-09  
E-mail: postfax@mgok.ru  
21 Lenin St., Zheleznogorsk, Kursk Region, 307170, Russia

### OEMK

Telephone: +7 (4725) 37-27-07  
E-mail: info@oemk.ru  
218 Aleksey Ugarov Ave., Bldg. 2, town Sary Oskol, Belgorod Region, 309515, Russia

### URAL STEEL

Telephone: +7 (3537) 66-21-53  
E-mail: info@uralsteel.com  
1 Zavodskaya St., Novotroitsk, Orenburg Region, 462353, Russia

**1ST PLACE**

**IN THE WWF'S 2020 ENVIRONMENTAL TRANSPARENCY RATING FOR INFORMATION DISCLOSURE IN THE MINING AND METALS SECTOR**

### WWF Rating

Metalloinvest received the highest score for information disclosure amongst metals and mining companies in the WWF's 2020 Environmental Transparency Rating.<sup>41</sup>

This was the best result for a ferrous metal company, and the Company took fifth place in the industry overall.

<sup>41</sup> The World Wildlife Fund's Environmental Transparency Rating for the mining and metals sector as of year-end 2020.

# The Environmental Programme



In 2020, focusing on the priorities of the corporate sustainable development programme, as well as international practices widely recognised by the professional community, Metalloinvest adopted a comprehensive Environmental Programme till 2025 that conforms to modern environmental protection trends, analyses existing problems, and outlines ways to rectify them.

## DESCRIPTION OF THE ENVIRONMENTAL PROGRAMME

Metalloinvest's Environmental Programme sets ambitious goals for minimising the negative environmental impact of its enterprises, thereby ensuring efficient stewardship of natural resources and maintaining the Company's leading position in the global metals industry in terms of the environmental performance of production processes.

The programme was formulated based on a risk-oriented approach consisting of an environmental risk management system. Thus, a materiality level is assigned to each measure in the programme, allowing the Company to determine a hierarchy for prioritising various financial, social and environmental activities. In 2020, funding for the Environmental Programme amounted to RUB 1.3 billion.<sup>42</sup>

Metalloinvest's Environmental Programme is being implemented simultaneously across all of the Company's enterprises, taking into account the expectations of both internal and external stakeholders. The Company conducted an integrated assessment of environmental risks that factored in, among other things, potential negative impacts on stakeholders (if the environmental project is not implemented), obligations applicable to the Company's activities (including legal requirements), and a forecast of the probability of particular risks materialising.

# 22.5 BILLION

RUB THE ENVIRONMENTAL PROGRAMME'S TOTAL PLANNED BUDGET FOR 2021

## MEASURES CONTAINED WITHIN THE ENVIRONMENTAL PROGRAMME

### Structure of the Environmental Programme

The Environmental Programme is structured around three key aspects.



#### BUSINESS ASPECT

- Reducing environmental impacts, recycling, and increasing resource efficiency
- Concessional funding for green projects



#### SOCIAL ASPECT

- Improving the social and environmental situation in the Company's regions of operation, developing an environmental culture and promoting education
- Environmental management



#### STATE ASPECT

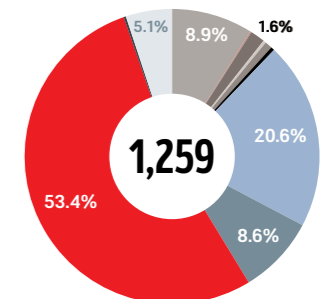
- Ensuring compliance with legal requirements
- State initiatives that affect the Company's activities

The investment projects<sup>45</sup> of the Environmental Programme are organised according to the following streams:

- Green Metallurgy
- Clean Water
- Clean Soil
- Clean Air
- Zero Waste
- Recycling
- Environmental Monitoring
- Biodiversity and Specially Protected Natural Areas
- Reduction of Greenhouse Gas Emissions
- Development of the R&D Function to Reduce Environmental Impacts
- Improving the Environmental Situation in the Regions of Operation
- Environmental Culture, Raising Awareness, Personnel Training
- Environmental Management

#### Cost structure of the Environmental Programme, 2019–2020

- Recycling
- Biodiversity
- R&D development, environmental impact mitigation, recycling
- Zero Waste
- Regulatory compliance
- Compliance with legislation
- Improving the environmental situation in the regions of operation
- Clean Water
- Clean Soil
- Clean Air
- Environmental monitoring
- Improving efficiency of environmental protection equipment



2020

<sup>42</sup> Costs are presented according to management reporting data.

<sup>43</sup> For more information, see the Investment programmes and projects section of the Annual Report [↗](#).

## Results of the Environmental Programme's implementation in 2020

In the reporting period, all measures of the Environmental Programme were implemented according to schedule. Out of 193 measures that had been scheduled for completion by 2025, 27 were implemented, while 146 measures are ongoing.

**BY 20%**

**DUST EMISSIONS DECREASED THANKS TO THE REPLACEMENT OF THE ELECTROSTATIC PRECIPITATOR AT THE LGOK PELLETISING PLANT**

### THE COMPANY WAS ABLE TO COMPLETE THE FOLLOWING PROJECTS IN 2020:

- Commissioned a crushing and conveying facility (CCF) at MGOK. This new mining technology offers breakthrough environmental performance, achieved by dismantling the railway and increasing the qualitative efficiency of the open pit
- Constructed an iron ore concentrate beneficiation facility at MGOK.<sup>44</sup> The construction of this facility resulted in an increase in the iron content of pellets and a decrease in silicon content. This will facilitate the reduction of greenhouse gas (GHG) emissions at MGOK and reduce the carbon footprint of steel and cast iron production at other enterprises that use pellets and iron ore concentrate
- Installed a dust shield at OEMK for the first section of the landfill
- Constructed a new tailings storage facility at LGOK that uses advanced technologies
- Replaced the electrostatic precipitator of indurating machine 4 at LGOK's pelletising plant. Dust emissions have decreased by 20%
- Conducted scientific research at LGOK ahead of the construction of a sulphur removal system at the pelletising plant. This will allow the Company to monitor sulphur content in connection with the planned increase in pellet production
- Addressed issues related to reusing or recycling dust from gas cleaning systems at OEMK. About 20 more initiatives within this programme are under development. They will be studied in greater detail as part of research and development (R&D) work
- Implemented a range of activities within the scope of the Green Office project

### Scheduled reduction of pollutant emissions and main emission sources by the end of 2025 thanks to the CCF

EMISSION SOURCE	POLLUTANT	BASE CASE AS PER MPE <sup>45</sup>	EMISSIONS AFTER CCF LAUNCH <sup>46</sup>
Rock drilling machines (tonnes per year)	Dust	91.9	71.6
	CO	1,519.6	625.3
	CH (kerosene)	195.8	137.8
Tipper lorries (tonnes per year)	S (soot)	53.4	24.9
	NO <sub>2</sub>	187.9	111.7
	NO	99.1	58.9
Rock mass blasting (tonnes per year)	CO	2,788.2	2,156
	NO <sub>2</sub>	6.8	5.2
	NO	3.6	2.7
<b>Total</b>	<b>—</b>	<b>4,946.2</b>	<b>3,194.1</b>



### Environmental effect from the CCF

In November 2020, MGOK launched a CCF, which provides advanced ore transportation conveyor technology that will reduce the volume of loose overburden dump and air emissions by the end of 2025. This will be achieved by dismantling the railway and improving the qualitative efficiency of the open pit. The main economic effect from decreasing the technogenic burden on the environment should be felt in 2021.



The Company presented its Environmental Programme and climate strategy at the third annual conference Industrial Environment: Heads Up For Safety, and the second annual National Forum on Sustainable Development, both of which were organised by the Vedomosti newspaper.

During the event, the Company presented the results of its environmental protection activities to market players so that they could discuss ways of achieving strategic SDGs. It also announced details of its programmes to reduce greenhouse gas emissions into the air and efficient resource use. Likewise, it presented its plans to fully switch to a closed-loop recycled water supply system, improve wastewater treatment, and decrease the volume of water intake.

**The key goals of Metalloinvest's Environmental Programme were presented at the National Forum on Sustainable Development**

<sup>44</sup> The pilot and first stage of the project were completed in 2017 and 2019; the deadline for commissioning the KDO (the second stage of implementation of fine screening technology at MGOK) is August 2022.

<sup>45</sup> Based on the current regulatory standards for maximum permissible emissions (MPE).

<sup>46</sup> Taking into account the CCF commissioning.

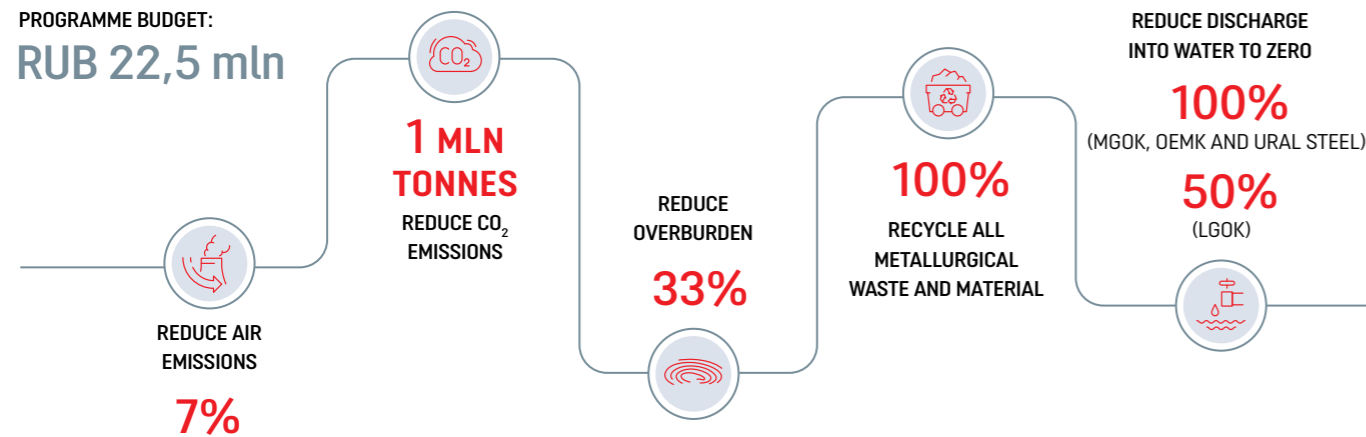
## ENVIRONMENTAL PROGRAMME DEVELOPMENT PLANS

### THE MAIN OBJECTIVES OF THE ENVIRONMENTAL PROGRAMME ARE:

- Ensure environmental safety
- Increase the efficiency of resource use
- Ensure sustainable development
- Improve the environmental performance of production processes
- Ensure proper hygiene standards near sanitary protection zones
- Develop the Green Office programme
- Improve environmental management systems and ensure their compliance with ISO 14001
- Reduce greenhouse gas emissions (CO<sub>2</sub>-equivalent) by one million tonnes amongst consumers of Metalloinvest's iron ore raw materials (IORM)

### IN 2025, THE COMPANY PLANS TO ACHIEVE THE FOLLOWING TARGETS FOR THE ENVIRONMENTAL PROGRAMME:

- Reduce air emissions by 7%
- Fully transition MGOK and OEMK to a closed-loop recycled water supply system. This will prevent wastewater discharge into bodies of water
- Conduct the phased transition of LGOK to a closed-loop recycled water supply system, bringing about a 50% reduction in wastewater discharges
- Recycle 100% of technological waste and materials (excluding LGOK and MGOK overburden and tailings)
- Decrease overburden formation at LGOK and MGOK by 33% by constructing conveyor facilities



### Green Offices at Metalloinvest

In 2020, a comprehensive Green Office programme was launched to keep up with global trends in environmentally friendly business at enterprises. The programme's roadmap includes the following tasks:

- Analyse the environmental performance of the Company's offices
- Transition from disposable to non-disposable tableware
- Engage in responsible procurement: choose suppliers and goods based on environmental criteria and place orders in moderate amounts
- Ensure that premises are cleaned in an environmentally friendly way, applying recommendations for ecological detergents and other consumables
- Train staff that work on office premises to properly sort and store waste
- Introduce separate waste collection in office buildings
- Foster environmental awareness among employees through corporate communications; develop training programmes, memos and instructions

- Organise corporate events dedicated to the environment, including special marathons and competitions
- Implement an environmental volunteering programme

Most of these initiatives are already being implemented successfully. Waste separation programmes are in effect in our offices and administrative buildings, and garbage is transferred to recycling facilities.

The comprehensive Green Office programme was launched at the Company's enterprises in 2020

# Energy consumption and efficiency

GRI 302-1 GRI 302-4

Metalloinvest's production requires significant energy consumption. To minimise its impact on the environment and reduce its ecological footprint, the Company assigns particular significance to programmes aimed at reducing and optimising energy use.

## MANAGEMENT APPROACH

Metalloinvest has an Energy Saving Programme that is coordinated through the corporate management system, including the Company's Business System. The Programme is tightly integrated with the CAPEX plan, which foresees operational improvements that the shops then work to implement. Moreover, employees may submit proposals for energy saving and energy efficiency innovations to an annual corporate competition. These three elements (the Business System, employee proposals, and implementation of ongoing measures) work in tandem to ensure that energy saving measures are constantly improved.

In 2020, Metalloinvest optimised the management structure of its planned energy service: maintenance services were withdrawn and centralised at the enterprises. Efforts were also made to optimise the power supply management system and power supply schemes.

The Company has approved an Energy Efficiency Improvement Programme whose strategic goal is to reduce the share of energy costs in the cost of production, guaranteeing uninterrupted power supply and ensuring that production is allocated sufficient energy resources. During a general audit of Metalloinvest's energy management systems, the Programme's effectiveness and compliance with ISO 50001 were confirmed.

**50 MILLION**

RUB THE EXPECTED ECONOMIC EFFECT OF EMPLOYEES' INNOVATION PROPOSALS

The energy management systems of all of the Company's enterprises certified according to ISO 50001



In 2020, for the ninth time, the Company held a competition for the best innovation proposals in the field of energy saving and energy efficiency. The competition promotes new ideas, motivating employees who come up with them and strengthening their sense of belonging to a common cause. The competition makes significant contributions to increasing the Company's energy efficiency. The commission is chaired by Metalloinvest CEO Nazim Efendiev.

Important evaluation criteria include the originality and usefulness of the proposal, its annual economic effect, the payback period, and the resulting decrease in specific energy consumption. In 2020, the annual economic effect from the 16 winning projects is estimated at RUB 50 million.

## STAKEHOLDER ENGAGEMENT

### Cooperation with government bodies and industry associations

In developing its Energy Efficiency Improvement Programme, Metalloinvest actively cooperates with government bodies and industry associations such as:

- Ministry of Energy of the Russian Federation
- Russian Union of Industrialists and Entrepreneurs
- Russian Steel Association
- NP Consumers Council
- NP Market Council
- Gazprom PJSC, for projects involving compressed natural gas (CNG) and liquefied natural gas (LNG)
- Municipal governments (Zheleznogorsk, Sary Oskol, Novotroitsk), to improve the efficiency of energy supply



## PROGRAMMES AND PROJECTS

### MGOK

At MGOK, the Company is working together with GPB-Energoeffect Ltd to reconstruct industrial boiler houses, which should increase the efficiency of natural gas use. The basic design stage had already been completed, technology based on Rolls-Royce equipment was selected, and preparations are underway to implement the project based on an energy service contract. We expect that the reconstruction of the boiler house, along with the construction of two mini-CHP plants, will bring an economic effect of about RUB 1.4 billion a year when the payback period is over.

### LGOK

The Company completed the next stage in the reconstruction of LGOK's external power supply, which was necessitated by a change in the enterprise's power supply scheme. The new scheme is expected to have an economic effect of about RUB 700 million a year.

Work is still in progress to modify LGOK's external power supply scheme, which will increase its efficiency by 10-15%. Upon completion of reconstruction in 2022, we will be able to provide the enterprise with a vast majority of the energy resources it requires. Given the growth of industry and the development of agriculture in the region,

along with the shortage of energy resources supplying the NPP, this project is of particular importance for the Company. Besides creating a power reserve, it will facilitate the reduction of energy costs and create a safe backup power supply system.

**700 MILLION**

**RUB A YEAR** THE EXPECTED ECONOMIC EFFECT OF RECONSTRUCTING LGOK'S EXTERNAL POWER SUPPLY AMOUNTS

### Ural Steel

We completed two major projects:

- Constructed an industrial boiler house equipped with two medium-pressure boilers and replaced obsolete equipment.<sup>47</sup> During construction, we used new energy efficient technology that enabled us to increase steam output and reduce gas consumption during steam production
- Completed the large-scale reconstruction of blast-furnace iron-making and electric-furnace steelmaking facilities this year. Two steel-making furnaces were converted to FMF technology. This made it possible to reduce electricity consumption by about 30 megawatts, compared with 80 megawatts existing prior to the reconstruction

**30 MEGAWATTS**

**SWITCHING TO FMF TECHNOLOGY HAS REDUCED THE ELECTRIC POWER CONSUMPTION**

At Ural Steel, a complete reconstruction of existing equipment is scheduled that will enhance its environmental and technological specifications. Likewise, the CHP scheme has been completely overhauled, and outdated equipment that delivers steam supply for production purposes has been revamped. This equipment also provides the town with 100% of its heat and hot water supply. In 2021, an audit was scheduled in conjunction with the town's expertise centre. This will facilitate the development of specific proposals with regards to CHP reconstruction. During reconstruction, the enterprise must aim to retain previous volumes of electrical power produced on site (160-170 megawatts) while supplying the Company's production with the energy resources it requires.

### OEMK

OEMK is reconstructing its main power supply centre: an electric substation that supplies power to the electric furnaces and smelting facilities. To minimise the risk of substation shutdown, which may occur due to heavy load, the Company is focusing on guaranteeing reliable electric power supply for production purposes while supporting the operation of the Federal Grid Company's power systems.

### Shared projects

The Company has completed the first stage of a project to create an informational-analytical system for energy resource management. At this stage, we have launched functions that enable us to compile information and visualise links between workshops. Systems are populated with data with the help of IT departments. This project will enable the Company to better track and control losses on power grids, observe processes that occur during non-standard situations or emergencies, and visualise chains of interaction between the thermal power plant (TPP) and workshops. Our plan is to create a system that enables enterprises to better visualise processes and make wiser decisions.

In 2020, all of Metalloinvest's enterprises underwent mandatory requalification, and the corresponding certificates will be received in Q1 2021. Independent audits of OEMK, Ural Steel, LGOK and MGOK were conducted by experts from TÜV THÜRINGEN (Austria), Bureau Veritas Certification Holding SAS-UK Branch, BSI Group, and TÜV NORD CERT GmbH respectively. The auditors analysed the operations of the main subdivisions and departments of Metalloinvest's production sites, verified compliance

with relevant statutory and regulatory requirements, and concluded that the energy management system of the enterprises meets international standards. The experts stated that the Company had created the necessary conditions to maintain and effectively operate the system, noting the special attention devoted to energy saving efficiency by Metalloinvest's management. It also emphasised the involvement and professional competence of employees.

**150 MILLION**

**RUB ECONOMIC GROWTH OF COMBINED HEAT AND POWER (CHP) ENERGY EFFICIENCY THANKS TO NEW REPAIR TECHNIQUES**



The new informational-analytical system has already demonstrated its effectiveness at Ural Steel. During a CHP shutdown, the system provided information on the ineffectiveness of repairs and suggested a more energy efficient action plan. Thanks to the system's recommendations on a new method for carrying out repairs, this year the CHP's energy efficiency was RUB 150 million higher than in the past.

