## SUSTAINABILITY APPROACH

# AN ALIGNED STRATEGY

Metinvest integrates sustainability principles across its operations with the intention of fostering a resilient and ethical business mindset. The Group strives to enhance its ESG performance and contribute to the achievement of the UN Sustainable Development Goals.

#### ADHERENCE TO SUSTAINABILITY

Metinvest follows the sustainability framework detailed in the SCM <u>Sustainability</u> Policy. It directs the Group's efforts towards fostering sustainable development and establishing an ethical business model.

Metinvest's sustainability approach is centred around key environmental, social and governance aspects. These areas, aligned with the Sustainability Policy, are identified by assessing material topics that have a significant current or potential effect on society, the environment and the business itself, among other factors.

They serve as the cohesive, strategic foundation for the Group's sustainability initiatives and projects.

In line with the document, Metinvest adheres to the following principles:

#### Take a whole system approach

The concept of sustainable development is embedded into the Group's business strategy.

#### Work efficiently and effectively

Metinvest follows modern business approaches, improves its business processes and procedures, uses resources sustainably and looks for new business development opportunities.

#### Respect interests of partners, customers and society

The Group respects the interests of partners, customers and society and builds relationships with them founded on the principles of integrity, honesty, openness and mutual trust.

#### Provide good and safe working conditions

Metinvest recognises that its employees are its most important asset. The Group is committed to providing them safe working conditions, competitive remuneration and social benefits.

#### Respect human rights

The Group respects and observes human rights and freedoms and has zero tolerance for discrimination.

#### Improve living standards in local communities

Being a responsible business, Metinvest contributes to raising the living standards and promoting sustainable development in the regions where it operates.

#### Commit to preventing and reducing the environmental footprint

The Group is committed to continuously make efforts to reduce its environmental impact.



#### METINVEST'S SUSTAINABILITY APPROACH

#### GOVERNANCE

- Corporate governance
- Business ethics
- Quality of products and services
- Supply chain management

Metinvest's sustainability approach

#### ENVIRONMENT

- Climate change
- Emissions management
- Water management
- Waste management
- Biodiversity

#### SOCIAL

- Workplace safety
- Employee well-being and development
- Local community support
- Stakeholder engagement
- Human rights

#### STAKEHOLDER ENGAGEMENT

In 2023, Metinvest continued to strengthen its cooperation with all stakeholder groups.

**Employees.** Metinvest focused on supporting its employees through the challenges posed by the war. The Group worked to retain and attract talent while providing adaptation assistance, extensive psychological support and humanitarian aid. It also prioritised reintegration of veterans.

**Customers.** Metinvest expanded its presence in the EU, including by establishing a new logistics centre in Poland. The Group strived to maintain a regular dialogue with its existing and new customers, while also re-establishing contact with those it was unable to serve while Black Sea navigation was closed.

**Suppliers and contractors.** Metinvest engaged with suppliers and contractors to ensure a steady flow of raw materials and maintain essential services under changing conditions. The Code of Business Partnership and other corporate regulations were vital in upholding clear ethical standards and setting requirements for both current and new partners.

**Local communities.** The Group communicated with local communities in Ukraine, identifying and addressing their evolving needs. It collaborated with partners, NGOs, Ukrainian defenders and representatives of local authorities to develop and implement muchneeded wartime initiatives.

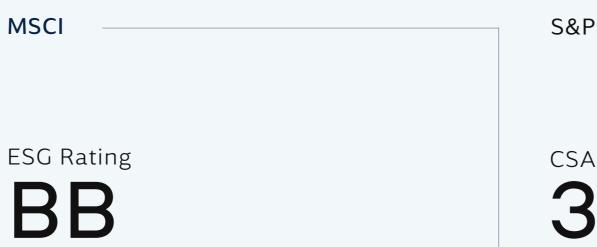
**Equity and debt providers.** The Group fulfilled its contractual obligations to debt providers on time, including the repayment in April 2023 of a bond issued by Metinvest B.V. This set a strong precedent for Ukraine-related bond issuers.

**Government authorities.** The Group engaged with government authorities through conferences and participation in business association working groups. This collaboration addressed topics such as collective bargaining and vocational education in Ukraine, enabling Metinvest to advocate for appropriate industry standards and policies.

**Media.** The Group maintained a steadfast commitment to transparency in its media engagement, respecting its vital role in holding the business accountable to society.

#### ESG RATINGS

Independent ESG ratings are instrumental in gauging Metinvest's environmental, social and governance performance, and identifying areas for future development. As of the end of 2023, the Group had ESG ratings from three internationally recognised agencies: MSCI, S&P and Sustainalytics.



MSCI assesses companies based on their industry-specific ESG risk exposure and ability to manage those risks relative to peers on a scale ranging from 'CCC' (the lowest) to 'AAA' (the highest).

In January 2023, MSCI affirmed its ESG Rating for Metinvest at the level 'BB'.

The agency noted the Group's leading position in occupational health and safety programmes, which extend to contractors, while management remuneration is linked to safety performance. In addition, MSCI assessed business ethics practices and labour management initiatives as strong.

