

A promise — kept

COMMITTED TO PROACTIVE GOVERNANCE

Metinvest's approach to environmental impact management is outlined in its Policy and Principles in the Field of Health, Safety and the Environment. As part of its commitment to high environmental standards and a proactive approach to incident prevention, all Group projects are assessed for their potential environmental and health and safety impact.

At the highest level of Metinvest's corporate governance, the Supervisory Board's Health, Safety and Environmental Committee provides strategic oversight of the Group's environmental investments, as well as its regulatory compliance and risk management. Environmental protection is also considered to be the responsibility of every Metinvest employee.

As a global business, and as part of Europe's steel industry, Metinvest recognises the growing concern over climate risks and need for more ambitious action to work towards carbon neutrality.

For more about Metinvest's climate agenda, see pages 42-43.

RECORD ENVIRONMENTAL CAPEX

In 2020, the Group's spending on environment reached US\$450 million, up 17% year-on-year. This includes record capital expenditure of US\$205 million on ecological initiatives, which rose by 32%.

Most notably, Metinvest completed one of the largest environmental projects in Ukraine's history: the large-scale modernisation of the gas cleaning system at Ilyich Steel's sinter plant. Once work to further improve the new gas cleaning system is completed in 2021, the initiative is expected to reduce dust emissions from the sinter plant by up to 90% and of sulphur dioxides by up to 46%.

For more about the project at Ilyich Steel's sinter plant, see the case study on page 55.

Among other environmental initiatives underway in 2020, Azovstal made further progress on the modernisation of the gas cleaning systems for basic oxygen furnaces nos. 1 and 2. When launched (expected in 2022), this equipment is expected to reduce the volume of solid particles in emissions by 70% and the quantity of secondary emissions by 90% at the basic oxygen furnace shop.

Despite the challenges posed by the global pandemic in 2020, Metinvest implemented all of its environmental investment objectives for the year. By working together with key stakeholders, the Group made significant progress towards fulfilling its long-term agenda in this area.

Northern GOK advanced replacement of the gas cleaning units in its Lurgi 552-A roasting machine. Construction work for the project is ongoing. When completed in 2022, it is expected to reduce dust emissions from the roasting machine by 40%.

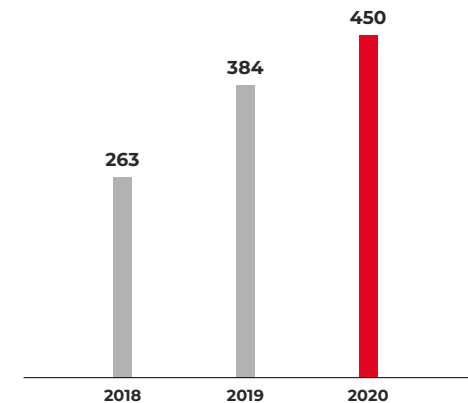
The Group also continued to implement a systematic programme of extensive maintenance on the coke oven batteries at Azovstal, Avdiivka Coke, Dnipro Coke and Zaporizhia Coke. The aim is to keep dust and gas emissions well below the permitted local levels.

In addition, Ilyich Steel made progress on an initiative to modernise the gas cleaning facilities for the casthouse and stockhouse of three blast furnaces. The upgrade at blast furnace no. 3 was completed in March 2020. The next in line are blast furnaces nos. 4 and 5. When finished, it is expected to reduce dust emissions from the blast furnaces by 65% in total.

Spending on environment

US\$450M

+17%



Other important projects included replacing ventilation systems to reduce the concentration of dust in the workplace; restoring mining sites that are no longer in use; planting greenery at the sites; installing water-saving equipment at mining assets; and modernising gas cleaners and heat recovery systems at other assets.

INCREMENTAL EFFICIENCY EFFORTS

Metinvest's operational efficiency, maintenance efforts and CAPEX are helping to gradually reduce its atmospheric emissions, water consumption, wastewater discharge, waste generation and energy consumption.

The Group uses certification processes and audits to regularly verify the compliance of its key assets with international standards. At the end of the reporting period, 12 of its enterprises had certified their environmental management systems as compliant with ISO 14001:2015. In addition, ten assets had certified their energy efficiency management systems as compliant with the ISO 50001:2011 international standard.

Gross air emissions totalled 362,000 tonnes in 2020, up 2% year-on-year. The increase mostly related to greater production of key products. At the same time, dust emissions decreased by 12% to 23,000 tonnes, supporting the downward trend of the last couple of years. The major contributors to this improvement have been the modernisation of Ilyich Steel's sinter plant, as well as numerous initiatives at Northern GOK and Central GOK.

In 2020, the Group recycled and reused 81% of the water withdrawn from all sources, up slightly from 80% in 2019 and continuing the upward trend of the last couple of years. The total volume of water intake, which is calculated as water withdrawn from water bodies for consumption or storage, declined by 4% year-on-year to 603 million cubic metres. Water intake is gradually decreasing amid the Group's operational efficiency and maintenance efforts, as well as the ongoing investment programme. These have included installing a new cooling system at Azovstal and overhauling the water recycling systems at Avdiivka Coke.



Metinvest considers waste management an important element of its environmental agenda. In 2020, the share of recycled waste amounted to 24%, down 4 percentage points year-on-year. This decrease is the result of two factors. First, more intensive utilisation of slag products from the Mariupol steelmakers and a higher volume of construction waste at Northern GOK in 2019. Second, greater iron ore production in the reporting period.