<sup>47</sup> In December 2020, the boilers were started up and tested under load (start of hot tests).



DEVELOPMENT AREA	EXPECTED RESULTS
Reactive power compensation and reduction of electric grid losses	<ul style="list-style-type: none"> <li>Reduce expenditures on active electric energy</li> <li>Deload power transmission lines, transformers and switchgear (SWG)</li> <li>Suppress power network interference and phase unbalance caused by higher harmonic components</li> <li>Reduce specific power consumption rates per unit of output</li> </ul> <p>Annual energy savings of up to 3% of the Company's total consumption.</p>
Modernisation of propulsion systems on electric locomotives	<ul style="list-style-type: none"> <li>Reduce electric power consumption</li> <li>Reduce specific power consumption rates</li> <li>Increase reliability of locomotive units (LU) and overhaul cycles</li> </ul> <p>Energy saving potential per LU of 300,000 kW/h per year.</p>
Energy accumulation	<ul style="list-style-type: none"> <li>Use energy storage units in power supply systems to maintain system reliability and reduce capacity payments</li> <li>Decrease costs of purchasing electric power and capacity from the external grid along with the wholesale electric power and capacity market (WEPCM)</li> <li>Ensure power supply during peak load times</li> </ul>
Power quality monitoring	<ul style="list-style-type: none"> <li>Reduce risks of equipment malfunctions due to potentially inadequate quality of electric power</li> </ul>

## COMPREHENSIVE PROGRAMME FOR IMPROVING THE ENERGY EFFICIENCY OF PRODUCTION

### ALL PROGRAMME INITIATIVES ARE AIMED AT ACHIEVING FOUR BASIC GOALS:

- Reduce consumption of all energy resources
- Reduce the cost of energy resources
- Ensure implementation of comprehensive development programmes at the enterprises, explore new growth areas
- Ensure energy security and power supply continuity

As part of the ongoing development of the Energy Efficiency Improvement Programme, quarterly meetings are held at which the energy services report on the progress of projects, work results, and next steps. The absolute number of measures and initiatives introduced as part of the Programme are based on global best practices, modern technologies and cutting-edge developments. According to an independent audit, the efficiency of new technologies and measures at Metalloinvest is significantly higher than

that of many world leaders in the industry. This study was carried out over the course of six months. In line with approved methodology, it examined not only the documentation of energy efficiency programmes, but also their actual execution at the enterprises themselves. This involved analysing technological, energy, and other measures.

### Centre for Energy Efficient Technologies and Energy Audit

The Centre for Energy Efficient Technologies and Energy Audit at KMA-Energosbyt JSC commenced its operations in 2019, and it is systematically expanding into new fields. Currently, the Centre works on projects in the following domains:

- Modernisation of electric and diesel locomotives
- Introduction of motors for excavator drives, pumps, and energy storage units
- Development of systems for monitoring the condition of electrical equipment (electric power lines, transformers, bus bars)
- Reactive power compensation
- Switching vehicles from diesel to CNG/LNG

## POWER CONSUMPTION INDICATORS

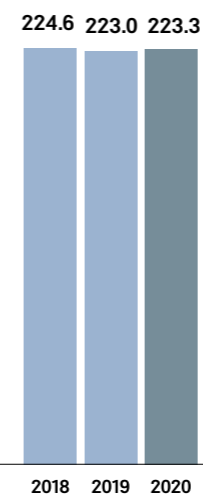
GRI 302-1 GRI 302-4

Consumed electric power is measured using an automated electricity metering system that is certified and registered on the WEPCM. Consumed electric power is broken down by type — renewable and other — in accordance with WEPCM data.

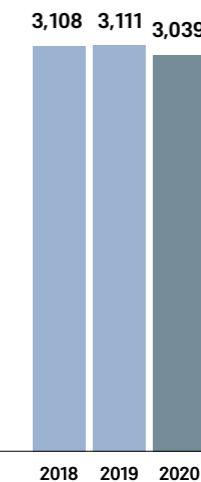
In 2020, the Company's enterprises consumed 223,253 TJ of energy in total, which exceeds the 2019 amount by 0.2%.

The decline in natural gas consumption in 2020 is associated with OEMK's heating stations, warm weather conditions in Q1, and a number of other postponed measures.

Total energy consumption in 2018–2020 | thousand TJ<sup>48</sup>



Sale of thermal power resulting from fuel combustion and not spent for own needs, 2018–2020<sup>49</sup> | TJ



**223,253**

TJ: THE COMPANY'S TOTAL ENERGY CONSUMPTION IN 2020

Fuel consumption<sup>50</sup> by fuel type, 2018–2020 | TJ

FUEL TYPE	2018	2019	2020	CHANGE 2020/2019 <sup>51</sup>
Coal	42,525	45,185	45,855	1%
Fuel oil	88	79	81	3%
Natural gas	143,871	139,408	135,862	-3% <sup>52</sup>
Diesel fuel	3,341	3,485	3,759	8%
<b>Total</b>	<b>189,825</b>	<b>188,157</b>	<b>185,557</b>	<b>-2%</b>

<sup>48</sup> The provided amount can be converted into Gcal using the following equation: 1 Gcal = 4,187 MJ.

<sup>49</sup> Metalloinvest does not sell electric power.

<sup>50</sup> The Company does not consume renewable fuels.

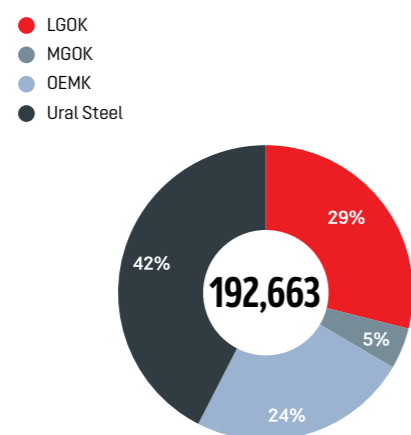
<sup>51</sup> The change of indicators is associated with specifics of the production process and the Company's Production Programme in 2020.

<sup>52</sup> The decrease in natural gas consumption is mainly related to OEMK's heating stations, as well as a range of other postponed measures.

# 185 557 TJ

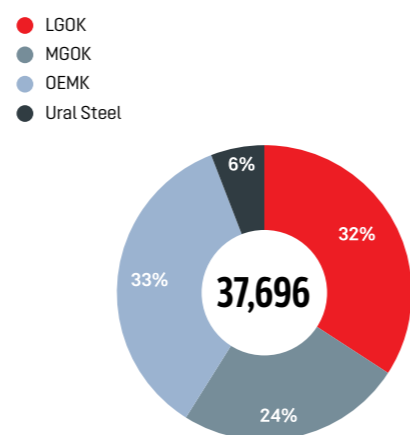
THE COMPANY CONSUMED OF FUEL IN 2020

Fuel consumption by enterprise, 2020



2020

Electric power consumption by enterprise, 2020



2020

Consumption of purchased (grid) electric power, 2018-2020 | TJ

ENTERPRISE	2018	2019	2020	CHANGE 2020/2019
LGOK	12,740	12,746	12,878	1%
MGOK	9,328	9,424	9,335	-1%
OEMK	12,906	13,015	13,269	1.9%
Ural Steel	2,923	2,685	2,214	-17.5%
<b>TOTAL</b>	<b>37,897</b>	<b>37,870</b>	<b>37,696</b>	<b>-0.5%</b>

## Climate strategy

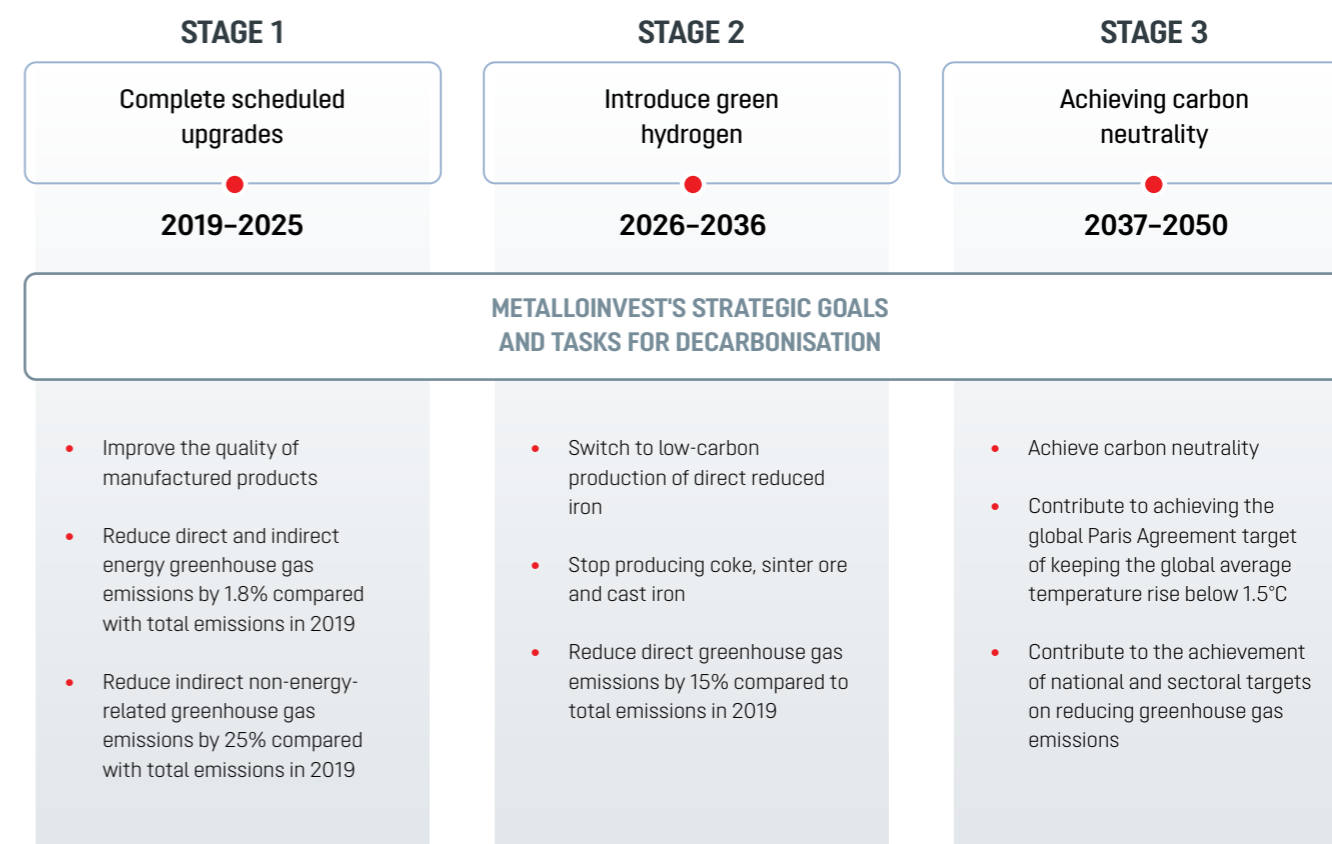
GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4

### APPROACHES TO CLIMATE CHANGE MANAGEMENT

Combatting climate change is one of Metalloinvest's top priorities. In pursuit of this goal, the Company has elaborated a climate strategy that reflects all its activities related to climate change, discloses its greenhouse

gas emissions inventory, outlines measures to reduce them, and formulates long-term goals. So far, the Company has decided that its strategic decarbonisation goals are the most material aspect of its climate strategy.

The Company aims to achieve carbon neutrality by 2050



## Developing the climate strategy in 2020–2021

When creating our climate strategy, we study and comply with the provisions of documents developed as part of the international climate agenda and national carbon regulations, such as:

- The Paris Agreement
- The UN Framework Convention on Climate Change
- Decree of the President of the Russian Federation No. 666 "On Reducing Greenhouse Gas Emissions" dated 4 November 2020
- Draft Federal Law "On Limiting Greenhouse Gas Emissions into the Atmosphere"
- Draft Strategy for Russia's Long-Term Development with Low Greenhouse Gas Emissions Until 2050
- Draft Concept of a System for Accounting, Registration, Release into Circulation, Transfer and Offset of the Results of Climate Projects Implemented in the Russian Federation

The Company puts significant efforts into various forms of data analysis. In 2020, a complete greenhouse gas inventory was held for Scope 1, including a complete inventory of Scopes 1, 2 and 3 emissions, as well as the carbon footprint of products.

Direct emissions (Scope 1)	Energy indirect emissions (Scope 2)	Other indirect emissions (Scope 3)
Are greenhouse gas emissions stemming from sources owned or controlled by the Company. Examples include emissions generated by fuel combustion and product manufacturing.	Are emissions stemming from the fuel combustion of third-party energy sources to generate energy purchased by the Company.	Other indirect emissions (Scope 3) are emissions associated with the economic and other activities of the Company: emissions generated during extraction, production, or transportation of fuel, raw materials, materials, and semi-finished products, as well as emissions resulting from the use of such products and their disposal.

During the inventory, the Company estimated the potential volume of emissions stemming from products' consumption. It determined that the Company's activities have an especially strong impact on Scope 3 emissions, rather than Scopes 1 and 2. Production of concentrate generates as little as 0.5% of total greenhouse gas emissions, whereas emissions resulting from the subsequent production of steel manufactured from that concentrate are far greater.

It was also noted that some products might only be suitable for blast-furnace production, depending on their quality. To minimise this likelihood, Metalloinvest assesses the impact of each project in terms of emission volumes as part of its climate strategy. In addition to assessing and managing production projects, we also develop promising projects whose main goal is to create the necessary conditions for maintaining climatic stability. Thus, we are currently developing KPIs for projects to introduce hydrogen metallurgy, renewable energy sources, and a set of compensation measures.

We have identified corporate risks that could potentially affect climate change,<sup>53</sup> which we actively try to anticipate. In order to identify growth points, the Company regularly conducts benchmarking studies, comparing its greenhouse gas emission figures with those of the members of steel manufacturing associations (World Steel Association and Russian Steel).

The Company plans to introduce World Steel Association (WSA) practices at its enterprises in order to better verify greenhouse gas emissions, as well as to verify data on their reduction with the help of an independent international consulting company.

At present, Metalloinvest is actively engaging external partners to implement its climate strategy. We interact with external auditors, participate in the Russian Union of Industrialists and Entrepreneurs (RSPP)'s initiatives on climate issues, and attend various industry forums.



As a WSA member, Metalloinvest is involved in the Climate Action Programme, which aims to collect data on CO<sub>2</sub> emissions from the metals industry. By comparing data from different enterprises, we are able to determine the most efficient tools for reducing emissions.

For several years running, the Company has been awarded a Climate Action Certificate, which proves that Metalloinvest fulfils its obligations to provide reliable data pursuant to the unified WSA methodology. These projects also help the Company develop further measures to reduce its impact on the environment.

The manufacture of steel products and cast iron is the leading source of GHG emissions at the Company, making OEMK and Ural Steel — Metalloinvest's iron and steel works — the main contributors to GHG emissions.

Greenhouse gas emissions at Metalloinvest are calculated using official ISO procedures, Order No. 300 of the Ministry of Natural Resources of the Russian Federation "Methodological Guidelines and Manual for

Quantifying Greenhouse Gas Emissions Volume by Organisations Engaged in Business and Other Activities in the Russian Federation" dated 30 June 2015, and Order No. 330 "Methodological Guidelines for Quantifying Indirect Energy Greenhouse Gases Emissions Volume" of the Ministry of Natural Resources of the Russian Federation dated 29 June 2017 and also the international standard The Greenhouse Gas Protocol.

### Steel segment

#### GRI 305-1

Dynamics of direct GHG emissions<sup>54</sup> (Scope 1), 2019–2020<sup>55</sup> | tonnes CO<sub>2</sub>-equivalent

	OEMK		URAL STEEL	
	2019	2020	2019	2020
Direct GHG emissions	3,153,799	3,191,932	7,515,166	6,357,557

#### GRI 305-2

Dynamics of indirect energy-related GHG emissions<sup>56</sup> (Scope 2), 2019–2020 | tonnes CO<sub>2</sub>-equivalent

	OEMK		URAL STEEL	
	2019	2020	2019	2020
Indirect energy-related GHG emissions	1,416,836	1,439,901	291,047	239,969

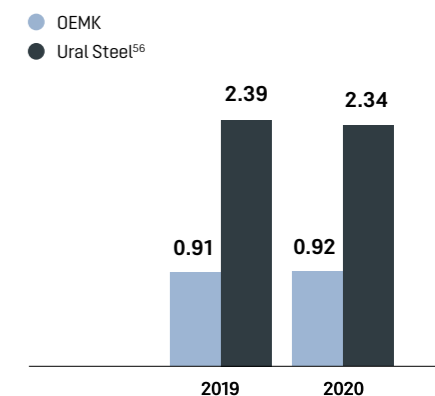
#### GRI 305-3

Dynamics of indirect non-energy-related GHG emissions (Scope 3), 2019–2020 | tonnes CO<sub>2</sub>-equivalent

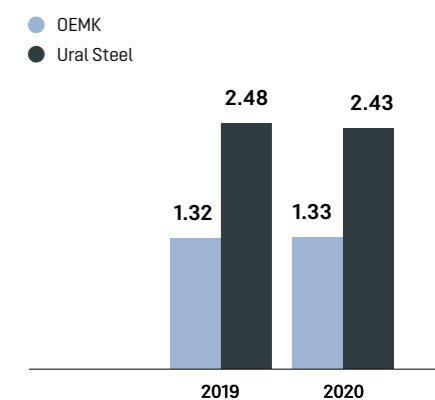
	OEMK		URAL STEEL	
	2019	2020	2019	2020
Indirect non-energy-related GHG emissions	3,831,753	3,875,733	4,418,117	3,391,056

#### GRI 305-4

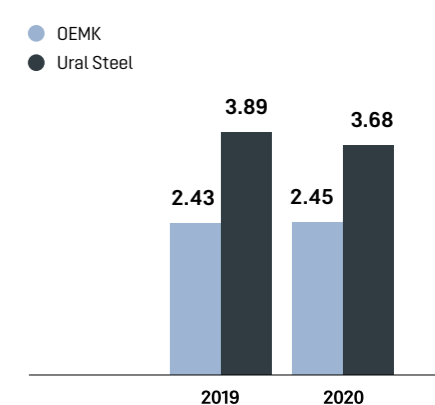
Dynamics of per-unit GHG emissions (Scope 1), 2019–2020 | tonnes CO<sub>2</sub>-equivalent/tonne of product



Dynamics of per-unit GHG emissions (Scopes 1+2), 2019–2020 | tonnes CO<sub>2</sub>-equivalent/tonne of product



Dynamics of per-unit GHG emissions (Scopes 1+2+3), 2019–2020 | tonnes CO<sub>2</sub>-equivalent/tonne of product



<sup>54</sup> The following gases were included in the calculation of direct GHG emissions: carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>) and sulfur hexafluoride (SF<sub>6</sub>). Greenhouse gas transactions such as buying, selling or transferring carbon offsets or emission permits were excluded.

