

Digitisation

In September 2018, the Group spun off Metinvest Digital as a standalone entity to spearhead the digital transformation of the business. In 2020, the flexibility created by this proved its value.

The value of _____ readiness

STRATEGICALLY PREPARED

Metinvest Digital oversees the Group's IT function and all related processes and aims to improve performance in the area. It has three primary areas of focus. Operationally, it seeks to provide high-quality IT services and support. In terms of solutions, it looks for ways to increase business effectiveness and create added value. On the innovation front, it strives to implement cutting-edge technologies to increase the Group's digital maturity and operational efficiency.

Metinvest Digital created a reliable IT infrastructure long before the pandemic. In March 2020, when COVID-19 began to spiral, the Group continued to follow the path on which it had set out. This was possible mainly because of its clear vision, a Cloud First strategy and a systematic approach.

Understanding industry trends and the need for flexibility in mobilising teams, Metinvest Digital invested in developing complex IT infrastructure. The Group has progressed its IT in line with global trends by actively introducing new technology. This approach helped it to quickly adapt to the changing realities in 2020.

MICROSOFT AZURE MIGRATION

One of the Group's key IT infrastructure development projects in 2020 was the migration of 680 servers in two data centres to the Microsoft Azure cloud platform.

The migration, the largest of its kind in Ukraine to date, created new opportunities in Metinvest's digital transformation. In particular, it paved the way for introducing the Data Governance programme, since Azure cloud technologies include specialised tools for processing big data, as well as specially optimised unstructured data storage, Azure Data Lake. The big data management programme includes 16 projects in various functional areas.

DIGITAL ROADMAP

In 2020, Metinvest Digital developed a long-term IT architecture roadmap to 2025 for developing the business' main functions: manufacturing and maintenance, finance, sales, internal audit, legal, security, technological development, quality, procurement, logistics, HSE, services, HR, sustainable development and digital initiatives.

In addition, the Group developed a strategy for the comprehensive digital transformation of its iron ore assets to 2025. The Digital GOK programme aims to reduce production costs and streamline business processes using automation. Several projects under it will be piloted at Ingulets GOK and Northern GOK.

SAP

The Group uses numerous SAP solutions. The SAP ERP system, which standardises and automates business processes, was first introduced in 2020 at an asset outside Ukraine: Metinvest International, the Switzerland-based trading subsidiary. The SAP CRM system, which aims to streamline sales, was also initially implemented at Metinvest International, which became the first Group entity to fully automate sales. SAP Ariba, which is dedicated to procurement, increased the functionality of Metinvest's e-procurement platform.

EXPERTISE

The Group constantly strives to improve its IT expertise. In 2020, Metinvest Digital achieved the new status of SAP Silver Partner and extended the status of Microsoft Gold Certified Partner with new competencies. This underscores the Group's readiness to quickly respond and adapt to new challenges, and develop in accordance with international best practice. In 2020, Metinvest Digital confirmed its SAP Customer Centre of Expertise certificate at the Advanced level.

IT SECURITY

Metinvest uses a layered IT security approach. In 2020, it further developed a monitoring function to detect attacks at early stages and react immediately.

In 2020, the pandemic forced the Group to dramatically increase the number of employees working from home. As part of the rollout of the Digital Workplace programme to create such "home offices", Metinvest Digital implemented an endpoint detection and response (EDR) system, an adaptive end-user protection solution; began introducing protection for home networks and hardware; and conducted extensive educational training (some 30,000 employees attended courses). From a vulnerability perspective, while end-users were considered the weakest link in the IT security system before 2020, Metinvest Digital has recorded almost zero damage in this area.