The assessment was based on 2018-2020 data.

After the reporting period, in May 2024, MSCI affirmed its ESG Rating for Metinvest at 'BB'.

The assessment is based on 2020-2022 data.

MSCI's latest update noted that the Group had a strong safety policy in place and its LTIFR in 2022 (0.977) was significantly below the industry average. It also highlighted the disclosure of water management efforts, including water reuse and recycling to reduce dependence on freshwater.

CSA Score ESG Score 32 37

The S&P Global Corporate Sustainability Assessment assigns a Global Corporate Sustainability Assessment (CSA) Score (based on public disclosures) or Global ESG score (based on the CSA results and integrating modelling approaches). Both use a wide range of industry-specific sustainability criteria from 0 to 100 (100 being the maximum, the higher the better).

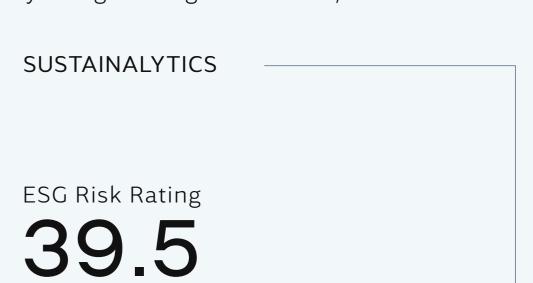
In March 2023, S&P assigned a debut Global CSA Score to Metinvest of 37. The rating later improved to 38.

In January 2024, after the reporting period, S&P revised its Global CSA Score for Metinvest to 31 from 38, mainly as a result of methodology changes. Later, the rating improved slightly to 32.

In 2023, S&P introduced a Global ESG Score. The Group was given 37 points.

The agency recognised Metinvest's business ethics practices as being significantly stronger than the industry average. It also assessed the Group's approaches to water management, biodiversity and social impacts on communities as stronger than the industry average.

The assessment was based on 2018-2022 data.



Sustainalytics evaluates the extent of a company's unmanaged ESG risks on a scale from 0 (lowest risk) to 100 (highest risk).

In February 2023, Sustainalytics improved Metinvest's ESG Risk Rating to 40.5 from 40.9 after an annual review. It was further improved to 39.5 in 2024, after the reporting period.

The agency assessed the Group's management of ESG risks as strong, mentioning that Metinvest strengthened its occupational health and safety measures, as well as human resources strategy.

The assessment was based on 2019-2021 data, but included the risks associated with the full-scale war in Ukraine, which are beyond Metinvest's control.

Starting from 2024, Sustainalytics decided to stop providing solicited ESG ratings to privately-owned companies.

As a result, the Group's ESG Risk Rating was terminated in May 2024.

#### **UN SDG CONTRIBUTION IN 2023**

Metinvest has been a member of the UN Global Compact since 2010 and adheres to its Ten Principles of Sustainable Development, which cover human rights, labour relations, environmental protection and anti-corruption.

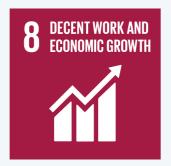
The Group strives to advance the achievement of the UN Sustainable Development Goals, prioritising areas with the potential for it to make the most significant contribution.

The full-scale invasion of Ukraine has had a significant impact on Metinvest's business and initiatives aimed at advancing SDG achievement. The Group has dedicated itself to supporting the country and its people through the hardships of war.

Despite these obstacles, Metinvest continues to contribute to the achievement of the UN SDGs, focusing primarily on the five most relevant to its long-term business objectives:

- SDG 8 (Decent Work and Economic Growth)
- SDG 9 (Industry, Innovation and Infrastructure)
- SDG 11 (Sustainable Cities and Communities)
- SDG 12 (Responsible Consumption and Production)
- SDG 13 (Climate Action).

### CONTRIBUTION TO PRIORITISED SDGs



- Maintain operational efficiency and conduct critical repairs
- Provide medical, psychological and other assistance to affected employees and their families
- Develop a comprehensive programme for adaptation and integration of military veterans to civilian life
- Increase salaries and enhance the motivation system





- Work with the Ukrainian government and businesses on the post-war reconstruction of Ukraine
- Diversify business activities to support the Group's shift towards green steel manufacturing practices
- Enhance digital transformation and improve information security
- Expand educational programmes at Metinvest Polytechnic



- Provide humanitarian aid to affected people in Ukraine through the Saving Lives humanitarian aid centre
- Support defenders with protective and other equipment
- Equip shelters for communities to safeguard them from shelling
- Provide hospitals with medicines, equipment and consumables
- Restore damaged infrastructure



- · Improve energy safety management to maintain functionality and minimise losses from forced shutdowns and production cutbacks
- · Use innovative, resource-efficient technologies
- Recycle and reuse waste and by-products from steelmaking and mining
- · Strive to increase consumption of reused and recycled water



- Implement energy efficiency programmes
- Enhance carbon emissions reporting
- Improve the climate governance and risk management systems
- Assess climate change risks and opportunities using scenarios recommended by the Paris Agreement