<sup>55</sup> In 2020, Metalloinvest conducted a full GHG inventory that covered emissions from Scopes 1, 2 and 3. The inventory methodology has been changed since 2019, resulting in a change in the data on direct GHG emission volumes compared to the data disclosed in the Metalloinvest's 2019 Sustainability Report.

<sup>56</sup> The following gases were included in the calculation of indirect energy-related GHG emissions: carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>) and nitric oxide (N<sub>2</sub>O). Greenhouse gas transactions such as buying, selling or transferring carbon offsets or emission permits were excluded.

Mining segment

GRI 305-1

Dynamics of direct GHG emissions (Scope 1), 2019–2020 | tonnes CO<sub>2</sub>-equivalent

	LGOK		MGOK	
	2019	2020	2019	2020
Direct GHG emissions	2,961,348	2,960,623	685,954	671,369

GRI 305-2

Dynamics of indirect energy-related GHG emissions (Scope 2), 2019–2020 | tonnes CO<sub>2</sub>-equivalent

	LGOK		MGOK	
	2019	2020	2019	2020
Indirect energy-related GHG emissions	1,381,535	1,395,926	1,016,563	1,007,538

GRI 305-3

Dynamics of indirect non-energy-related GHG emissions (Scope 3), 2019–2020 | tonnes CO<sub>2</sub>-equivalent

	LGOK		MGOK	
	2019	2020	2019	2020
Indirect non-energy-related GHG emissions	21,350,601	21,029,061	23,918,214	23,856,224

**13.18 MILLION**

TONNES OF CO<sub>2</sub>-EQUIVALENT  
THE VOLUME OF DIRECT GHG EMISSIONS IN 2020

**52 MILLION**

TONNES OF CO<sub>2</sub>-EQUIVALENT  
THE VOLUME OF ALL OTHER INDIRECT GHG EMISSIONS IN 2020

**4.1 MILLION**

TONNES OF CO<sub>2</sub>-EQUIVALENT  
THE VOLUME OF INDIRECT ENERGY GHG EMISSIONS IN 2020

**BY 2.5 MILLION**

TONNES THE VOLUME OF GHG EMISSIONS<sup>57</sup> IN 2020 DECREASED COMPARED TO 2019

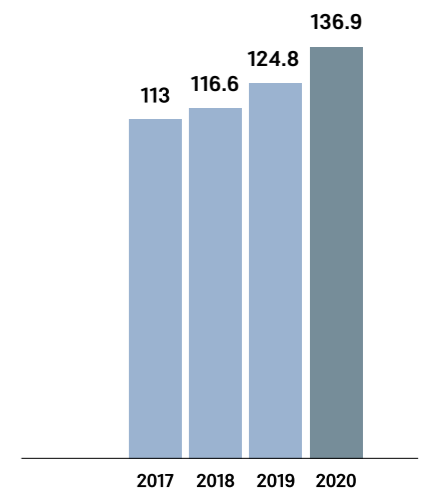
# Air emissions and air protection

GRI 305-7



GRI 305-7

Dynamics of the amount of air pollutant emissions, 2017–2020 | thousand tonnes



Metalloinvest's efforts to protect atmospheric air are regulated by the Clean Air Environmental Impact Mitigation Programme, which is part of the Environmental Programme. Clean Air includes measures to construct, repair, modernise, and replace dust and gas cleaning equipment; introduce desulphurisation; and reduce pollutant emissions, marker substances, and others. Metalloinvest invests 90% of the budget of the entire Environmental Programme into reducing its impact on atmospheric air.



### Automated pollution control systems

In 2020, the Company completed a joint project with Megafon PJSC to come up with solutions for systematically automating control of air and water pollution. These solutions include technology to equip stationary sources of pollution at Category I facilities of Metalloinvest's enterprises with automated systems for measuring and registering pollution, as well as hardware for recording and transmitting information on pollution volumes.

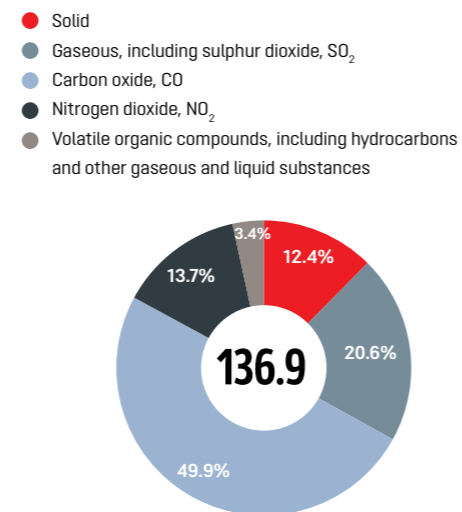
<sup>57</sup> Including Scopes 1, 2, 3.

GRI 305-7

Structure of air pollutant emissions by substance,<sup>58</sup> 2018–2020 | thousand tonnes

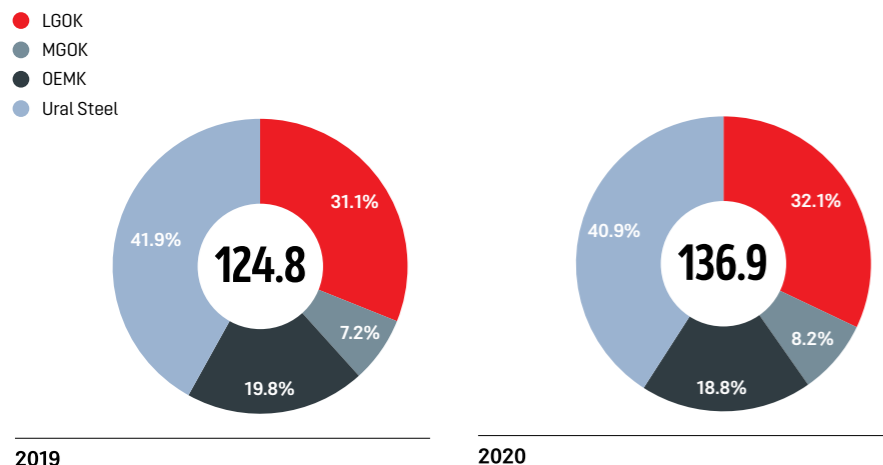
SUBSTANCE TYPE	2018	2019	2020
Hard	16.6	15.9	17.0
Gaseous, including:	100	108.9	115.3
Sulphur dioxide (SO <sub>2</sub> )	22.3	23.0	28.2
Carbon monoxide (CO)	59.8	67.9	68.3
Nitrogen dioxide (NO <sub>2</sub> )	13.8	15.8	18.7
Other volatile organic compounds, including hydrocarbons and other gaseous and liquid compounds	4.1	2.3	4.7
<b>TOTAL EMISSIONS</b>	<b>116.6</b>	<b>124.8</b>	<b>136.9</b>

Structure of air pollutant emissions by substance, 2020



2020

Structure of air pollutant emissions by enterprise, 2020



2019

2020

The increase in total emissions at LGOK was caused by the following factors:

- Growth in productivity and output of finished products in 2020
- Increase in rock overburden transported to dump
- Increase in sulphur content of raw materials by 0.0112%
- Fugitive dust emissions caused by adverse weather conditions (1.6 fold increase in the number of days with high wind speeds)
- Increase in transportation of mined rock

The more than tenfold increase in sulphur dioxide (SO<sub>2</sub>) emissions at MGOK was caused by use of LGOK concentrate in MGOK's technology.

KEY AIR PROTECTION MEASURES AND INITIATIVES IN 2020

MEASURE	ENVIRONMENTAL EFFECT
OEMK replaced the 48.4 dedusting scrubber at the transportation, pelletising, and briquetting section of the metallising shop at the mill pelletising and metallising plant (MPMP).	Improved the efficiency of dusty air aspiration to eliminate fugitive dust
Ural Steel completed a project to reconstruct the aspiration system of the stock houses of blast furnaces 3 and 4. <sup>59</sup>	Achieved a decline in air emissions
LGOK applied a set of measures for the technical re-equipment of indurating machine 4; replaced a gas cleaning system.	Reduced dust emissions and combustion gases from indurating machine 4 of the pelletising plant, captured suspended matter (dust with SiO <sub>2</sub> content less than 20%)
LGOK, MGOK, OEMK and Ural Steel developed basic design solutions to equip stationary sources of emissions into the air and discharges into bodies of water with automated tools capable of measuring and registering pollutant emission-related data, as well as hardware for recording and transmitting information on pollutant emissions volumes to the state register of facilities that have a negative impact on the environment.	Ensured compliance with the requirements of Federal Law No. 7-FZ "On Environment Protection" dated 10 January 2002. Improved the environmental monitoring system

The following measures were also implemented at MGOK and LGOK:

- | LGOK   | MGOK  |
|--|---|
| <ul style="list-style-type: none"> <li>• Covered 150 ha of the tailings storage facility's compartment 2 (which is temporarily out of operation) with loam using the hydraulic method</li> <li>• Biologically rehabilitated 38 ha of bare land of the tailings storage facility and loose overburden</li> <li>• Sprayed DUSTBINT fixing solution over 1,100 ha on dusty areas of the tailings storage facility</li> <li>• Applied dust-suppressing material, Bischofite, over the roads of the open pit, crushing and screening plant, and tailings storage facility, covering a surface area of 237 ha</li> <li>• Conducted sanitary and hygienic rehabilitation of 19 ha of the tailings storage facility's dike slopes using loam and black soil</li> </ul> | <ul style="list-style-type: none"> <li>• Applied a preventive treatment using a special solution to 30 ha of the tailings storage facility's beaches</li> <li>• Conducted surface fixation with a natural bischofite solution on 23 ha of the tailings storage facility's haul roads</li> </ul> |

**53.4%**  
OF THE ENVIRONMENTAL PROGRAMME'S ENTIRE BUDGET WAS ALLOCATED TO MEASURES AIMED AT REDUCING THE COMPANY'S IMPACTS ON ATMOSPHERIC AIR

<sup>58</sup> Standards, methodologies, and calculation tools used:  
 • Methodological Handbook for Calculation, Regulation and Control of Air Pollutant Emissions. — SPb.: Atmosphere Research Institute, 2012.  
 Russian Federation Government Ordinance No. 422 "On Approving Rules of Development and Approval of Methods for Computing Emissions of Harmful (Polluting) Substances into Atmospheric Air from Stationary Sources" dated 16 May 2016.  
 • Federal Law No. 96-FZ "On Atmospheric Air Protection" dated 4 May 1999.  
 • Russian Federation Ministry of Natural Resources Order No. 498 "On Approving Rules of Gas Treatment Units Operation" dated 15 September 2017.  
 • Russian Federation Ministry of Natural Resources Order No. 352 "On Approving Procedure for Inventorying Stationary Sources and Emissions of Harmful (Polluting) Substances into Atmospheric Air, Its Data Correction, Documenting and Storing Data Resulted from Such Inventory and Correction" dated 7 August 2018.

<sup>59</sup> In December 2020, construction and installation work was completed, and certificates of technical readiness for commissioning were signed.

# Water consumption and protection of water resources

GRI 303-1 GRI 303-2 GRI 303-3 GRI 306-5

Metalloinvest is committed to rational use of water resources to preserve the environment and ecosystems of its regions of operation.

The Company complies with laws concerning water resources; it takes measures to update and develop infrastructure in good time, applies best available technologies, and uses modern wastewater treatment systems. Joint water use at the Company's enterprises never violates the rights of other users of that same body of water.



GRI 303-1

The Company has its own laboratories dedicated to regularly monitoring quality of water and wastewater impacted by the enterprises' activities. Bodies of water and water protection zones undergo complete monitoring on a yearly basis; this includes controls over morphometric features and the condition/means of using water protection zones. All observation results are submitted to the Federal Agency for Water Resources. The laboratories are equipped with the measuring tools, manuals, reagents, and testing and auxiliary equipment necessary to implement industrial environmental controls, as well as controls over adherence to sanitary rules, as stipulated by current laws. Re-accreditations are conducted on a regular basis.

To control and minimise its impact on water resources, the Company performs the following:

- Accounts for intake (withdrawal) of water resources from bodies of water
- Monitors the state of bodies of water and their buffers zones in accordance with a programme agreed with the corresponding local branch of Rosvodresurs; in the prescribed manner, submits a quarterly report on actual water use, compliance with the conditions for using the body of water (or a part of it), and the results of observations of the body of water and its water conservation zone
- In accordance with the established procedure, submits a quarterly report on the implementation of measures stipulated in the water protection plan
- Submits annual reports on water use and protection prepared using state statistical reporting forms
- In a timely manner, implements measures to prevent and eliminate accidents and other emergencies in bodies of water
- Pursuant to the established procedure, submits a draft plan of water protection measures for the subsequent year for approval on an annual basis
- Performs diving inspections of fish protection structures at water-intake facilities on an annual basis

GRI 306-5

The Company does not have a significant impact on bodies of water, including those located in specially protected areas.

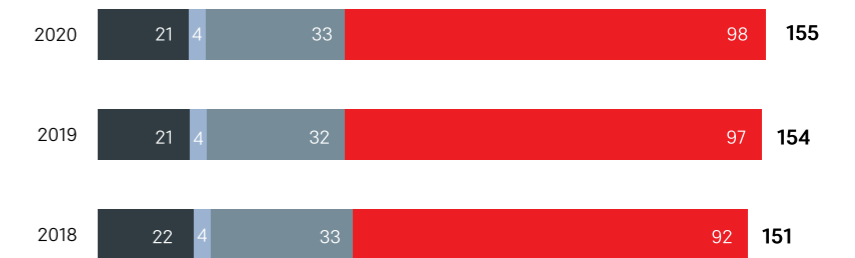
## 155.3 MLN M<sup>3</sup>

TOTAL WATER WITHDRAWAL IN 2020

GRI 303-1

Change in water intake volumes, 2018–2020 | million m<sup>3</sup>

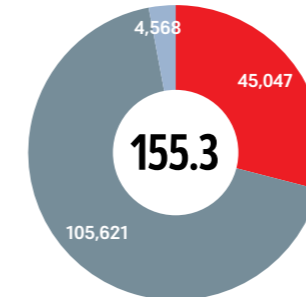
- LGOK
- MGOK
- OEMK
- Ural Steel



GRI 303-3

Structure of water intake in 2020 by source | m<sup>3</sup>

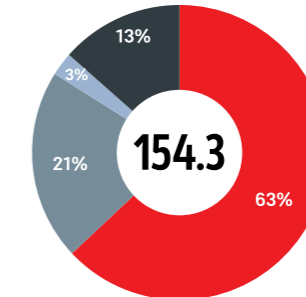
- Surface water
- Groundwater
- Water provided by third party



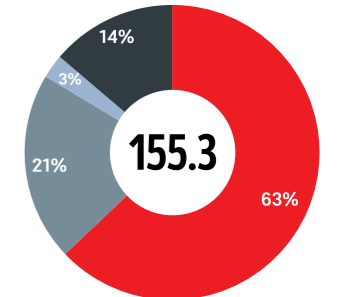
2020

Structure of water intake by enterprise

- LGOK
- MGOK
- OEMK
- Ural Steel



2019



2020

GRI 303-1

	LGOK	MGOK	OEMK	URAL STEEL
Water intake methods	One industrial water intake facility for surface water and a group of facilities for groundwater intake			
Water consumption types	Industrial water supply, utility and drinking water supply			
Water intake points	Stary Oskol water reservoir on the Oskol River	<ul style="list-style-type: none"> <li>The Ryasnik River, basin of the Seim River</li> <li>Water reservoir on the Chern River, basin of the Seim River</li> <li>Water reservoir on the Rechitsa River, basin of the Seim River</li> </ul>	The Oskol River, basin of the Don River	The Ural River near the town of Novotroitsk
Wastewater discharge methods	Three wastewater outlets: <ul style="list-style-type: none"> <li>Outlet 1 and Outlet 2 are used for wastewater discharge into the Oskolets River</li> <li>Outlet 3 is used for domestic wastewater discharge into a rivulet in the Kostenkov Log gully</li> </ul>	Three wastewater outlets: <ul style="list-style-type: none"> <li>Outlet 1 and Outlet 4 are used for wastewater discharge into the Ryasnik River</li> <li>Outlet 6 is used for wastewater discharge into the Rechitsa River</li> </ul>	Outlet 1 is used for wastewater discharge into the Oskol River and the basin of the Don River	Wastewater is not discharged into any body of water

All water intake sources undergo impact assessments in accordance with water use agreements.

### Key water resource protection measures and initiatives of 2020

OEMK launched a project to create a system for recycling and purifying water received from LGOK for hydrotransport purposes. By purifying and using hydrotransport water from LGOK in its production, OEMK will be able to eliminate the discharge of wastewater into the Oskol River. Likewise, withdrawal of surface water will be reduced by up to 50%.

**OEMK has launched a project to create a hydrotransport water recycling and purification system**

MGOK has completed the planned construction and installation phase of a system for supplying recycled technical water to the crushing and screening plant. As a result of this project, the enterprise will be able to fully switch to an isolated system of recycled water supply, and no wastewater will be discharged into bodies of water.

**MGOK completed the construction and installation phase of a system for supplying recycled technical water to the crushing and screening plant**

GRI 303-2

State and municipal requirements, as well as the monitoring programme for bodies of water and their buffer zones, are used as guidelines to determine wastewater quality. When wastewater standards and regulations are established, they take into account the specifications of water reservoirs.

# Management of material resources, mining and production waste

GRI 301-1 GRI 306-2 GRI 306-3 GRI 306-4

Metalloinvest comprehensively manages mining and production waste. It closely monitors improvements to environmental indicators relating to natural resource use and production waste disposal.

## MATERIAL RESOURCE USE

GRI 301-1

Change in material resource volumes used during production, 2018–2020 | million tonnes

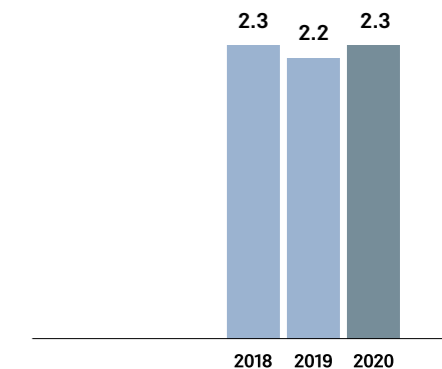
MATERIAL RESOURCE	2018	2019	2020
Non-renewable raw materials	12.93	12.00	11.37
Iron ore raw materials	9.44	9.10	8.25
Coking coal	1.67	1.60	1.80
Scrap metal	1.82	1.30	1.32
Renewable raw materials	—	—	—

## MANAGEMENT OF MINING AND PRODUCTION WASTE

The Company strictly regulates the management of mining and production waste through established procedures. In 2020, a separate recycling programme was developed that is scheduled to begin operations in 2021. About 20 initiatives have been put forward to increase the share of recycled technological waste at the Company. These measures and initiatives form part of the Environmental Programme.

The Zero Waste initiative comprises a set of measures aimed at reducing environmental impacts; these involve constructing or repairing waste disposal facilities (tailings storage facilities, dumps, landfills), minimising waste generation, and recycling or disposing of waste.