The Group closely monitors electricity and natural gas consumption and implements energy efficiency initiatives. In 2020, it generated total energy savings of 4,957 terajoules, up 7% year-on-year.

OUTLOOK FOR 2021

In 2021, Metinvest will focus on the core elements of its environmental agenda, including air emissions reduction, water resource management improvement and minimisation of the volume of waste generated, as well as such sustainability concerns as biodiversity.

The Group plans to invest further in initiatives to reduce its environmental footprint. These include the further modernisation of blast furnaces and basic oxygen furnaces at steelmakers, coke oven batteries at coke producers and roasting machines at pellet producers.

In addition, Metinvest will continue integration of its recently acquired assets and introduce its full range of environmental tools to ensure that they comply with all applicable Group standards.

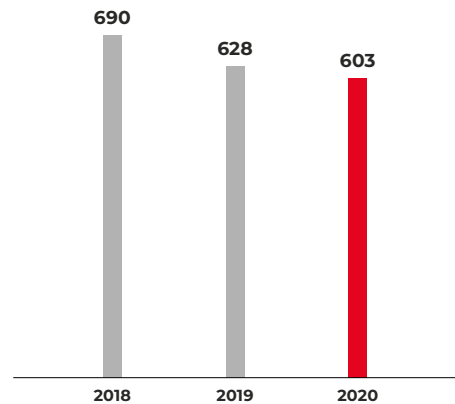
The Group will also work to enhance its public disclosure of comprehensive data on greenhouse gas (GHG) emissions.

For more on Metinvest's climate agenda, see pages 42-43.

Water intake

603MCM

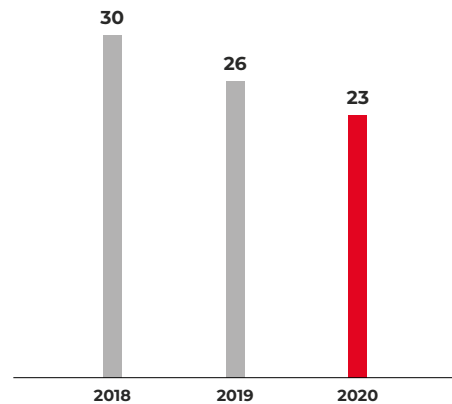
-4%



Dust emissions

23KT

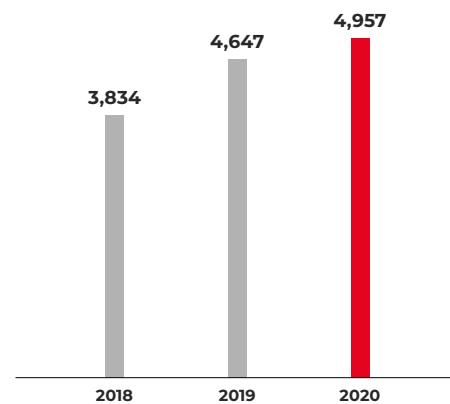
-12%



Total energy savings

4,957TJ

+7%



To date, the most significant project in Metinvest's efforts to reduce its air emissions has been the modernisation of Ilyich Steel's sinter plant. The multi-year initiative is one of the largest such undertakings in Ukraine as an independent state.

A MAJOR ENVIRONMENTAL UNDERTAKING

One of the key priorities for Metinvest is to reduce its environmental impact. A major part of these efforts is the modernisation of Ilyich Steel's sinter plant. It has taken several years to complete the initial scope, which involved the installation of a gas cleaning system. The overall investments will exceed US\$160 million.

Major construction work on the project lasted five and a half years. Throughout this time, Ukrainian and Italian employees and contractors worked to modernise the sinter plant's equipment. The installation of cyclones and bag filters – machinery weighing hundreds of tonnes – was carried out in stages, according to the sintering machine overhauls schedule.

CLEARER SKIES

The aim of the work was to reduce the sinter plant's dust emissions by 90% and sulphur dioxide emissions by 46%. Until recently, the sinter plant accounted for 80% of Ilyich Steel's dust emissions and up to 40% of the city's dust emissions. The Group expects the level of dust emissions to align with best available practices in the near future.

The modern gas cleaning system envisaged by the initial project scope is already in operation. In late 2020, Metinvest made additional commitments to improve it further. Work continues at the cooling zone of sinter shop no. 1 to upgrade electrostatic precipitators and install two bag filters, which is due to be completed in 2021.

TOTAL INVESTMENTS

>US\$160M

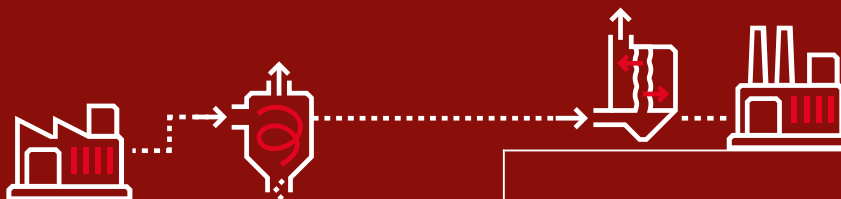
DUST EMISSIONS REDUCTION

90%

SULPHUR DIOXIDE EMISSIONS REDUCTION

46%

The technical solution implemented as part of the project involves a complex, two-stage gas cleaning system.



FIRST STAGE

A coarse dust-scrubbing system uses modern Hurriclone cyclones to capture coarse dust particles for reuse in production.

SECOND STAGE

Powerful bag filters then clean dust and sulphur compounds from the gas, reducing dust emissions more than ten-fold.

Time and money
well spent

Ilyich Steel's Sinter Plant