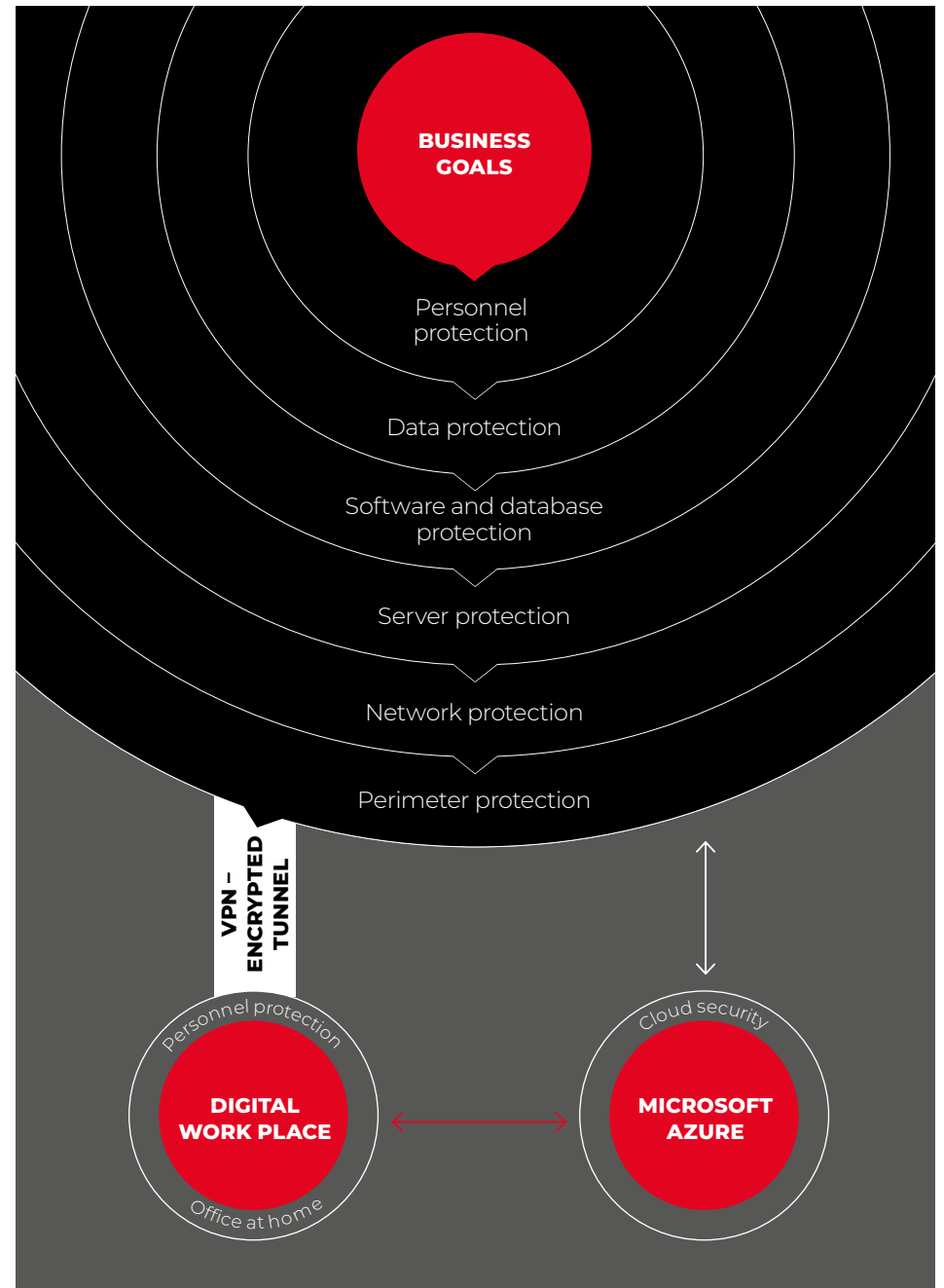
OUTLOOK FOR 2021

In 2021, Metinvest Digital intends to focus on several headline projects. The main ones are the rollout of the AI-driven predictive solution to stabilise blast furnace heat balance; Digital GOK programme; Data Governance initiative; implementation of Digital Workplace at several subsidiaries; and replication of the CRM solution at sales offices in Ukraine and Western Europe.

More broadly, the unit will continue introducing state-of-the-art technologies to create additional value and meet the business' growing demands. Other specific priorities will include improving the quality of the project management office and personnel skills to provide better support services.

Layered defence

Monitoring, response and prevention at each level of process and policy management



Since 2013, Metinvest has been implementing a project aimed at optimising its corporate overheads while improving service quality by launching a global centre for support functions. Today, this role is played by Metinvest Business Services, a separate entity within the Group.

MAKING SMART CHOICES

Metinvest Business Services acts as a shared service centre (SSC) that provides many of the Group's key corporate functions for both its Ukrainian assets and Swiss trading arm. It currently provides accounting and tax, treasury, human resources, legal, sales support and translation services, among others. It is also developing projects to cover procurement and other business functions.

Metinvest Business Services was launched with the aim of accomplishing four distinct strategic goals:

- Implement a single global service centre that offers a high level of digitalisation and value creation for the business
- Improve service support quality
- Accelerate the integration of new entities into the Group and provide effective change management
- Minimise the cost of supporting functions without sacrificing service quality.

The success of Metinvest Business Services' flexible operational model was proven when the pandemic broke out. The SSC was able to quickly adapt, transitioning 85% of its staff to working remotely without any loss in service quality or efficiency. The aim is to grow it into a global business centre encompassing all of the Group's support activities.

OUTLOOK FOR 2021

The key priorities of Metinvest Business Services' development strategy for 2021 include to further increase service quality and scope, optimise the cost of maintaining functions and improve process management.

The SSC also applies modern IT solutions to meet business needs and has developed an internal quality control system that meets international best practice.

FOCUS

Metinvest Business Services' key functions include:



ACCOUNTING AND TAX

From transactions to statistical, financial and tax reporting.

Monthly number of transactions exceeds **490,000**.



SALES

Support for commercial transactions from order to receipt.

Monthly number of transactions exceeds **200,000**.



HUMAN RESOURCES

Full range of HR services, including new hires and organisational planning.

Over **40,000** employees use the services.



TREASURY

Unified payment centre, financial and transaction support, and operational treasury reporting.

Monthly number of payment transaction exceeds **45,000**.



LEGAL

Support in contract preparation and performance monitoring, general legal work, corporate rights, and land and real estate services, among others.

Over **60,000** employees use the services.



TRANSLATION

Began providing services to the management company in February 2020. Due to be rolled out to other Group enterprises in 2021.

More than **2,000** translations in 2020 (starting in December).

Metinvest Business Services

An integrated approach

BUSINESS TRANSFORMATION CONTINUED