Change in total volumes of reused metallurgical waste from material resources, 2018–2020 | million tonnes



The Company has prepared a programme to increase the share of reuse and recycling of its technological waste

Disposed waste during mining and beneficiation of iron ore raw materials,<sup>60</sup> 2018–2020 | thousand tonnes

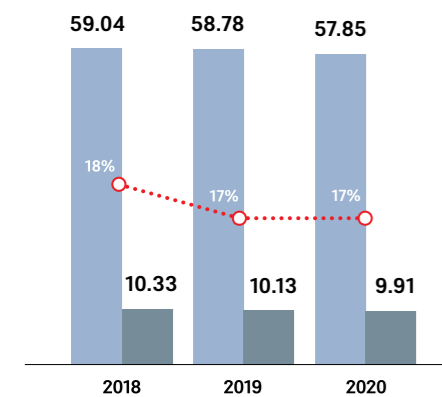
WASTE	2018	2019	2020
Rock overburden	7,343.1	10,063.6	9,059.6
Loose overburden	1,593.8	1,597.3	1,267.4
Cohesive overburden soils	20.2	20.2	20.2
Waste (tailings) of wet magnetic separation (WMS)	10,331.7	10,126.7	9,906.8
<b>TOTAL</b>	<b>19,288.8</b>	<b>21,807.8</b>	<b>20,254.0</b>

Volumes of metallurgical waste from material resources sent for reuse, 2018–2020 | thousand tonnes

METALLURGICAL WASTE	2018	2019	2020
Recycled scrap	486.3	430.6	486.3
Blast furnace slag	1,205.2	1,099.6	1,113.0
Screening	534.4	541.8	534.4
Sludge	111.8	104.2	111.8

Total volume of waste from tailings storage facilities and percentage of processed waste, 2018–2020 | million tonnes

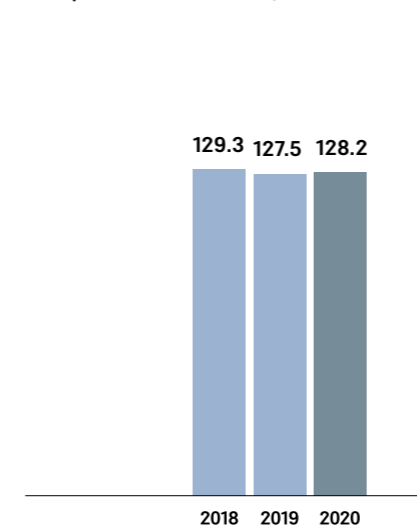
- Tailings waste
- Recycled tailings waste
- % of recycled tailings waste



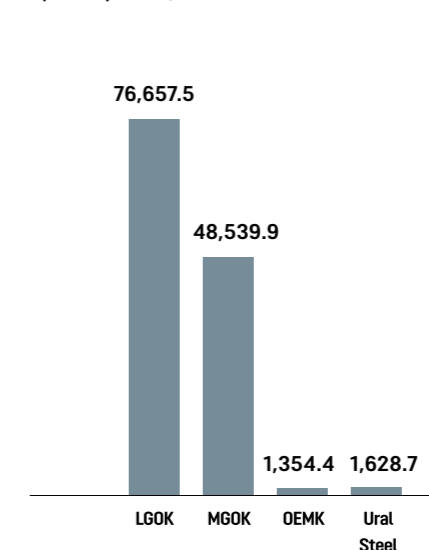
Number of tailings storage facilities by MSHA<sup>61</sup> hazard class, 2018–2020 | units

TAILINGS STORAGE FACILITIES	2018	2019	2020
High hazard level	1	1	1
Significant hazard level	0	0	0
Low hazard level	0	0	0

Waste generation at the Company's enterprises,<sup>62</sup> 2018–2020 | million tonnes

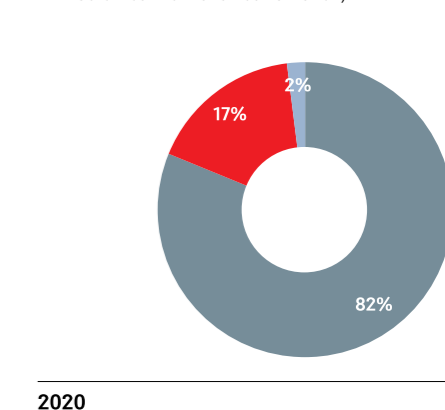


Waste generation volumes in 2020 by enterprise | thousand tonnes



Waste management structure in 2020

- Waste placement at operating facilities
- Waste disposal and recycling
- Other (transfer to other organizations, waste treatment and neutralization)



GRI 306-2

Waste volumes in 2020 by hazard class and management method | thousand tonnes

WASTE MANAGEMENT METHOD	HAZARDOUS WASTE	NON-HAZARDOUS WASTE (HAZARD CLASSES IV-V)	TOTAL
Recycling (creation of by-products <sup>63</sup> )	0.69	21,208.63	21,209.32
Waste neutralisation (by incineration)	0.04	0.04	0.08
Waste treatment for further disposal, including sorting, disassembly, cleaning	0	0	0
Waste transfer for treatment, disposal, neutralisation, storage and landfill	5.23	1,968.33	1,973.55
Storage on site	0.35	47,639.18	47,639.53
Waste disposal at a landfill	0.22	57,371.58	57,371.80
<b>TOTAL</b>	<b>6.57</b>	<b>128,187.77</b>	<b>128,194.29</b>

GRI 306-3

No material waste spills were recorded during the reporting period.

<sup>60</sup> Indicators are for LGOK and MGOK.

<sup>61</sup> Mine Safety and Health Administration.

<sup>62</sup> The waste generation increase compared to 2019 can be attributed to the significant increase in rock overburden waste and waste from reconstruction at Site 3 in the production preparation shop of LGOK, as well as an increase in the amount of unsorted steel scrap waste placed at MGOK.

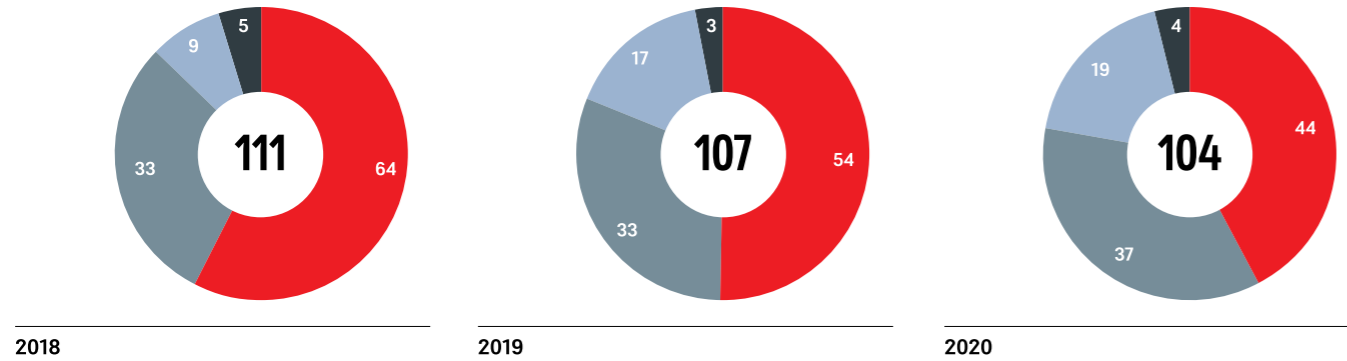
<sup>63</sup> By-products are not waste.



GRI 306-4

Hazardous waste transported<sup>64</sup> in 2018–2020 | tonnes

- LGOK
- MGOK
- OEMK
- Ural Steel



**104 TONNES**

A TOTAL OF HAZARDOUS WASTE WERE TRANSPORTED IN 2020

**KEY WASTE MANAGEMENT MEASURES AND INITIATIVES IN 2020**

Reconstruction of a landfill site for industrial waste disposal is underway at LGOK: landfill area no. 3 and a weighing bridge with a 100-tonne capacity are being put into operation, water-proofing work on landfill area no. 5 is in progress, and work continues on the construction of landfill area no. 4 and landfill area no. 5, as well as infrastructure facilities. The works are scheduled for completion in 2021.

MGOK is continuing construction of a site for cutting and storing scrap-forming materials of ferrous metals. Meanwhile, the Company has completed construction of concrete platforms for scrap metal accumulation at the CSP<sup>65</sup> areas.

At OEMK, a dust shield for the first section of the landfill (stage 3) has been constructed.<sup>66</sup> A project for final remediation (mining) of a landfill site for low-hazard and inert waste disposal has been completed (stage 2).

# Management of tailings storage facilities

## MANAGEMENT APPROACH

By ramping up our social, environmental, economic and technical innovations, we strive to create the necessary conditions to safely manage our tailings storage facilities with zero damage.

The Company uses a systematic approach to ensuring the safety of tailings storage facilities at each stage of their life cycle: from site selection, design and construction, management and monitoring, to closure. Throughout, we closely adhere to Russian legislative requirements and corporate standards. To ensure the operational reliability and industrial and environmental safety of tailings storage facilities, we have introduced a monitoring and control system that meets the requirements of regulatory documents and includes a set of organisational and technical measures.

At the Company, issues relating to the operation of tailings storage facilities are

mandatorily included on the agenda of meetings of the Board of Directors and development committees.

At MGOK, the chief hydraulic technician of the beneficiation plant (BP) and the head of the hydraulic structures section of the BP tailings storage facilities workshop are in charge of the technical condition and operation of the tailings storage facilities' hydraulic structures. The chief hydraulic technician of the technical administration office is in charge of safety at all stages of the life cycle of hydraulic structures owned and operated by the Company: from design and construction to preservation and dismantlement.

At LGOK, a leading specialist of the BP technical department, who possesses higher education in the field of hydrotechnology, is accountable for the safe operation of hydraulic structures.

As mandated by law, employees responsible for the safety of tailings storage facilities regularly undergo mandatory trainings and certifications.

Internal and external independent inspections of tailings storage facilities are held regularly. These take the form of:

- Supervision by project design developers
- Rostekhnadzor inspections
- Annual commissions on preparation for spring floods consisting of representatives from Rostekhnadzor, the Ministry of Emergency Situations of the Russian Federation, and municipal, design and expert organisations. Based on the results of these commissions, the required measures are taken to rectify identified issues



<sup>64</sup> Hazard class I and II waste is registered as transported hazardous waste: this includes mercury-vapour lamps, mercury-quartz lamps, luminescent lamps that have lost their consumer properties (LGOK, MGOK, OEMK, Ural Steel), as well as acidic resin that results when the coke oven gas is scrubbed of ammonia during its sulphuric acid purification (Ural Steel).

<sup>65</sup> Cement-sand pavement.

<sup>66</sup> In 2021-2023, the phased filling of the third tier dike will be performed.



## COMPLIANCE WITH SAFETY REQUIREMENTS FOR TAILINGS STORAGE FACILITIES

We comply with all Russian legal requirements surrounding the safe operation of tailings storage facilities.

An LGOK project to develop open pits and dumps received the approval of a state expert committee. Certification is valid until 2035.

## ENSURING ENVIRONMENTAL SAFETY

The Company conducts trainings on the safety of hydraulic structures (HS) in compliance with the Regulations on Attestation in the Domain of Industrial Safety, Hydraulic Structure Safety, and Electric Power Industry Safety. Trainings were also conducted on the safe operation of hydraulic structures; reforms to the supervisory, control and licensing activities of Rostekhnadzor (implementation of the "regulatory guillotine" mechanism<sup>67</sup>); and the new structure of statutory regulations on hydraulic structure safety.

To control the safety of tailings storage facilities, the Company holds annual examinations on the state of hydraulic structures and comes to an official conclusion. In 2020, a range of internal and external inspections of tailings storage facilities were held. Upon their completion, the Company designed measures to rectify the identified issues. No incidents were recorded in the reporting year.

Promising opportunities for the recycling and reuse of mineral raw materials from tailings storage facilities, as well as the associated extraction of non-metallic mineral resources, are under consideration at the Company.

The Company performs annual surveys to ensure that its tailings storage facilities operate safely.

## DEVELOPMENT OF TAILINGS STORAGE FACILITIES

### Measures to develop tailings storage facilities at the enterprises

#### MGOK

- In 2020, MGOK's Declaration of the Safety of the Hydraulic Structures of Tailings Storage Facilities on the Pesochnaya River passed a state inspection and received approval from the Rostekhnadzor central office. Certification is valid until 7 December 2025
- In addition to the declaration, the MGOK also developed a monitoring project, monitoring instructions, operating rules, and safety criteria for the hydraulic structures of tailings storage facilities on the Pesochnaya River
- Moreover, MGOK calculated the amount of potential harm to the life or health of individuals and the property of individuals or legal entities that could result from an accident at the above-mentioned hydraulic structures. The calculation was approved by Kurskoblpirodnadzor

#### LGOK

- LGOK has implemented projects to modernise BP technological processes. A workshop at the tailings storage facilities was updated: the hydraulic structures that enclose the tailings storage facilities were enlarged up to the 250 m mark
- In 2020, LGOK held a pre-declaration commission inspection of hydraulic structures. The Rostekhnadzor local administration office, the Main Directorate of the Ministry of Emergency Situations of the Russian Federation, and representatives of the design institute and expert centre for hydraulic structures all participated

<sup>67</sup> The "regulatory guillotine" is a tool for large-scale revision and cancellation of regulatory legal acts that negatively affect the general business climate and regulatory environment.

# Biodiversity conservation

GRI 304-1



The Company's enterprises do not operate in conservation areas or areas of high biodiversity value. However, realising the importance of preserving biodiversity in its regions of operation, Metalloinvest regularly monitors the biological diversity of flora and fauna. Likewise, it supports institutions involved in the study and conservation of typical and unique ecological systems. In 2020, changes were made to Metalloinvest's Health, Safety and Environment Policy with regards to specially protected natural areas for conservation of biological diversity.

For a long time now, LGOK has been supporting the Belogorye State Nature Reserve, which is located in the specially protected natural area Yamskaya Steppe, as well as the Professor V.V. Alekhin Central Black Earth State Natural Biosphere Reserve in the Kursk Region.

In 2020, LGOK continued with initiatives launched at the end of 2019 to conduct annual research and update the methodological foundations of the continuous monitoring system. We also prepared the methodological foundations of a continuous monitoring complex for the Yamskaya Steppe natural site. The purpose of this work was to monitor and assess the impact of the enterprise's activities on the condition of the reserve's ecosystems, as well to analyse the efficiency of measures taken to reduce dusting and protect the natural reserve from flooding.

As part of a long-term partnership, support was provided to the Belogorye State Nature Reserve and the Professor V.V. Alekhin Central Black Earth State Natural Biosphere Reserve. Research was conducted on this territory to study the biological diversity of technogenic landscapes at MGOK. Researchers concluded that the reserve serves as a habitat for rare animal species, including endangered species, which are found in greater numbers there than in the region in general. The obtained data became the basis for subsequent environmental monitoring of biodiversity conservation. In 2021, we plan to continue with this research and monitoring as part of a biodiversity conservation project.

# Plans for 2021 and the medium term

- Design a new tailings storage facility at LGOK
- Reduce losses of all types of energy resources
- Build mini-CHPs of up to 25 megawatts to increase the reliability of power supply and provide power to new production facilities
- Reconstruct the existing equipment at Ural Steel in order to improve its environmental and technological features
- Conduct an audit at Ural Steel in order to elaborate specific CHP reconstruction proposals
- Participate in the creation of mechanisms for implementing climate projects in Russia
- Reduce direct and indirect energy GHG emissions by 1.8%<sup>68</sup>
- Reduce indirect non-energy GHG emissions by 25%<sup>68</sup>
- Further develop standards for the corporate Environmental Management System
- Implement a range of measures at MGOK and OEMK for switching to a closed-loop recycled water supply system
- Undertake a phased transition to a closed-loop recycled water supply system at LGOK to reduce wastewater discharge by 50%
- Complete work on the rehabilitation of landfills for disposal of industrial waste at LGOK in the Q1 2021
- Invest RUB 258 million into research and development to improve quality indicators of products and elaborate strategic development areas at Metalloinvest
- Implement various phases of the Green Office Programme: organise waste sorting (office equipment, computers, telephones, printers, scanners, hardware, plastics, glass) at all the Company's subdivisions; continue with the programme of separate waste collection at offices and administrative buildings for processing and recycling
- Implement the Secondary Energy Resources project
- Study MGOK landscapes, conduct outreach activities with local communities
- Conduct biodiversity conservation research at the natural sites of LGOK and MGOK
- Build a new tailings storage facility at LGOK that uses the best available technology, including technological processes for transporting and disposing of beneficiation waste at new sites on the Dubenki Gully after the capacity of the existing tailings storage facility has been exhausted after 2025 (develop design documentation)



<sup>68</sup> In relation to total GHG emissions in 2019.

DRIVING THE EVOLUTION OF METALLURGY

# FOLLOWING THE CALL OF THE HEART



Contribution to UN SDGs

<b>1</b> NO POVERTY	<b>3</b> GOOD HEALTH AND WELL-BEING	<b>4</b> QUALITY EDUCATION	<b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE
<b>10</b> REDUCED INEQUALITIES	<b>11</b> SUSTAINABLE CITIES AND COMMUNITIES	<b>16</b> PEACE AND JUSTICE STRONG INSTITUTIONS	<b>17</b> PARTNERSHIPS FOR THE GOALS

## RESPONSIBILITY TO SOCIETY

- 169 Approach to community engagement management
- 170 Interaction with local communities
- 174 External programmes and philanthropy

Metalloinvest's activities contribute to the social and economic development of its regions of operation. We create jobs for local residents, fulfil orders for local small and medium businesses, launch joint initiatives to improve infrastructure and living standards, and increase the tax revenues of various levels of government.

**> 31 BILLION**

RUB TOTAL TAXES PAID BY THE COMPANY

**7.1 BILLION**

RUB THE COMPANY'S TOTAL INVESTMENTS IN EXTERNAL SOCIAL PROGRAMMES

**~ 2 BILLION**

RUB AMOUNT INVESTED BY METALLOINVEST INTO A SUPPORT PROGRAMME FOR LARGE-SCALE HEALTHCARE INSTITUTIONS DURING THE PANDEMIC

# RESPONSIBILITY TO SOCIETY

GRI 103-1 GRI 103-2 GRI 103-3 GRI 203-1

Metalloinvest's activities contribute to the social and economic development of its regions of operation. We create jobs for local residents, fulfil orders for local small and medium businesses, launch joint initiatives to improve infrastructure and living standards, and increase the tax revenues of various levels of government.

## MATERIAL TOPICS

- INTERACTION WITH LOCAL COMMUNITIES
- RESPECT FOR HUMAN RIGHTS


## KEY ACTIVITIES

- Transferred all social programmes online
- Participated in the All-Russian aid campaign #WeAreTogether
- Received the highest category (A+) in the Leaders of Corporate Philanthropy rating
- Provided comprehensive support to regions of operation
- Obtained a license to produce high-purity medical oxygen at OEMK and Ural Steel from the Ministry of Industry and Trade
- Won the 'Russian Business Leaders: Dynamics, Responsibility and Sustainability' contest in the category 'Contribution to the Social Development of Territories'
- Held the sixth annual Dobro conference in cooperation with MegaFon and the Dobro.mail.ru fundraising service. The event comprises an international educational conference for NPOs and socially responsible businesses
- Implemented an automated assessment system for the Let's Do It Together! social project

## KEY INDICATORS

 **> 31 BILLION**  
RUB TOTAL TAXES PAID BY THE COMPANY

 **7.1 BILLION**  
RUB THE COMPANY'S TOTAL INVESTMENTS IN EXTERNAL SOCIAL PROGRAMMES

 **~ 2 BILLION**  
RUB AMOUNT INVESTED BY METALLOINVEST INTO A SUPPORT PROGRAMME FOR LARGE-SCALE HEALTHCARE INSTITUTIONS DURING THE PANDEMIC



# Approach to community engagement management

GRI 103-1 GRI 103-2 GRI 103-3

All our activities are underpinned by the concept of responsibility: responsibility to the regions where we live and work, to the people around us, and to future generations. We believe that every single person is capable of making a contribution to a better tomorrow. As a business that possesses extensive

infrastructure, powerful resources, and considerable influence, it is our special mission to bring about positive change in the world.

