



OLEG POPOV

Metinvest was not caught off guard by the tremendous challenges that 2020 presented. Thanks to the achievements of previous years and the reporting period, the Group was able to uphold commitments to stakeholders during the pandemic.

#### PREPARATION IS PARAMOUNT

Since its foundation in 2006, Metinvest has proven able to endure numerous challenges and emerge stronger. In 2020, I witnessed first-hand the benefit of this experience and the impact that quality leadership and prudent planning can have during such times. We went into the year well prepared for what would come, testament to our previous efforts to make the business more sustainable.

As uncertainty dominated, the Group's governance system, honed over many years, reconfirmed its worth. It provided guidance, strengthened relationships with stakeholders by acting as a framework for engagement, and enabled us to continue fulfilling our environmental, social and governance (ESG) commitments.

Metinvest does considerable business with China, where COVID-19 first appeared. Early warning from our partners in the country brought limited but invaluable insight into what would come. This helped to form our initial response to the pandemic, allowing us to support our stakeholders as much as possible.

Ultimately, despite the many challenges faced, our experience, hard work and vertically integrated business model enabled us to end 2020 with solid operational and financial results.

# Upholding commitments

**STANDING WITH STAKEHOLDERS**

We understand that our long-term sustainability depends on the wellbeing and prosperity of our stakeholders. Even in the earliest stages of COVID-19, our immediate focus was to weather the crisis together.

As those present daily, and the heart of the business, employees are the paramount priority. While we did everything to safeguard them from the brunt of the pandemic, there unfortunately were illnesses and deaths from COVID-19 among the team, and our thoughts are with those affected directly.

We continue to make steady progress in eliminating incidents in the workplace, and this remains a paramount objective. At the time of writing, the Group employs more than 80,000 people worldwide, and we are committed to supporting and safeguarding each and every one of them.

Regarding customers, we worked diligently to provide uninterrupted service, ensuring that they received the solutions on which their businesses rely. As of the year-end, we had more than 6,800 customers, and we have sought to strengthen each relationship amid the recent events.

To support suppliers and contractors, totalling more than 8,300, we did everything possible to protect them from exposure to COVID-19 while engaging with us. Those entering or working at our facilities also benefited from our safety initiatives, as we treat them the same way as we do employees in this critical area.

Also vital during the pandemic was our efforts to help our local communities, which comprise around 2.9 million people worldwide. We provided much-needed help for healthcare, as well as social assistance for our most vulnerable neighbours. Among other initiatives, in numerous towns and cities where we are present, we helped to install oxygen equipment at medical facilities.

The Group has worked closely with government authorities since the initial outbreak of COVID-19. This included helping the Ukrainian government to arrange humanitarian aid from China in the early stages. Understanding the impact that the pandemic would have on budget revenues at all levels, we also opted to forego a tax holiday offered to businesses in Ukraine. In 2020, we paid US\$612 million in tax globally.

Regarding equity and debt providers, Metinvest worked to maintain the utmost transparency and accountability throughout the year. We also expanded our cooperation with creditors, including a landmark deal with the Black Sea Trade and Development Bank. Alongside the financial and other implications, this represents important confirmation that we meet the ESG requirements of a key multilateral institution.

**FOCUS ON ESG**

As the importance of ESG increases, so does our commitment to sustainability. Over the years, we have worked systematically to ensure that our actions match the values that we share with our stakeholders.

The 'E' in ESG – environment – is a key focus given the impact of the steel industry in its present form. Recognising that there is a long road ahead, we make impactful changes where possible. In 2020, we dedicated capital expenditure of US\$205 million to this area, a record in terms of purely environmental projects for a single year. This included completing the core work on Ilyich Steel's sinter plant modernisation, the most significant environmental project in the Group's history.

We are also actively seeking ways to reduce our carbon footprint further given the carbon-intensive nature of the integrated steelmaking process. We have made substantial progress in mitigating it over the last decade, as our direct greenhouse gas emissions dropped by 68%. At the same time, we intend to go further and contribute to meeting the goals of the Paris Agreement to tackle climate change.

We are developing a long-term decarbonisation roadmap that will guide us in the decades to come. It will help us to adjust our investment priorities while remaining focused on our core principles, regardless of industry cyclicality.

As for the 'S' – social – we have also made significant progress in this area. In addition to helping our local communities navigate the pandemic, we are in the advanced stages of many multi-year projects that support them. One important new initiative for young people in Ukraine is Metinvest Polytechnic, a new university that the Group founded recently. As a higher educational institution dedicated to industry, it will offer scientific and technical education catering to the needs of Metinvest and the national economy.

During the reporting period, we also expanded the scope of our work with non-governmental organisations in Mariupol, Zaporizhia, Kryvyi Rih and Avdiivka. These are among our most impactful social partnerships, as they allow us to contribute meaningfully to improving the quality of life in local communities.

In terms of the 'G' – governance – Metinvest introduced a Code of Business Partnership and strengthened its Code of Ethics. We also provided feedback on draft legislation governing remote work in Ukraine, which was passed in December, an important contribution to the local business community.

In addition, there were changes in the composition of the Supervisory Board. I was pleased to welcome Avetik Chalabyan as the newest member of the Supervisory Board in 2020. His depth and breadth of experience, particularly in global metals and mining consulting, will contribute greatly to the Group's governance and effective strategic decision making. I would also like to thank Stewart Pettifor, who stepped down, for his service to Metinvest and all stakeholders. We highly appreciate that he continues to support the Supervisory Board on technical issues.

**OUTLOOK FOR 2021**

While Metinvest navigated 2020 with purpose, we and everyone – individuals, businesses and governments – clearly need to remain vigilant. In 2021, we will continue to focus on preventing the further spread of COVID-19 and overcoming the lasting effects of the pandemic.

Our ESG agenda remains central as we develop. In 2021, we are increasing the financial aspect of our environmental commitment significantly. We will also continue to make strategic investments in the wellbeing and prosperity of our local communities.

On behalf of the Supervisory Board, I would like to extend our gratitude to all stakeholders for helping us to navigate such a trying year. I am confident that together, we will continue to stand strong in the face of any adversity.

**Oleg Popov**

**Chairperson of the Supervisory Board**