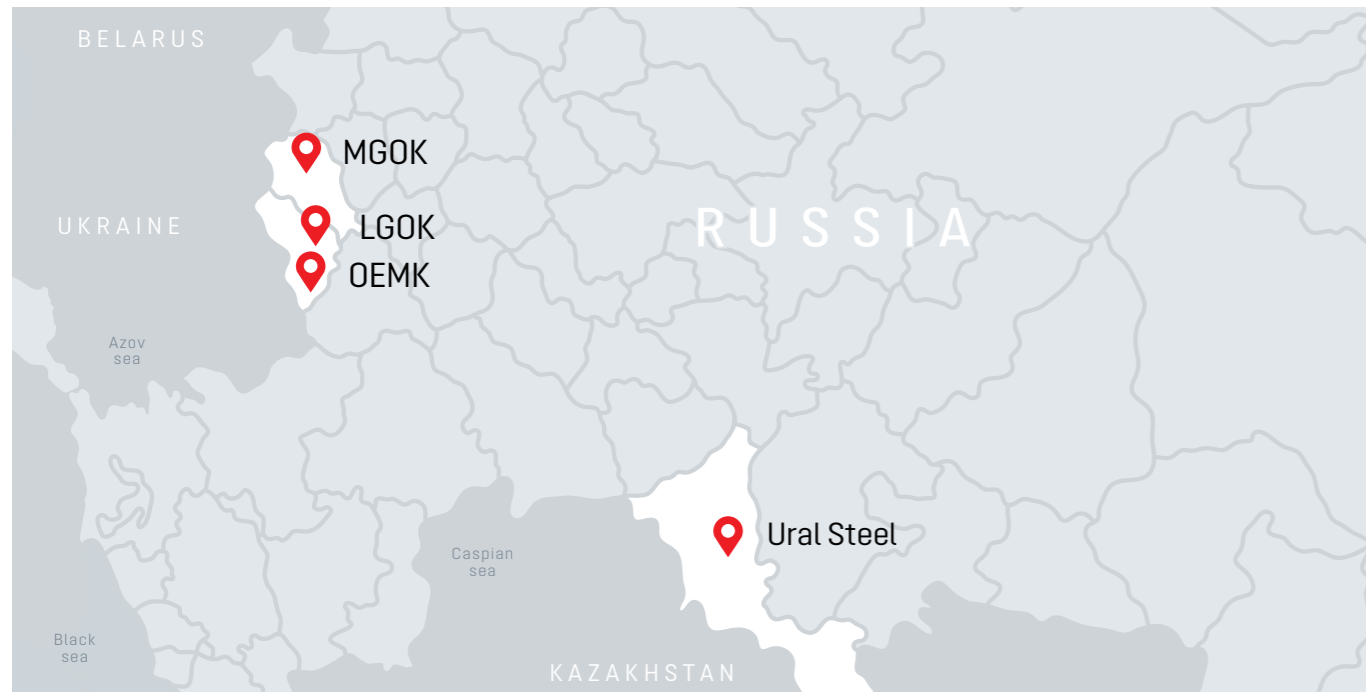
Metalloinvest's social activities aim to improve the quality of life and wellbeing of local residents. The Company strives to ensure

that the results of its social investments are sustainable, which is why it implements long-term social and charitable initiatives at the federal and regional levels.



# Interaction with local communities

GRI 203-1



The Company's key production sites are in the Belgorod, Kursk, and Orenburg Regions. These sites have been evolving for decades, and they are an inextricable part of local social infrastructure. Realising this, we are implementing long-term social initiatives for local communities. The Company's efforts are especially effective thanks to its deep understanding of its regions of operation—knowledge it gains by monitoring local needs, maintaining two-way stakeholder communication, and applying best practices in the field of corporate social responsibility.

## INVESTMENTS IN INFRASTRUCTURE AND GRATUITOUS SERVICES

Metalloinvest applies a systematic approach to external social programmes. We manage corporate social projects responsibly and constantly improve our management system in this area.

## KEY DOCUMENTS REGULATING THE COMPANY'S EXTERNAL SOCIAL POLICY

The key documents of the Company that regulate its external social policy are:

- Code of Corporate Ethics [↗](#)
- Human Rights Policy [↗](#)
- Sustainable Development Policy [↗](#)
- Corporate Social Responsibility and Charity Policy
- Stakeholder Engagement Policy [↗](#)

Metalloinvest has concluded trilateral social and economic partnership agreements with the authorities in its regions of operation. These set forth key joint projects and detail the contribution of each party. The partnerships allow all those involved to combine efforts and resources to achieve the most sustainable results. To achieve this, we are in constant dialogue with our business partners, society, and the state.

## SIGNIFICANT INDIRECT ECONOMIC IMPACTS

GRI 203-1

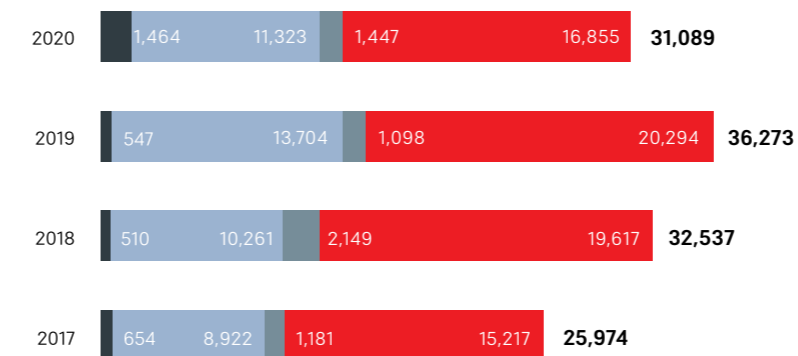
Metalloinvest is one of the largest taxpayers its regions of operation; it makes considerable contributions to their economic development, productivity growth, and innovativeness, which impacts the wellbeing of a significant

portion of the population, as well as the regions' socio-economic situation. The Company has always been an active supporter of sports, education, culture, and healthcare.

All Metalloinvest enterprises make regular tax payments to their respective state budgets. In 2020, the Company paid more than RUB 31 billion in taxes to regional budgets.

Taxes paid by region, 2017–2020 | RUB million

- Belgorod oblast consolidated budget
- Orenburg oblast consolidated budget
- Kursk oblast consolidated budget
- Other Russian Federation entities<sup>69</sup>



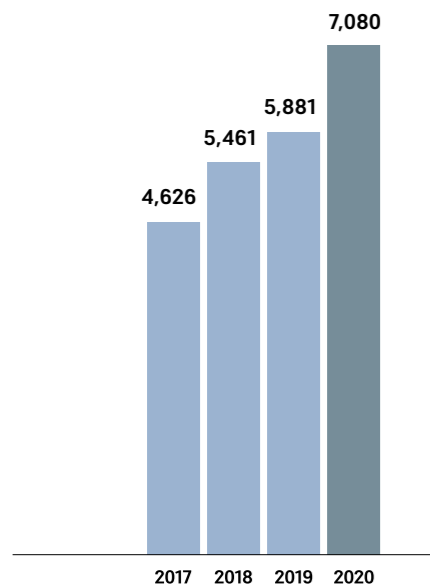
**> 31 BILLION**

RUB THE COMPANY PAID IN TAXES IN 2020

<sup>69</sup> Other Constituent Entities of the Russian Federation include all companies of the Group on the territory of the Russian Federation.



Investments in social projects,<sup>70</sup> 2017-2020 | RUB million



Metalloinvest systematically implements social and charitable projects based on the priorities set forth in its social policy. This allows it to plan contributions ahead of time that will be most relevant for a specific region of operation.

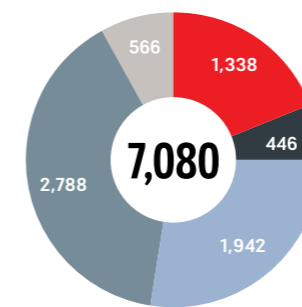
**>7.1 BILLION**

RUB WERE INVESTED IN THE COMPANY'S SOCIAL AND CHARITY PROJECTS IN 2020



Investments in social projects by area, 2020 | RUB million

- Developing socio-cultural environment
- Supporting education
- Improving healthcare services quality
- Supporting sports
- Supporting vulnerable groups of population



2020

A priority of the Company's social policy is long-term support for professional, popular, and children's sports in its regions of operation, and it systematically assists sports clubs and associations. Besides executing planned projects in 2020 amidst the COVID-19 crisis,

Metalloinvest actively participated in the fight against the pandemic. This entailed additional costs related to implementing healthcare programmes and providing accessible medical aid.

The Company supports its regions of operation by analysing their current situation, allowing it to allocate investments in social programmes based on each region's sustainable development needs.

<sup>70</sup> Disclosure perimeter: all Group companies in the Russian Federation.

# External programmes and philanthropy

The Company invests in the development of healthcare, education, culture and sports, helping to create a comfortable standard of living for its employees, their families, and local residents. As part of our charity policy, we strive to foster dialogue with inhabitants of our regions of operation while actively engaging the expert community to participate in various initiatives.

Besides improving the external environment and developing infrastructure, our corporate social programmes aim to change approaches to the system, attaining a new level of quality of life and improving attitudes towards public spaces. We also stress the importance of assessing the effectiveness of our measures and initiatives, both internally and externally. Thus, our Let's Do It Together! grant project is now automated: it features a monitoring system that allows the Company to track the volume and quality of changes, analyse data, and take further steps based on an unbiased assessment.

The Let's Do It Together! social project now features an automated assessment system

## Priority areas for social investments and charity in our regions of operation



### DEVELOP THE SOCIO-CULTURAL ENVIRONMENT

- Construct, reconstruct, repair and equip urban social infrastructure facilities; construct and reconstruct roads; improve neighbourhoods



### SUPPORT VULNERABLE GROUPS

- Implement programmes to support vulnerable social groups in our regions of operation, carry out initiatives and projects to protect mothers and children



### SUPPORT PROFESSIONAL, POPULAR, AND CHILDREN'S SPORTS

- Repair, reconstruct, support, develop, and equip sports facilities



### SUPPORT EDUCATION

- Help educational institutions develop the potential of talented youth and educate qualified personnel; provide targeted support to gifted children and students



### IMPROVE THE QUALITY OF HEALTHCARE SERVICES

- Reconstruct and repair healthcare institutions, equip them with high-tech devices, help them hire qualified medical personnel
- Provide targeted assistance to seriously ill children, support the development of healthcare institutions

## DEVELOPING THE SOCIO-CULTURAL ENVIRONMENT

This programme aims to construct, reconstruct, repair and equip urban social infrastructure facilities, as well as to build and reconstruct roads and improve neighbourhoods.

The following projects were completed as part of the programme:

- Improved the Stary Oskol Embankment recreational area
- Reconstructed the memorial near the Atamansky Forest (Stary Oskol)
- Implemented programmes to develop culture, sports, and NPOs (through the Art, Science, and Sports charity fund)
- Implemented the Environment and Health programme in Gubkin and Zheleznogorsk
- Reconstructed Nikitin park in Zheleznogorsk
- Supported and constructed churches and monuments
- Improved city parks in Gubkin
- Developed an urban planning strategy for Gubkin
- Overhauled roads and bridges in Stary Oskol
- Improved the Korennaya Pustyn monastery in Kursk Region

## SUPPORTING EDUCATION

This project is focused on helping educational institutions develop the potential of talented young people and train qualified personnel. It also provides targeted support for gifted children and students.

During the reporting period, the Company implemented the following key projects:

- Supported Gubkin Engineering College
- Established I-GEO, an educational centre to develop digital research and technology
- Participated in the creation of Quantorium Technopark in Zheleznogorsk
- Reconstructed and repaired schools and kindergartens in Stary Oskol, Gubkin, Zheleznogorsk, and Novotroitsk
- Overhauled the Gubkin Theatre for Children and Youth, a municipal autonomous cultural establishment (MACE)
- Supported the Stary Oskol Technological Institute of NUST MISIS and basic vocational schools
- Implemented the Healthy Child corporate charity programme

# 1.4 BILLION

RUB ALLOCATED TO DEVELOP THE SOCIAL AND CULTURAL ENVIRONMENT OF THE REGIONS OF OPERATION





## IMPROVING THE QUALITY OF HEALTHCARE SERVICES

~ 2 BILLION

RUB INVESTED INTO A LARGE-SCALE SUPPORT PROGRAMME FOR HEALTHCARE INSTITUTIONS DURING THE PANDEMIC

This project involves reconstructing, repairing and equipping healthcare institutions; helping them attract qualified medical personnel; providing targeted assistance to seriously ill children; and supporting the development of medical facilities.

During the reporting period, the Company implemented the following key projects:

- Created a healthcare development concept for Zheleznogorsk
- Reconstructed and equipped healthcare institutions in local cities
- Produced and delivered high-purity medical oxygen to healthcare institutions
- Women's Health corporate programme

### Healthcare projects

In 2020, in cooperation with Izmerov Research Institute of Occupational Health, we conducted research on the impact of the recent pension reform—which raised the national retirement age by several years—on employees' health. The pension reform has significantly increased the average age of Metalloinvest employees, which has affected the chronic morbidity rate at the Company.

Furthermore, together with the Research Institute of Hygiene, Occupational Pathology and Human Ecology of the Federal Medical and Biological Agency of Russia, we have been developing a healthcare programme to study the impact of industrial enterprises on the health of local residents and their external environment. The programme involves collection and analysis of relevant data.



Due to the COVID-19 pandemic, the need for medical oxygen in healthcare facilities has increased dramatically. Oxygen is necessary to treat patients with respiratory and cardiovascular diseases, and it is also used in intensive care. About 20 Russian regions have reported problems with medical oxygen availability, an issue which Metalloinvest has expended its own resources to solve. OEMK and Ural Steel have obtained a license from the Ministry of Industry and Trade to produce high-purity medical oxygen from industrial oxygen, and they are awaiting registration approval from the Ministry of Health of the Russian Federation.

“ Metalloinvest makes significant contributions to developing healthcare in the region. As a reliable partner, the Company has also provided valuable support during challenging pandemic conditions. Their support has been enormous. By joining forces, we will be able to counter the spread of COVID-19.

Roman Starovoi,  
Governor of Kursk Region

“ I would like to express my gratitude to our reliable and responsible partner, Metalloinvest. The company has given us a helping hand from the outset of the pandemic, when our healthcare system underwent true stress testing and we had to mobilise all available resources. We have survived the fight against COVID-19 thanks to their support.

Natalia Zubareva,  
Deputy Governor of Belgorod Region,  
Head of the Department for Healthcare  
and Social Protection



“ A new CT scanner will operate 24/7 at our COVID-19 centre. The device is designed to examine patients with suspected viral pneumonia. We are grateful to Metalloinvest for this much-needed device, which will help us diagnose diseases rapidly and efficiently so we can prescribe the necessary treatment. Another powerful 64-slice CT scanner was supplied to City Hospital No. 2, and it is now being set up.

Pavel Orlov,  
Chief Physician of Hospital No. 4, Orsk

## SUPPORTING VULNERABLE GROUPS



In 2020, the Company implemented several programmes to support vulnerable social groups, as well as initiatives and projects to protect mothers and children:

- Supported the Special (Correctional) Boarding School in Novotroitsk, a state budgetary educational institute
- Supported World of Childhood, a regional charity marathon in Kursk Region
- A corporate assistance programme for seriously ill children in cooperation with Rusfond
- Offered targeted medical assistance to people in difficult life situations

## SUPPORTING SPORTS

The Company's sports support programme envisages repairing, reconstructing, developing and equipping local sports facilities. Metalloinvest has implemented the following initiatives:

- Supported VC Belgorie, a volleyball team in Belgorod
- Supported an MMA club in Stary Oskol
- Constructed the Arena Sports Palace
- Supported the Belgorod Sambo (unarmed combat) Federation
- Supported the Dynamo basketball club in Kursk
- Supported the Kursk and Kursk Region Rugby Federation
- Supported FC Nosta, a football team in Novotroitsk
- Constructed multifunctional sports arenas
- Reconstructed the Yunost Stadium in Novotroitsk
- Supported the Nevsky Sports Arena in Stary Oskol



## CORPORATE SOCIAL SUPPORT PROGRAMMES IN 2020

GRI 403-3

PROGRAMME NAME	DESCRIPTION	RESULTS	BUDGET <sup>71</sup>
LET'S DO IT TOGETHER!	A grant contest for social projects	<ul style="list-style-type: none"> <li>• Over 1,100 people participated in presentation and training events</li> <li>• 227 applications to participate in the contest were approved</li> <li>• 97 projects were awarded grants</li> <li>• Nine students were accepted into the People's University</li> <li>• Four projects were given the chance to present their ideas for the Socio-Economic Partnership programme</li> <li>• The reporting and monitoring system was automated on the contest's platforms</li> </ul>	<b>RUB 24 million</b>
HEALTHY CHILD	Support for the projects of educational and healthcare institutions aimed at enhancing paediatric care, providing professional development for specialists, and creating an efficient integrated health improvement system for preschool children	<ul style="list-style-type: none"> <li>• 577 education and healthcare employees were upskilled</li> <li>• 260 hours of workshops and webinars were held in Gubkin, Zheleznogorsk, Stary Oskol, and Novotroitsk with leading specialists in psychology, defectology, speech therapy, early intervention, and engagement of children with disabilities</li> </ul>	<b>RUB 2.8 million</b>
WOMEN'S HEALTH	Improvements to a comprehensive system of early diagnosis and prevention of breast cancer amongst the Company's employees and local residents	<ul style="list-style-type: none"> <li>• Screening mammography standardisation equipment was purchased and installed at the Stary Oskol District Hospital of St. Luke of Crimea</li> <li>• Two surgeons underwent microsurgery training at Sechenov University (Moscow)</li> <li>• Two radiologists from Stary Oskol were trained at the N. Blokhin Oncology Centre</li> <li>• 172 mammographic imaging studies were carried out by experts from N. Blokhin Oncology Centre</li> <li>• Proposals were prepared to develop an early breast cancer diagnosis system in Belgorod Region</li> <li>• Three mentoring sessions were held with representatives of the Belgorod Oncology Dispensary on developing the psycho-oncological care system in Belgorod Region</li> <li>• A clinical communication training programme for oncologists was prepared for healthcare institutions</li> <li>• Manuals and informational materials on breast cancer for women aged 35+, along with preventive online tests for social media, were published as part of an educational campaign</li> <li>• A remote psychosocial support algorithm for breast cancer patients in Stary Oskol and Gubkin was created for the Together Centre</li> </ul>	<b>RUB 5.3 million</b>

<sup>71</sup> The budget according to management reporting data.

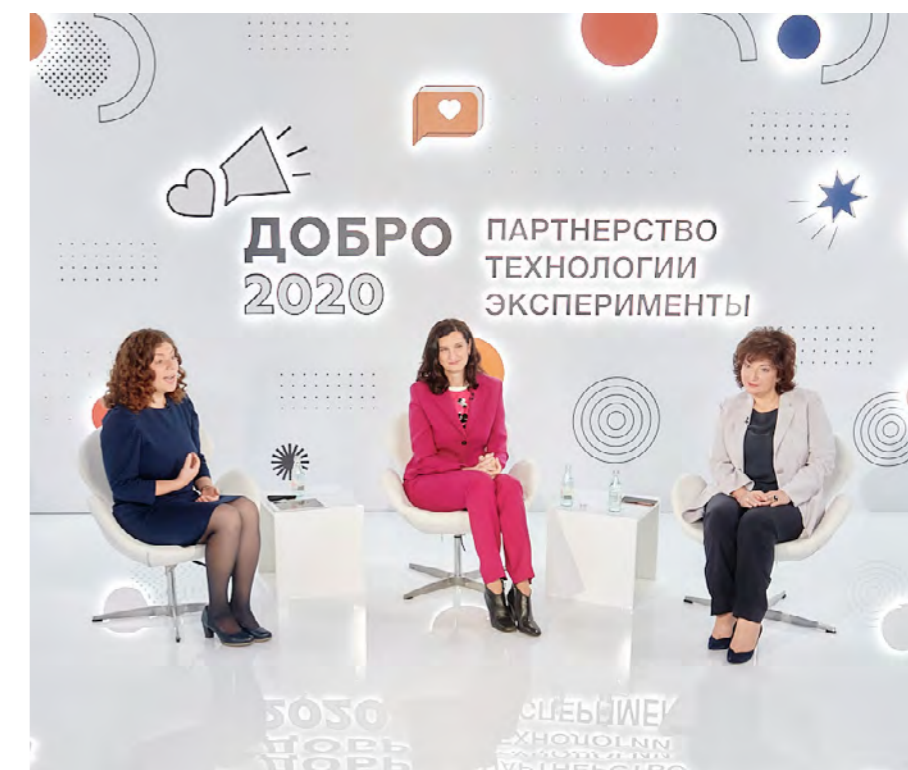
PROGRAMME NAME	DESCRIPTION	RESULTS	BUDGET <sup>71</sup>
OUR FUTURE	Grants for sponsored schools that achieve high results when providing vocational guidance to students; a contest for projects that promote patriotism and morality	The programme was relaunched	<b>RUB 8 million</b>
OUR CHAMPIONS	Grants to honour the achievements of young athletes, coaches, and sports schools	The programme was relaunched	<b>RUB 20 million</b>
OUR CITY INITIATIVES	A set of projects to create a favourable social and cultural urban environment	<ul style="list-style-type: none"> <li>The following projects continued their activities: Our Neighbourhood is Ours! (socialisation for children and teenagers); Mom is Here (to prevent social orphanhood); Lifestyle (to reduce social risks for university students); Ambitious (to motivate students)</li> <li>A new project was launched to create a Correction and Prevention Centre for Children with Severe Disabilities</li> <li>320+ local children and teenagers now attend children's clubs every day</li> <li>404 consultations were held on preventing abandonment of newborn children</li> <li>649 minor-aged children participated in preventive group work</li> <li>1,100+ individual consultations were held: 200 for teenagers under 18 and 935 for adults</li> <li>Social and psychological support was offered to local inhabitants as part of a comprehensive resocialisation programme</li> </ul>	<b>RUB 3 million</b>
THE ZHELEZNO! EDUCATION AND CAREER GUIDANCE CENTRE	Promotion and development of the Zhelezno! Education and Career Guidance Centre and using the space to hold exhibitions and educational programmes	<ul style="list-style-type: none"> <li>More than 1,770 people visited the Zhelezno! Education and Career Guidance Centre</li> <li>More than 600 people participated in the Zhelezno! festival</li> <li>More than 1,200 people took part in online educational events (live broadcasts from a regional pedagogy forum, lectures from the Art-Okno project)</li> </ul>	<b>RUB 1.5 million</b>
SUPPORT FOR SERIOUSLY ILL CHILDREN	Financing for the treatment of children jointly with Rusfond: the Company pays up to 1/3 of the cost of treatments, while Rusfond collects the remainder through donations	14 seriously ill children received help	<b>RUB 3 million</b>



In 2020, Metalloinvest was declared the winner of the 'Russian Business Leaders: Trends, Responsibility and Sustainability' contest in the category 'Contribution to the Social Development of Territories.' The annual contest is organised by the Russian Union of Industrialists and Entrepreneurs. The jury praised Metalloinvest's contribution to developing the social and cultural environment, education, healthcare and sports. It also noted the Company's efforts to support vulnerable groups and build active communities ready to tackle important urban and regional development issues.

In cooperation with MegaFon and dobro.mail.ru, Metalloinvest held the sixth annual DOBRO conference, an international educational event for NPOs and socially responsible businesses. The event was held online for the first time, and it was attended by a record number (2,500+) of participants.

Participants discussed services that are best adapted to an online format, ways to attract social innovation investments beyond grants, interactions between NPOs and the government, pilot testing of methodologies for positive change, education abroad, and how to apply practices from corporate welfare programmes to prevent professional burnout.



### PLANS FOR 2021 AND THE MEDIUM TERM



- 1 Consolidate corporate social programmes under a single brand
- 2 Relaunch and automate programmes to support sports (Our Champions) and education (Our Future)
- 3 Implement comprehensive spatial development projects for the regions of operation
- 4 Develop the corporate volunteering programme

# APPENDICES


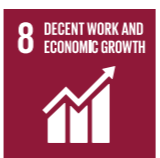
GRI 102-8	GRI 102-12	GRI 102-13	GRI 102-42	GRI 102-44	GRI 102-48	GRI 102-49	GRI 102-53	GRI 102-55	GRI 102-56
GRI 201-2	GRI 201-4	GRI 306-2	GRI 401-1	GRI 403-9	GRI 405-1	GRI 413-1			

## Implementing the UN SDGs

### CONTRIBUTION TO THE ACHIEVEMENT OF TARGET SDGS

UN SDGS	INTERNAL DOCUMENTS	OUR CONTRIBUTION
 <p><b>3 GOOD HEALTH AND WELL-BEING</b></p>	<p>Human Rights Policy</p> <p>Quality, Environment, Health and Safety Policy</p>	<ul style="list-style-type: none"> <li>RUB 605 million invested for maintenance and development of social facilities in the cities of operation in 2020</li> <li>automated medical examinations system</li> <li>27% of employees undergo daily medical examinations</li> <li>a set of measures was implemented to prevent the spread and eliminate the consequences of COVID-19<sup>72</sup></li> <li>social and cultural environment development projects were implemented: constructing, reconstructing, repairing and equipping urban social infrastructure facilities, constructing and reconstructing roads, improving neighbourhoods</li> <li>professional, mass, and children's sports support projects were implemented, including repairing, reconstructing, supporting, developing and equipping sports institutions</li> <li>implementing systematic programmes to support socially unprotected population groups in the Company's regions of operation, initiatives and projects to protect mothers and children</li> </ul>
 <p><b>4 QUALITY EDUCATION</b></p>	<p>Corporate Social Responsibility and Charity Policy</p> <p>Stakeholder Engagement Policy</p> <p>Regulations on Employee Training and Development</p>	<ul style="list-style-type: none"> <li>implementing projects to support educational institutions in developing the potential of talented youth and educating qualified personnel</li> <li>RUB 446 million was invested to support educational institutions in 2020</li> <li>supporting Gubkin Polytechnic College</li> <li>establishing I-GEO, an educational centre to develop digital research and technology</li> <li>launching the Quantorium Technopark in Zheleznogorsk</li> <li>reconstructing and repairing schools and kindergartens in Stary Oskol, Gubkin, Zheleznogorsk, and Novotroitsk</li> <li>providing support to Stary Oskol Technological Institute of NUST MISIS and basic vocational secondary schools</li> <li>providing targeted support to gifted children and students</li> <li>operating the Corporate University</li> <li>implementing training programmes for employees and contractors</li> </ul>

<sup>72</sup> For more information, see Social support for employees section.

UN SDGS	INTERNAL DOCUMENTS	OUR CONTRIBUTION
 <p><b>6 CLEAN WATER AND SANITATION</b></p>	<p>Comprehensive Environmental Programme</p> <p>Quality, Environment, Health and Safety Policy</p>	<ul style="list-style-type: none"> <li>taking measures at the Company's enterprises to reduce water consumption and increase water reuse and waste water treatment</li> <li>improving and developing recycling water supply systems:                             <ul style="list-style-type: none"> <li>at OEMK: a project involving creation of hydrotransport water return system at LGOK and hydrotransport water treatment, which will reduce the volume of treated wastewater discharge and water intake from natural reservoirs</li> <li>at MGOK: the scheduled construction and installation within the circulating process water supply system were implemented, which will ensure the complete plant transition to a closed circulating water supply system</li> </ul> </li> </ul>
<p>RELEVANT TASKS:</p> <p>6.3 — By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally</p> <p>6.5 — By 2030, implement integrated water resources management at all levels, including through transboundary cooperation as appropriate</p>		
 <p><b>8 DECENT WORK AND ECONOMIC GROWTH</b></p>	<p>Human Rights Policy</p> <p>Company's Development Strategy for 2025</p> <p>Code of Corporate Ethics</p>	<ul style="list-style-type: none"> <li>100% of employees are covered by the collective agreement</li> <li>ensuring equal pay for men and women</li> <li>implementing the Mobile Personnel Policy is to ensure comfortable relocation of employees from other regions and countries</li> <li>implementing the Young Specialist programme, which requires the Company to compensate employee relocation costs, help with family members employment, and compensate housing rent costs for two years</li> <li>382 people with disabilities were employed</li> <li>3,300 people were hired in 2020</li> </ul>
<p>RELEVANT TASKS:</p> <p>8.2 — Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors</p> <p>8.3 — Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services</p> <p>8.4 — Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead</p> <p>8.5 — By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</p> <p>8.6 — By 2020, substantially reduce the proportion of youth not in employment, education or training</p>		

UN SDGs



RELEVANT TASKS:

9.1 — Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all

9.2 — Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries

9.4 — By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

9.5 — Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending

INTERNAL DOCUMENTS

Comprehensive Energy Efficiency Improvement Programme

Corporate Social Responsibility and Charity Policy

Industry 4.0 digital transformation programme

OUR CONTRIBUTION

- implementing investment programmes and projects
- implementing the Industry 4.0 digital transformation programme
- implementing a communication digitisation project
- RUB 23.5 billion were invested to implement a production energy efficiency improvement programme
- applying best practices in the supply chain management
- implementing improvement and modernisation programmes in the cities of operation

# Participating In the Industry and Government Organisations' Activities

GRI 102-12

SUPPORTED INITIATIVES

UNGC

UNGC National Network

UN SDGs

Climate action

GRI 102-13

NATIONAL ORGANISATIONS AND ASSOCIATIONS

Committee for Environment and Nature Management, RSPP

Committee for Licensing, Monitoring, and Supervision Activities, RSPP

Committee for Competition Development, RSPP

Management Committee, the Russian Steel Association

Commission on Labour Protection, Industrial and Environmental Safety, the Russian Steel Association

Trade Policy Commission, the Russian Steel Association

Task Team for Antimonopoly Legislation, the Russian Steel Association

Scientific and Technical Council, the Federal Service for Environmental, Technological and Nuclear Supervision

Task Team for Improvement of Industrial Safety Legislation, the Federal Service for Environmental, Technological and Nuclear Supervision

FAS Russia Expert Council for Competition Development in Metallurgy

Task teams created by the FAS Russia Expert Council for an expert assessment of the situation in particular product market with signs of violation of antimonopoly laws

Trade Advisory Committee, the Eurasian Economic Commission

Industrial Safety Committee, the CCI RF

Task team to track the implementation of the Control and Supervision Activities in the Constituent Entities of the Russian Federation target model in the constituent entities of the Russian Federation, the Ministry of Economic Development of the Russian Federation

Interdepartmental Task Team For Economic Aspects of Environmental Protection and Regulation of Greenhouse Gas Emissions, the Ministry of Economic Development of the Russian Federation

Interdepartmental Council For the Transition to the Principles of the Best Available Technologies and Introduction of Modern Technologies, the Ministry of Industry and Trade of the Russian Federation

Public Councils, the Minprirody (Ministry of Natural Resources and Environment of the Russian Federation), Rosnedra (Federal Agency for Mineral Resources), and Rosprirodnadzor (Federal Service for Supervision of Natural Resource Usage)

Interdepartmental Task Team for Removal of Administrative Barriers in Subsoil Use, the Government Commission for Natural Resources Usage and Environmental Protection

Managers Association, Interregional NGO

ASSOCIATION NAME	MEMBERSHIP FEE	MEMBERSHIP TYPE
<p>UN Global Compact</p> <p>The UN Global Compact is a UN initiative to promote and report on business social responsibility</p>	USD 10,000 (annual membership fee)	Membership in the governing board of the Global Compact
<p>WSA</p> <p>The World Steel Association is a non-profit organization headquartered in Brussels, Belgium. A second office in Beijing, China opened in April 2006. The WSA is one of the largest and fastest growing industry associations in the world, with all major steel producing countries being members. The WSA represents steel producers, national and regional iron and steel associations and steel research institutes. Association members control about 85% of world steel production</p>	Free	Permanent membership
<p>Russian Steel Association</p>	RUB 3.5 million (annual membership fee)	Oskol Electrometallurgical Plant is a member of the Association

# Climate risk assessment and management at Metalloinvest

GRI 201-2

RISK DESCRIPTION				QUANTITATIVE ASSESSMENT OF RISK REALIZATION IMPLICATIONS <sup>73</sup>		
RISK	RISK FACTOR	PROBABLE SCENARIO	IMPLICATIONS	MIN	MAX	UNIT OF MEASUREMENT
Growing costs of introducing low carbon and energy-efficient technologies	Increased CAPEX during technical re-equipment	Market and regulatory requirements necessitate investing in low-carbon and energy-efficient technologies. Increased ambitions to reduce carbon intensity by 2050	CAPEX on innovative technologies	46.3	255.3	USD million / year
Introduction of economic instruments to limit GHG emissions (a "carbon tax") on the international market, introduction of border carbon regulation	Additional financial burden to limit or offset GHG emissions (e.g., the introduction of an emission trading system or a carbon tax on the international market)	Exports will be subject to a GHG emission tax. The baseline is the gross volume of emissions	Increased duties or taxes on exports	35.1	70.1	USD million / year
Opportunities related to subsidising and fund-raising from "green funds"	Consideration of climate indicators as a criterion when determining the cost of borrowed funds for a number of banking services (e.g., green financing). Competitors obtaining favourable conditions when raising funds.	Green financing is subsidised by the government; issuance of loans and redemption of bonds at % not higher than the refinancing rate	Compensation of bank interest rates for enterprises using green financing tools / implementing climate projects	37.3	48.0	USD million / year
Increased cost of fossil fuels regarding carbon-free types due to the introduction of border carbon regulation	Declining margins of carbon-intensive fuel producers and increasing cost of using fossil fuels	Increase in the cost of coal production due to the introduction of border carbon regulation will entail price growth for domestic consumers to maintain liquidity. In the most probable scenario, costs incurred by hydrocarbon producers under border carbon regulation will affect prices on the domestic market. The baseline is the gross volume of emissions	Increased costs of purchasing fuels	16.4	32.9	USD million / year
Perception of the Company by investors and independent shareholders	Failure to meet the expectations of investors and independent shareholders in terms of corporate governance of environmental issues	Growing impact of sustainable development on companies' attractiveness. Mandatory disclosure of sustainability indicators	The need to increase the yield of placed bonds due to decreased demand	3.0	5.3	USD million / year

<sup>73</sup> The Company's data, KPMG valuation methodology.

RISK DESCRIPTION				QUANTITATIVE ASSESSMENT OF RISK REALIZATION IMPLICATIONS <sup>73</sup>		
RISK	RISK FACTOR	PROBABLE SCENARIO	IMPLICATIONS	MIN	MAX	UNIT OF MEASUREMENT
Technological and technical standards for limiting greenhouse gas emissions	Legislative requirements/incentive tools for technologies and techniques that meet established standards; application of best practices	Sectoral indicators will be developed on the contribution of the metallurgical sector to NDCs. In the most probable scenario, standards will be adopted that correspond to average world benchmarks.	Increased fiscal burden	2.6	4.3	USD million / year
Obligations to use and support renewable energy sources	Increased compensation rates for costs incurred by producers of renewable energy	Allocation of costs for developing renewable energy sources in accordance with Russia's power generation capacity plan for 2030 to energy consumers by energy consumption volumes	Increased cost of purchased electricity	0.6	0.8	USD million / year
Mandatory GHG emission reports	The need to comply with mandatory requirements for monitoring, reporting and data verification	Monitoring requirements will be mandatory for all carbon-intensive manufacturing companies	Increased costs for environmental monitoring, reporting and data verification; additional personnel costs	0.04	0.1	USD million / year
Increased requirements for environmental insurance	Toughening environmental requirements, necessitating environmental insurance services	Inclusion of environmental indicators into BAT may lead to liability. The most likely scenario is that such indicators will be introduced during the next reissue of BAT reference books in 2021	Increased insurance rates and insurance of environmental (climate) risks	0.1	0.2	USD million per year for RUB 650 million of damage

# GRI and SASB Table

GRI 102-48 GRI 102-49 GRI 102-55 GRI 201-4 GRI 306-3 GRI 413-1

DISCLOSURE	DESCRIPTION	REPORT LOCATION	PAGE	NOTE
<b>GRI 102: General Disclosures</b>				
<b>Organizational Profile</b>				
102-1	Name of the organization	SR <sup>74</sup> : About the Report AR <sup>75</sup> : About the Company	SR: 6 AR: 13	
102-2	Activities, brands, products, and services	AR: Operational Results	59	
102-3	Location of headquarters	AR: About the Company	13	
102-4	Location of operations	AR: About the Company	13	
102-5	Ownership and legal form	AR: About the Company	13	
102-6	Markets served	AR: Market overview	28	
102-7	Scale of the organization	AR: About the Company	13	
102-8	Information on employees and other workers	SR: Personnel structure, Appendices	73, 206	
102-9	Supply chain	AR: Value creation model SR: Supply chain management and procurement policy	AR: 22, 24 SR: 57	
102-10	Significant changes to the organization and its supply chain	SR: Supply chain management and procurement policy	57	
102-11	Precautionary Principle or approach	AR: Risk management and internal control	84	
102-12	External initiatives	SR: Appendices	185	
102-13	Membership of associations	SR: Appendices	182, 185	
<b>Strategy</b>				
102-14	Statement from senior decision-maker	AR: Statement from the CEO SR: Statement from the CEO, Statement from the General Director	AR: 4,6 SR: 4	
102-15	Key impacts, risks, and opportunities	AR: Sustainability risks management, Risk management and internal control	84, 88	

<sup>74</sup> Metalloinvest's 2020 Sustainability Report.

<sup>75</sup> Metalloinvest's 2020 Annual Report [↗](#).

DISCLOSURE	DESCRIPTION	REPORT LOCATION	PAGE	NOTE
<b>Ethics and Integrity</b>				
102-16	Values, principles, standards, and norms of behavior	SR: Business ethics and anti-corruption	34	
102-17	Mechanisms for advice and concerns about ethics	SR: Business ethics and anti-corruption	40	
<b>Governance</b>				
102-18	Governance structure	AR: Corporate Governance, Structure of corporate governance bodies	70	
102-19	Delegating authority	AR: Corporate Governance, Structure of corporate governance bodies	83	
102-20	Executive-level responsibility for economic, environmental, and social topics	AR: Corporate Governance, Structure of corporate governance bodies	83	
102-21	Consulting stakeholders on economic, environmental, and social topics	SR: Stakeholder engagement	25	
102-22	Composition of the highest governance body and its committees	AR: Structure of corporate governance bodies	72	
102-23	Chair of the highest governance body	AR: Structure of corporate governance bodies	72	
102-24	Nominating and selecting the highest governance body	AR: Structure of corporate governance bodies	71	
102-25	Conflicts of interest	SR: Business ethics and anti-corruption	39	For more details, see the IFRS Consolidated Financial Statements <a href="#">↗</a>
102-26	Role of highest governance body in setting purpose, values, and strategy	AR: Structure of corporate governance bodies	71	
102-29	Identifying and managing economic, environmental, and social impacts	SR: Approach to sustainable development management	18	
102-30	Effectiveness of risk management processes	AR: Structure of corporate governance bodies, Risk management and internal control	71, 84, 85	
<b>Stakeholder Engagement</b>				
102-40	List of stakeholder groups	SR: Stakeholder engagement	25	
102-41	Collective bargaining agreements	SR: Approach to HR management	72	
102-42	Identifying and selecting stakeholders	SR: Stakeholder engagement	25	
102-43	Approach to stakeholder engagement	SR: Stakeholder engagement, Corporate culture, Approach to interaction with customers and suppliers	25, 49, 103	
102-44	Key topics and concerns raised	SR: Stakeholder engagement	25	

DISCLOSURE	DESCRIPTION	REPORT LOCATION	PAGE	NOTE
<b>Reporting Practice</b>				
102-45	Entities included in the consolidated financial statements	AR: About the Company	7	
102-46	Defining report content and topic Boundaries	SR: About the Report	7, 9	
102-47	List of material topics	SR: About the Report	8	
102-48	Restatements of information	SR: GRI and SASB Table	191	There were no significant changes
102-49	Changes in reporting	SR: GRI and SASB Table	191	There were no significant changes
102-50	Reporting period	SR: About the Report	6	
102-51	Date of most recent report	SR: About the Report	6	
102-52	Reporting cycle	SR: About the Report	6	
102-53	Contact point for questions regarding the report	SR: Contacts	210	
102-54	Claims of reporting in accordance with the GRI Standards	SR: About the Report	6	
102-55	GRI content index	SR: GRI and SASB Table	189	
102-56	External assurance	SR: Independent auditor's report	198	
<b>GRI 103: Management Approach</b>				
103-1	Explanation of the material topic and its Boundary	SR: About the Report, Approach to interaction with customers and suppliers, Approach to HR management, Approach to OHS management, Approach to environmental management, Approach to community engagement management	8, 49, 69, 111, 112, 131, 169	
103-2	The management approach and its components	SR: About the Report, Approach to interaction with customers and suppliers, Approach to HR management, Approach to OHS management, Approach to environmental management, Approach to community engagement management	8, 49, 69, 111, 112, 131, 169	
103-3	Evaluation of the management approach	SR: About the Report, Approach to interaction with customers and suppliers, Approach to HR management, Approach to OHS management, Approach to environmental management, Approach to community engagement management	8, 49, 69, 111, 112, 131, 169	



DISCLOSURE	DESCRIPTION	REPORT LOCATION	PAGE	NOTE
<b>GRI 200: Economic Disclosures</b>				
<b>GRI-201: Economic Performance</b>				
201-1	Direct economic value generated and distributed	AR: Financial results	65	
201-2	Financial implications and other risks and opportunities due to climate change	SR: Sustainability risk management, Appendices	30, 31, 187	
201-4	Financial assistance received from government	SR: GRI and SASB Table	192	In 2020, the Company did not receive financial assistance from the state
<b>GRI 202: Market Presence</b>				
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	SR: Employee remuneration and the incentives system	87, 88	
<b>GRI 203: Indirect Economic Impacts</b>				
203-1	Infrastructure investments and services supported	SR: Interaction with local communities	171	
<b>GRI 204: Procurement Practices</b>				
204-1	Proportion of spending on local suppliers	SR: Supply chain management and procurement system	64	
<b>GRI 205: Anti-corruption</b>				
205-1	Operations assessed for risks related to corruption	SR: Business ethics and anti-corruption	38	
205-2	Communication and training about anti-corruption policies and procedures	SR: Business ethics and anti-corruption, GRI and SASB Table	40, 42, 192	Disclosed with no breakdown by region or business partner
205-3	Confirmed incidents of corruption and actions taken	SR: Business ethics and anti-corruption	40, 41	
<b>GRI 300: Environmental Disclosures</b>				
<b>GRI 301: Materials</b>				
301-1	Materials used by weight or volume	SR: Energy consumption and energy efficiency, GRI and SASB Table	157, 193	Disclosed with no breakdown by renewable vs. non-renewable

DISCLOSURE	DESCRIPTION	REPORT LOCATION	PAGE	NOTE
<b>GRI 302: Energy</b>				
302-1	Energy consumption within the organization	SR: Energy consumption and energy efficiency, GRI and SASB Table	145, 193	This Disclosure is only disclosed in terms of total fuel consumption from non-renewable sources, total electric power consumption, total energy consumption, and thermal energy sales
302-4	Reduction of energy consumption	SR: Energy consumption and energy efficiency	145	
<b>GRI 303: Water and Effluents</b>				
303-1	Interactions with water as a shared resource	SR: Water consumption and protection of water resources	154-156	The Company does not withdraw water in areas with water shortage
303-2	Management of water discharge-related impacts	SR: Water consumption and protection of water resources	156	
303-3	Water withdrawal	SR: Water consumption and protection of water resources	155	
<b>GRI 304: Biodiversity</b>				
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	SR: Biodiversity conservation	164	
<b>GRI 305: Emissions</b>				
305-1	Direct (Scope 1) GHG emissions	SR: Climate strategy	149	
305-2	Energy indirect (Scope 2) GHG emissions	SR: Climate strategy	150	
305-3	Other indirect (Scope 3) GHG emissions	SR: Climate strategy	150	
305-4	GHG emissions intensity	SR: Climate strategy	150	
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	SR: Air emissions and air protection	151, 152	
<b>GRI 306: Effluents and Waste (2016)</b>				
306-2	Waste by type and disposal method	SR: Management of Material Resources, Mining and Production Waste, Appendices	159, 204	
306-3	Significant spills	SR: Management of Material Resources, Mining and Production Waste, GRI and SASB Table	159, 194	No significant spills were recorded during the reporting period
306-4	Transport of hazardous waste	SR: Management of Material Resources, Mining and Production Waste	160	
306-5	Water bodies affected by water discharges and/or runoff	SR: Water consumption and protection of water resources	155	

DISCLOSURE	DESCRIPTION	REPORT LOCATION	PAGE	NOTE
<b>GRI 307: Environmental Compliance</b>				
307-1	Non-compliance with environmental laws and regulations	SR: Environmental Responsibility	133	
<b>GRI 400: Social Disclosures</b>				
<b>GRI 401: Employment</b>				
401-1	New employee hires and employee turnover	SR: Workforce engagement, Appendices	76, 207, 208	
<b>GRI 403: Occupational Health and Safety</b>				
403-1	Occupational health and safety management system	SR: Approach to OHS management	111, 112	
403-2	Hazard identification, risk assessment, and incident investigation	SR: Approach to OHS management	115	
403-3	Occupational health services	SR: Social support for employees	91	
403-4	Worker participation, consultation, and communication on occupational health and safety	SR: Approach to OHS management	112	
403-5	Worker training on occupational health and safety	SR: Safety training and culture, Training and development	81, 122	
403-6	Promotion of worker health	SR: Preventing injuries and accidents, External programmes and philanthropy	91, 179	
403-8	Workers covered by an occupational health and safety management system	SR: Approach to OHS management	118	
403-9	Work-related injuries	SR: Preventing injuries and accidents, Appendices	118, 205	
403-10	Work-related ill health	SR: Social support for employees	92	
<b>GRI 404: Training and Education</b>				
404-1	Average hours of training per year per employee	SR: Training and development, GRI and SASB Table	81, 82, 195	No data on average annual training hours by gender is collected
404-2	Programs for upgrading employee skills and transition assistance programs	SR: Training and development	82	
<b>GRI 405: Diversity and Equal Opportunity</b>				
405-1	Diversity of governance bodies and employees	SR: Personnel structure	73, 208	
<b>GRI 407: Freedom of Associations and Collective Bargaining</b>				
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	SR: Human rights	45	

DISCLOSURE	DESCRIPTION	REPORT LOCATION	PAGE	NOTE
<b>GRI 407: Child Labor</b>				
408-1	Operations and suppliers at significant risk for incidents of child labor	SR: Human rights	45	
<b>GRI 409: Forced or Compulsory Labor</b>				
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	SR: Human rights	45	
<b>GRI 413: Local Communities</b>				
413-1	Operations with local community engagement, impact assessments, and development programs	SR: GRI and SASB Table	195	100% of the Company's enterprises implement programmes aimed at engaging local communities

## SASB DISCLOSURES

DISCLOSURE	DESCRIPTION	REPORT LOCATION	PAGE	NOTE
<b>GHG Emissions</b>				
EM-MM-110a.1	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	SR: Climate strategy	149	Carbon regulation for companies which limits direct GHG emissions is not implemented on the territory of the Russian Federation
EM-MM-110a.2	Description of long-term and short-term strategy to manage Scope 1 emissions, emission reduction targets, analysis of performance against those targets	SR: Climate strategy	147	
<b>Air Quality</b>				
EM-MM-120a.1	Air emissions including CO, NOx, SOx, PM10, Mercury, lead, VOC's	SR: Climate strategy	151	
<b>Energy Management</b>				
EM-MM-130a.1	1) Total energy consumed, 2) percentage grid electricity, 3) percentage renewable	SR: Energy consumption and efficiency	145	
<b>Water Management</b>				
EM-MM-140a.1	1) Total fresh water withdrawn, 2) Total fresh water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	SR: Water consumption and protection of water resources	155	The Company does not withdraw water in areas with water shortage
EM-MM-140a.2	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	SR: Water consumption and protection of water resources	154	
<b>Waste &amp; Hazardous Materials Management</b>				
EM-MM-150a.1	Total weight of tailings waste, percentage recycled	SR: Management of tailings storage facilities	158	
EM-MM-150a.2	Total weight of mineral processing waste, percentage recycled	SR: Management of tailings storage facilities	158	Partial disclosure
EM-MM-150a.3	Number of tailings impoundments, broken down by MSHA hazard potential	SR: Management of tailings storage facilities	158	Partial disclosure
<b>Biodiversity Impacts</b>				
EM-MM-160a.1	Description of environmental management policies and practices for active sites	SR: Environmental Responsibility	131	
EM-MM-160a.3	Percentage of 1) proven and 2) probable reserves in or near sites with protected conservation status or endangered species habitat	SR: Biodiversity conservation	164	
<b>Community Relations</b>				
EM-MM-210b.1	Discussion of process to manage risks and opportunities associated with community rights and interests	SR: Interaction with local communities	170	

### Labor Relations

EM-MM-310a.1	Percentage of active workforce covered under collective bargaining agreements, broken down by US and foreign employees	SR: Additional Information	68	
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### Workforce Health & Safety

EM-MM-320a.1	1) MSHA all incident rate, 2) fatality rate, 3) near miss frequency rate (NMFR) and 4) average hours of health, safety and emergency response training for a) full-time employees and b) contract employees	SR: Occupational Health and Safety	205	
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### Business Ethics & Transparency

EM-MM-510a.1	Description of the management system for prevention of corruption and bribery throughout the value chain	SR: Business ethics and anti-corruption	34	
EM-MM-510a.2	Production in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	SR: GRI and SASB Table	195	The Company's production is located in Russia, which is not included in the last 20 places in the Corruption Perceptions Index



# Independent Limited Assurance Report

GRI 102-56

## To the Management of JSC Holding Company METALLOINVEST:

### Introduction

We have been engaged by the Management of JSC Holding Company METALLOINVEST (hereinafter — the “Company”) to provide limited assurance on the selected information described below and included in the Consolidated report of the Company for the year ended 31 December 2020 (hereinafter — the “Consolidated report”). The Consolidated report represents information related to the Company and its subsidiaries (hereinafter together — the “Group”).

### Selected information

We assessed the qualitative and quantitative information, that is disclosed in the Consolidated report and referred to or disclosed in the GRI and SASB content index of the Consolidated report, excluding GRI disclosure 305-3 Other indirect (Scope 3) GHG emissions (hereinafter — the “Selected Information”).

The scope of our assurance procedures was limited to the Selected Information for the year ended 31 December 2020 only. We have not performed any procedures with respect to earlier periods or any other items included in the Consolidated report and, therefore, do not express any conclusion thereon.

### Reporting criteria

We assessed the Selected Information using relevant criteria, including reporting requirements, in the:

- GRI Sustainability Reporting Standards (Core option), published by the Global Reporting Initiative (GRI) (hereinafter — the “GRI Standards”), and
- Metals & Mining Sustainability Accounting Standard (hereinafter — the “SASB Standard”) published by the Sustainability Accounting Standards Board (SASB), respectively, (hereinafter — the “Reporting Criteria”). We believe that the Reporting Criteria are appropriate given the purpose of our limited assurance engagement.

<sup>76</sup> The maintenance and integrity of the Company’s website is the responsibility of management; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Selected Information or Reporting Criteria when presented on the Company’s website.

### Responsibilities of the management of the Group

The management of the Group is responsible for:

- designing, implementing and maintaining internal control relevant to the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- establishing internal methodology, including objective reporting criteria, and guidelines for preparing and reporting the Selected Information in accordance with the Reporting Criteria;
- preparing, measuring and reporting of the Selected Information in accordance with the Reporting Criteria; and
- the accuracy, completeness and presentation of the Selected Information.

### Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the management of the Group.

This report, including our conclusion, has been prepared solely for the management of the Group in accordance with the agreement between us, to assist management in reporting on the Group’s sustainability performance and activities. We permit this report to be disclosed in the Consolidated report, which will be published on the Company’s website<sup>76</sup>, to assist management in responding to their governance responsibilities by obtaining an independent limited assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the management of the Group for our work or this report.

### Professional standards applied and level of assurance

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements other than Audits and Reviews of Historical Financial Information”, issued by the International Auditing and Assurance Standards Board. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

### Our independence and quality control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, and the ethical requirements of the Auditor’s Professional Ethics Code and Auditor’s Independence Rules that are relevant to our limited assurance engagement in respect of the Selected information in the Russian Federation. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



M.I. Buchnev, certified auditor  
(licence No. 01-000056),  
AO PricewaterhouseCoopers Audit

Audited entity: JSC Holding Company METALLOINVEST  
Record made in the Unified State Register of Legal Entities on 5 July 2002 under State Registration Number 1027700006289  
Taxpayer Identification Number: 7705392230  
Rublyovskoye shosse, 28, Moscow, Russian Federation, 121609

### Work done

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information. In doing so, we:

- made enquiries of the Group’s management, including the Sustainability Reporting team and those with responsibility for Sustainability Reporting management and group reporting;
- conducted interviews of personnel responsible for the preparation of the Consolidated report and collection of underlying data;
- performed analysis of the relevant internal methodology and guidelines, gaining an understanding and evaluating of the design of the key structures, systems, processes and controls for managing, recording, preparing and reporting the Selected Information; and
- performed limited substantive testing on a selective basis of the Selected Information to check that data had been appropriately measured, recorded, collated and reported.

### Reporting and measurement methodologies

Under the GRI Standards there is a range of different, but acceptable, measurement and reporting techniques. The techniques can result in materially different reporting outcomes that may affect comparability with other organisations. The Selected Information should therefore be read in conjunction with the methodology used by management in preparing the Consolidated report, described therein, and which the Group is solely responsible for.

### Our conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe, that the Selected Information for the year ended 31 December 2020 has not been prepared, in all material respects, in accordance with the Reporting Criteria.

*AO PricewaterhouseCoopers Audit*

12 May 2021  
Moscow, Russian Federation

Independent auditor: AO PricewaterhouseCoopers Audit  
Registered by the Government Agency Moscow Registration Chamber on 28 February 1992 under No. 008.890  
Record made in the Unified State Register of Legal Entities on 22 August 2002 under State Registration Number 1027700148431  
Taxpayer Identification Number 7705051102  
Member of Self-regulated organization of auditors «Sodruzhestvo»  
Principal Registration Number of the Record in the Register of Auditors and Audit Organizations – 12006020338

# Glossary

**ISO 9001** — an international standard for the quality management system of organizations and enterprises.

**ISO 14001** — an international standard containing requirements for an environmental management system.

**OHSAS 18001** — an international health and safety management system standard.

**ISO 45001** — the international standard for health and safety management systems.

**ISO 50001** — an international energy management system standard.

**ISO 10004** — an international quality management standard containing guidelines for monitoring and measuring customer satisfaction.

**IATF 16949** — an international industry standard that describes the requirements for quality management systems for enterprises involved in the design, development, production, installation and service of automotive products.

**EN 10025** — a European standard that defines the technical delivery conditions for hot rolled structural steel.

**STO GAZPROM 9001-2018** — a standard for suppliers of PJSC Gazprom, containing requirements for the quality management system.

**BOT** — a software for performing similar and repeatable tasks using a specific algorithm.

**BUNDLE** — a coiled wire rod, bar, or wire after hot or cold rolling or drawing.

**BACK OFFICE** — a unit with various administrative support functions in supplier relations.

**OVERBURDEN** — a waste rock that covers mineral deposits and is removed during open pit mining.

**LOOSE OVERBURDEN** — loose overburden rocks.

**SOLID ROCK OVERBURDEN** — overburden of solid rocks, representing a set of various mineral products.

**GRADE** — positions grouping based on certain criteria in order to build an incentives system.

**HOT-BRIQUETTED IRON** — one of the types of direct reduced iron in the form of briquettes with 90%+ iron content.

**DASHBOARD** — a data collection and visualisation service.

**DISCRIMINATION** — a negative or prejudiced attitude towards a person, or deprivation of certain rights based on their particular characteristics.

**BLAST FURNACE SLAG** — a pig iron production by-product.

**WIRE ROD** — a metal in the form of a rod 5–10 mm in diameter, produced by hot rolling on a special wire mill. It is a stock material for subsequent wire and bars production for reinforced concrete structures.

**COMPLIANCE** — a set of initiatives aimed at preventing the Company’s employees actions that violate the law and introducing corporate business ethics based on compliance with law.

**CONCENTRATE** — a product of ore dressing, where the content of valuable components and mineralogical composition meet the requirements of further metallurgical or other processing.

**METAL ITEM** — a generic name for a wide range of metal products.

**MEDIA CONTENT** — a content containing audio, visual, or video information.

**MIDDLE OFFICE** — a unit performing direct processing of suppliers-related transactions.

**ROASTING** — a heat treatment of materials or products in order to change or stabilise their phase or chemical composition and/or increase their strength.

**RECYCLED SCRAP** — a scrap generated at different stages of metallurgical plant’s production process.

**PELLETS** — spherical lumps of crushed ore concentrate.

**PELLETISING** — a process of agglomeration of moist finely ground materials, based on their ability to form spherical granules (pellets) when rolling.

**SCREENINGS** — a product separated during metallurgical raw materials sorting with a size below the required one.

**ROLLED PRODUCTS** — products obtained on rolling mills by hot, warm, or cold rolling.

**OCCUPATIONAL INJURY** — an injury sustained by an employee at work and caused by the external influence of a hazardous production factor when fulfilling job duties.

**SEVERE INJURY** — a damage posing a direct threat to an employee’s life and/or health.

**MINOR INJURY** — an insignificant damage to an employee’s health that does not threaten their life and may not cause a long-term loss of working capacity or a health group change.

**INCIDENT** — a workplace event that causes or may cause an accident.

**A BAR** — a thin metal rod of square, round, or hexagonal form.

**DIRECT REDUCED IRON** — iron reduced from iron ore or pellets using gases (CO, H<sub>2</sub>, NH<sub>3</sub>) and/or solid carbon.

**RECYCLING** — a process allowing to recycle useful waste and production waste for the purpose of their further use and return to production.

**ORE BOULDERS** — pieces of ore obtained by grinding

**GRADE SYSTEM** — an official wages accounting system based on points and factors method and mathematical matrix models.

**SCRAP** — metal waste resulting metal smelting.

**SCORING** — a risk assessment system based on numerical statistical methods.

**DEDUSTING SCRUBBER** — an integral part of an air dust remover.

**SPEND** — the amount of expenses for goods and services purchase from third parties

**A STAKEHOLDER** — an interested party.

**FINE SCREENING** — a process of separating different-size pieces of material into size classes by sieving through one or more sieves.

**RISK MANAGEMENT** — a process of risk identification and analysis and making decisions that include maximising the positive and minimising the negative consequences of potential risk events.

**A FIREWALL** — a software or hardware & software element of a computer network that monitors and filters network traffic in accordance with set rules.

**FLOTATION CONCENTRATE** — a concentrate obtained during mineral beneficiation by flotation.

**FRONT OFFICE** — a unit directly contacting the suppliers.

**TAILS** — a mineral processing waste, consisting mainly of waste rock.

**TAILINGS** — a complex of special structures designed for storing or burying mineral beneficiation waste.

**SLUDGE** — a residual mining and production product, consisting of the smallest dust particles.

# Abbreviations

<b>JSC</b>	Joint-Stock Company
<b>AS</b>	Emergency Situation
<b>AMS</b>	Automated Control System
<b>ARMS</b>	Automated Risk Management System
<b>NPP</b>	Nuclear Power Plant
<b>ASU</b>	Air Separation Unit
<b>BCP</b>	Business Continuity Plan
<b>HEI</b>	Higher Educational Institution
<b>HBI</b>	Hot-Briquetted Iron
<b>UNGC</b>	UN Global Compact
<b>FMO</b>	Flexible modular furnace
<b>MPP</b>	Mining and Processing Plant
<b>HS</b>	Hydraulic structures
<b>APD</b>	Automated Procurement department
<b>CCF</b>	Crushing and Conveying Facility
<b>BF</b>	Blast furnace
<b>CSP</b>	Crushing and Sorting Plant
<b>EAEU</b>	Eurasian Economic Union
<b>IORM</b>	Iron ore raw materials
<b>CT</b>	Contaminants
<b>SH</b>	Stakeholders
<b>IMS</b>	Integrated Management System
<b>IMS</b>	Integrated Management System
<b>IFEAMS</b>	Integrated Financial and Economic Activities Management System
<b>IT</b>	Information Technology
<b>IST</b>	Instrumentation
<b>CNG</b>	Compressed natural gas
<b>CAC</b>	Concentrate Acceptance Complex
<b>KPI</b>	Key Performance Indicators
<b>CSR</b>	Corporate Social Responsibility
<b>KPI</b>	Key Performance Indicators

<b>CNG</b>	Compressed natural gas
<b>CSR</b>	Corporate Social Responsibility
<b>IEP</b>	Integrated Environmental Permit
<b>R&amp;D</b>	Research and development
<b>NPO</b>	Non-Profit organisation
<b>NPPar</b>	Non-Profit Partnership
<b>PD</b>	Persons with disabilities
<b>OHS</b>	Occupational health and safety
<b>EP</b>	Environmental protection
<b>WEM</b>	Wholesale electricity market
<b>RF</b>	Roasting furnace
<b>PP</b>	Processing Plant
<b>BSA</b>	Behavioural safety audit
<b>HSE</b>	Health, Safety, and Environment; Environmental Protection
<b>DRI</b>	Direct Reduced Iron
<b>GWP</b>	Global Warming Potential
<b>MAE</b>	Maximum Allowable Emission
<b>MSCs</b>	Managers, specialists, and clerks
<b>RSPP</b>	Russian Union of Industrialists and Entrepreneurs
<b>SG</b>	Switchgear
<b>BC</b>	Breast Cancer
<b>PPE</b>	Personal Protective Equipment
<b>LNG</b>	Liquefied Natural Gas
<b>EMS</b>	Environmental management system
<b>TU</b>	Traction Units
<b>G&amp;M</b>	Goods and Materials
<b>MR</b>	Maintenance and Repair
<b>MC</b>	Management Company
<b>FEAs</b>	Federal executive authorities
<b>MPMP</b>	Mill Pelletising and Metallising Plant
<b>CPP</b>	Concentrate Pelletising Plant

<b>PRL</b>	Payroll
<b>FEA</b>	Financial and Economic Activities
<b>HBIW</b>	Hot-Briquetted Iron Workshop
<b>CSC</b>	Cement-Sand Coating
<b>CFT</b>	Cyclic-Flow Technology
<b>UN SDGs</b>	United Nations Sustainable Development Goals
<b>TW</b>	Tailings Workshop
<b>ES</b>	Emergency Situation
<b>EDM</b>	Electronic Document Management
<b>CSI</b>	Customer Satisfaction Index
<b>FAR</b>	Fatal Accident Rate
<b>GRI</b>	Global Reporting Initiative
<b>ESG</b>	Ecology, Social Policy, and Corporate Governance
<b>HSE</b>	Health, Safety, and Environment
<b>LTIFR</b>	Lost Time Injury Frequency Rate
<b>NPS</b>	Net Promoter Score
<b>OTIF</b>	On-Time-In-Full, a comprehensive process efficiency indicator
<b>SBQ</b>	Special Bar Quality, high quality special- purpose rolled products used for critical parts manufacturing in the automotive industry, mechanical engineering, ship-building, aircraft construction, and other industries
<b>TRIFR</b>	Total Recordable Injury Frequency Rate
<b>WSA</b>	World Steel Association

# Additional Information

GRI 102-8 GRI 305-1 GRI 306-2 GRI 401-1 GRI 403-9 GRI 405-1

## ENVIRONMENTAL PROTECTION

GRI 305-1

Direct (Scope 1) GHG emissions | tonnes of CO<sub>2</sub>-equivalent

	2019	2020
LGOK	2,961,348	2,960,623
MGOK	685,954	671,369
OEMK	3,153,799	3,191,932
Ural Steel	7,515,166	6,357,557
<b>TOTAL</b>	<b>14,316,267</b>	<b>13,181,481</b>

GRI 306-2

Total waste weight by type and treatment method

	I	II	III	IV	V	TOTAL
Disposal (generated by-products <sup>77</sup> )	0	326	363	574,813	20,633,818	21,209,320
Waste disposal (by incineration)	0	0	35	42	0	77
Waste treatment for further disposal, including sorting, disassembly, and cleaning	0	0	0	0	0	0
Waste transfer the treatment, utilisation, disposal, storage, or landfilling	22	81	5,120	1,739,655	228,678	1,973,556
On-site storage	0	0	352	16,647	47,622,531	47,639,531
Waste landfilling	0	0	216	106,905	57,264,678	57,371,799
<b>TOTAL</b>	<b>22</b>	<b>407</b>	<b>6,085</b>	<b>2,438,063</b>	<b>125,749,705</b>	<b>128,194,283</b>

<sup>77</sup> By-products are not waste.

## HEALTH, SAFETY, AND ENVIRONMENT

GRI 403-9

Work-related injuries

	RATE	UNIT OF MEASUREMENT	LGOK	MGOK	OEMK	URAL STEEL	URAL SCRAP COMPANY	TOTAL
<b>Man-hours of work</b>	-	million man-hours	29.1	24.9	23.1	22.1	2.7	101.9
<b>Total number of industrial accidents, including:</b>	-	ea.	26	25	21	27	3	102
fatal	-	ea.	0	1	4	0	1	6
group	-	ea.	2	0	1	2	0	5
<b>Injured persons, including:<sup>78</sup></b>	-	persons	33	27	26	30	3	119
fatalities	FAR	persons	0	1	4	4	1	10
severely injured	-	persons	6	0	1	5	0	12
mildly injured	-	persons	27	26	21	21	2	97
<b>The number of people injured in group accidents, including:</b>	-	persons	6	0	6	5	0	17
fatalities	-	persons	0	0	0	3	0	3
severely injured	-	persons	0	0	0	1	0	1
mildly injured	-	persons	6	0	6	1	0	13
<b>The number of employees who sustained a lost time injury due to occupational accidents during the work</b>	LTI	persons	33	26	22	26	2	109
<b>The number of injured with temporary disability (switch to light labour jobs without loss of work ability)</b>	RWC	persons	0	0	0	0	0	0
<b>The number of injured who sought medical treatment without loss of work ability (microtraumas)</b>	MTC	persons	37	22	33	28	2	122
<b>Total number of reported work-related injuries</b>	TRI	ea.	70	49	59	58	5	241
<b>Overall fatal accident rate</b>	FAR	per 1 million people	0.0	0.04	0.17	0.18	0.37	0.10
<b>The number of recorded emergencies</b>	-	ea.						0.0
<b>Total Recordable Injury Frequency Rate<sup>79</sup></b>	TRIFR	per 1 million people	2.40	1.85	2.56	2.63	1.83	2.34
<b>Lost Time Injury Frequency Rate<sup>79</sup></b>	LTIFR	per 1 million people	1.13	0.96	1.13	1.36	1.10	1.15
<b>The number of days of temporary loss of work ability</b>	-	ea.	1,972	1,724	691	2,171	297	6,885
<b>Lost Time Injury Severity Ratio</b>	LTISR	per 1 million people	67.69	69.29	29.97	98.39	108.46	67.29

<sup>78</sup> The injuries include one sports injury (the employee was acting in the best interests of the Company); the accident was not included in the LTIFR and TRIFR.

<sup>79</sup> When calculating LTIFR and TRIFR for MGOK, the following cases were excluded:

Two accidents involving employees of an MGOK subsidiary who were mildly injured while commuting to work on public transport. The total number of injuries at the Group includes these two cases. One sports injury (the employee was acting on behalf of the Company). The total number of injuries at the Group does not include this accident.

## PERSONNEL

### GRI 102-8

Total number of employees by employment contract and type, gender, and region

	BELGOROD OBLAST		KURSK OBLAST		ORENBURG OBLAST		TOTAL			
	LGOK		OEMK		MGOK		URAL STEEL			
	2019	2020	2019	2020	2019	2020	2019	2020		
<b>The number of employees with an open-ended employment contract</b>	12,467	12,210	9,319	9,225	11,067	10,792	9,460	9,405	<b>42,313</b>	<b>41,632</b>
Women	2,828	2,783	2,402	2,338	2,614	2,621	3,063	3,054	<b>10,907</b>	<b>10,796</b>
Men	9,639	9,427	6,917	6,887	8,453	8,171	6,397	6,351	<b>31,406</b>	<b>30,836</b>
<b>The number of employees with a fixed-term employment contract</b>	504	479	110	107	298	299	228	213	<b>1,140</b>	<b>1,098</b>
Women	255	225	98	93	218	210	179	177	<b>750</b>	<b>705</b>
Men	249	254	12	14	80	89	49	36	<b>390</b>	<b>393</b>
<b>The number of employees with a full-time employment contract</b>	12,970	12,685	9,429	9,332	11,284	11,079	9,682	9,611	<b>43,365</b>	<b>42,707</b>
Women	3,082	3,005	2,500	2,431	2,828	2,831	3,236	3,224	<b>11,646</b>	<b>11,491</b>
Men	9,888	9,680	6,929	6,901	8,456	8,248	6,446	6,387	<b>31,719</b>	<b>31,216</b>
<b>The number of employees with a part-time employment contract</b>	1	4	0	0	81	12	6	7	<b>88</b>	<b>23</b>
Women	1	3	0	0	4	0	6	7	<b>11</b>	<b>10</b>
Men	0	1	0	0	77	12	0	0	<b>77</b>	<b>13</b>
<b>TOTAL NUMBER OF EMPLOYEES</b>	<b>12,971</b>	<b>12,689</b>	<b>9,429</b>	<b>9,332</b>	<b>11,365</b>	<b>11,091</b>	<b>9,688</b>	<b>9,618</b>	<b>43,453</b>	<b>42,730</b>

### GRI 401-1

Total number of new employee hires by age group, gender, and region

	BELGOROD OBLAST		KURSK OBLAST		ORENBURG OBLAST		TOTAL			
	LGOK		OEMK		MGOK		URAL STEEL			
	2019	2020	2019	2020	2019	2020	2019	2020		
<b>Total number of new employees, including</b>	833	1,040	650	610	727	923	1,233	970	<b>3,650</b>	<b>3,336</b>
including women	167	293	215	159	243	284	341	248	<b>1,092</b>	<b>858</b>
including <30	71	166	98	47	117	113	174	137	<b>555</b>	<b>368</b>
including 30 to 50	83	105	104	99	118	163	156	106	<b>483</b>	<b>451</b>
including 50+	13	22	13	13	8	8	11	5	<b>54</b>	<b>39</b>
including men	666	747	435	451	484	639	892	722	<b>2,558</b>	<b>2,478</b>
including <30	434	468	286	276	280	345	605	470	<b>1,639</b>	<b>1,525</b>
including 30 to 50	211	229	138	161	192	250	262	223	<b>821</b>	<b>845</b>
including 50+	21	50	11	14	12	44	25	29	<b>98</b>	<b>108</b>

### GRI 401-1

Total number of dismissed employees within the reporting period by age group, gender, and region

	BELGOROD OBLAST		KURSK OBLAST		ORENBURG OBLAST		TOTAL			
	LGOK		OEMK		MGOK		URAL STEEL			
	2019	2020	2019	2020	2019	2020	2019	2020		
<b>Total number of dismissed employees, including</b>	1,309	1,119	806	705	919	1,217	1,492	1,054	<b>4,526</b>	<b>4,095</b>
including women	313	243	258	227	282	307	444	267	<b>1,297</b>	<b>1,044</b>
including <30	141	49	84	20	86	50	147	101	<b>458</b>	<b>220</b>
including 30 to 50	104	109	92	116	121	85	213	109	<b>530</b>	<b>419</b>
including 50+	68	85	82	91	75	172	84	57	<b>309</b>	<b>405</b>
including men	996	876	548	478	637	910	1,048	787	<b>3,229</b>	<b>3,051</b>
including <30	372	333	199	115	204	219	526	345	<b>1,301</b>	<b>1,012</b>
including 30 to 50	353	264	165	166	213	321	329	280	<b>1,060</b>	<b>1,031</b>
including 50+	271	279	184	197	220	370	193	162	<b>868</b>	<b>1,008</b>



GRI 401-1

Employee turnover<sup>80</sup>

	BELGOROD OBLAST		KURSK OBLAST		ORENBURG OBLAST		TOTAL			
	LGOK		OEMK		MGOK		URAL STEEL			
	2019	2020	2019	2020	2019	2020	2019	2020		
<b>Employee turnover</b>	4.9	5.4	5.3	4.8	5.5	6.6	6.7	6.2	<b>5.6</b>	<b>5.8</b>
including women	0.9	1.1	1.5	1.3	1.6	1.8	1.9	1.6	<b>1.4</b>	<b>1.4</b>
including <30	0.2	0.2	0.2	0.1	0.3	0.1	0.3	0.3	<b>0.2</b>	<b>0.2</b>
including 30 to 50	0.3	0.5	0.5	0.6	0.8	0.4	1.2	0.9	<b>0.7</b>	<b>0.6</b>
including 50+	0.4	0.4	0.7	0.7	0.6	1.4	0.4	0.4	<b>0.5</b>	<b>0.7</b>
including men	4.0	4.4	3.8	3.5	3.9	4.8	4.8	4.6	<b>4.1</b>	<b>4.3</b>
including <30	1.2	1.3	0.9	0.7	0.6	0.4	1.3	1.2	<b>1.0</b>	<b>0.9</b>
including 30 to 50	1.3	1.3	1.2	1.0	1.5	1.4	2.3	2.1	<b>1.6</b>	<b>1.4</b>
including 50+	1.5	1.8	1.7	1.8	1.8	3.0	1.2	1.3	<b>1.6</b>	<b>2.0</b>

GRI 405-1

Indicators of socio-cultural diversity of managers and employees, including by gender and age

	BELGOROD OBLAST		KURSK OBLAST		ORENBURG OBLAST		TOTAL			
	LGOK		OEMK		MGOK		URAL STEEL			
	2019	2020	2019	2020	2019	2020	2019	2020		
<b>EOY headcount</b>	12,971	12,689	9,429	9,332	11,365	11,091	9,688	9,618	<b>43,453</b>	<b>42,730</b>
<b>The number of employees of particular positions, persons</b>										
<b>Top managers</b>	11	11	11	11	11	11	11	11	<b>44</b>	<b>44</b>
<b>MSCs</b>	2,969	2,868	2,508	2,393	2,675	2,581	2,132	2,135	<b>10,284</b>	<b>9,977</b>
<b>Workers</b>	9,991	9,810	6,910	6,928	8,679	8,499	7,545	7,472	<b>33,125</b>	<b>32,709</b>
<b>The number of employees by age and gender, persons</b>										
<b>Women</b>	3,083	3,008	2,500	2,431	2,832	2,831	3,243	3,231	<b>11,658</b>	<b>11,501</b>
including <30	410	376	267	234	298	304	376	342	<b>1,351</b>	<b>1,256</b>
including 30 to 50	2,030	1,977	1,726	1,679	2,019	2,093	2,326	2,280	<b>8,101</b>	<b>8,029</b>
including 50+	643	655	507	518	515	434	541	609	<b>2,206</b>	<b>2,216</b>
<b>Men</b>	9,888	9,681	6,929	6,901	8,533	8,260	6,445	6,387	<b>31,795</b>	<b>31,229</b>
including <30	1,715	1,524	1,044	996	1,205	1,080	917	863	<b>4,881</b>	<b>4,463</b>
including 30 to 50	6,042	6,077	4,392	4,471	5,772	5,789	4,263	4,250	<b>20,469</b>	<b>20,587</b>
including 50+	2,131	2,080	1,493	1,434	1,556	1,391	1,265	1,274	<b>6,445</b>	<b>6,179</b>

<sup>80</sup> This indicator is calculated based on the consolidated average headcount of the entity (data on retired employees are not counted).

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Company's annual reports



<https://www.metalloinvest.com/en/investors/reports/>

Company's sustainability reports



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SUSTAINABILITY REPORT  
**2020**