



RESPONSE TO CLIMATE CHANGE

ALIGNED ACTION

Recognising climate change as a material topic for the Group and its stakeholders, Metinvest continues to work on its governance and risk management practices. Acknowledging the significant challenges posed by climate change, the Group aims to address its carbon footprint.

GENERAL APPROACH

Metinvest strives to align its climate-related activities with the Paris Agreement¹, aiming to restrict global temperature rise to well below 2°C, preferably 1.5°C. The Group recognises that addressing climate change requires significant contributions from the industrial sector, underscoring the need to transition towards more sustainable operational practices.

This disclosure details Metinvest’s position in implementing TCFD² recommendations. Given the evolving nature of climate disclosure requirements and varying regulatory landscapes, the Group remains committed to regularly reviewing and updating its reporting practices.

In preparing its climate disclosures, Metinvest also considers the ESRS requirements to ensure alignment with emerging EU regulatory expectations.

GOVERNANCE

Metinvest maintains a robust corporate governance framework with a two-tier board structure (for more details, please see page 56).

In 2025, after the end of the reporting period, the Group completed the implementation of changes to its climate governance model. The climate governance system is led by the Management Board in collaboration with the executive team, who collectively oversee identifying, assessing and managing climate-related risks and opportunities, as well as formulating mitigation measures.

At the executive level, the Technological Directorate coordinates the integration of climate considerations by leading the assessment of climate-related risks and the development of mitigation measures, thereby ensuring the effective management of climate-related matters across the Group. The directorate is supported in the delivery of the climate-related agenda by other core functions, including the Economics and Business System Development Directorate, Finance Directorate, Internal Audit Directorate, and Sustainable Development and People Management Directorate.

The Supervisory Board, alongside its committees, provides strategic oversight, ensuring that the executive team embeds climate change considerations firmly within the Group’s overall business strategy. The Strategy and Investments Committee integrates climate change and decarbonisation into strategic planning. The Health, Safety and Environmental Committee oversees climate risk assessments and evaluates related mitigation strategies. The Audit and Finance Committee monitors the implications of climate risks and opportunities for financial reporting and budgeting. The Appointments and Compensations Committee guides the ongoing alignment of senior management incentives with accountability for climate-related performance.

Importantly, in 2025, Metinvest adopted a [Climate Change Policy](#), enhancing its governance efforts in this area. This policy integrates climate considerations into strategic planning, operational processes and daily decision-making, ensuring that climate-related risks and opportunities remain a key focus for the Group. By prioritising energy efficiency, innovation and reduced footprints, Metinvest is committed to decreasing its emissions and advancing towards a low-carbon transition. The policy emphasises transparency and accountability, with regular monitoring and reporting on climate-related indicators.

¹ [Paris Agreement \(unfccc.int\)](#)
² [Task Force on Climate-Related Financial Disclosures \(ifrs.org\)](#)

CLIMATE GOVERNANCE STRUCTURE

SUPERVISORY BOARD AND ITS COMMITTEES	Oversight of climate-related matters and their implementation
MANAGEMENT BOARD	Review and control over climate-related matters and management of their implementation



STRATEGY

Metinvest manages climate-related risks within its broader risk framework (for more details, please see page 66), taking into account the specific attributes of its assets. The Group’s strategic approach to climate issues draws primarily upon scientific research from recognised global climate organisations.

Metinvest initially assessed climate risks with the assistance of consulting experts. During the reporting period, the Group’s in-house team continued to develop a process for effectively evaluating climate risks and reassessing opportunities, aiming to gain a more nuanced understanding of the situation.

CLIMATE SCENARIOS

The TCFD recommends climate scenario modelling to identify and evaluate the potential impacts of both physical and transition climate risks. Metinvest uses such analyses to better understand the risks and uncertainties associated with different future climate conditions, enhancing the strategic resilience and flexibility of its operations.

Physical climate risk scenarios

To assess physical climate risks, Metinvest evaluated three climate scenarios published by

the Intergovernmental Panel on Climate Change (IPCC)³, summarised in the chart below. These scenarios depict commonly accepted trajectories of global warming until 2100. The Group based its analysis on the scenario with the highest physical risks – Representative Concentration Pathway (RCP) 8.5 – which anticipates the most severe weather events. To maintain consistent assumptions, the assessment presumes no material impact from the full-scale war in Ukraine on operating assets.

Transition climate risk scenarios

Shifting to a lower-carbon economy may involve substantial policy, legal, technological and market transformations aimed at climate mitigation and adaptation.

Climate transition scenarios support strategic planning by incorporating varying assumptions and parameters relevant to specific climate issues. Metinvest has evaluated scenarios from leading global organisations, including the International Energy Agency (IEA)⁴, Network for Greening the Financial System (NGFS)⁵, International Renewable Energy Agency (IRENA)⁶ and Principles for Responsible Investment (PRI)⁷.

Based on this analysis, the Group has developed scenarios synthesising elements from these global

authorities to effectively evaluate transition-related climate risks aligned with the objectives of the Paris Agreement.

SYNTHESISED TRANSITION SCENARIOS

Net Zero

Combines features of the IEA’s Net Zero Emissions and NGFS Net Zero 2050 scenarios, envisaging stringent policies and technological advances that limit global temperature rise to 1.5°C, achieving global net zero CO₂ emissions by around 2050.

Announced Pledges

Combines the IEA Announced Pledges scenario with the NGFS NDCs scenario. This tailored approach assumes full implementation of existing energy and climate commitments, restricting global warming to below 2°C by 2100.

RISK MANAGEMENT

In 2024, Metinvest began to implement an approach to integrating climate-related risks into its broader risk management framework. These risks represent external factors with potential implications for the Group’s strategy, business model and operational performance.

Metinvest employs standardised principles and core risk management stages in the evaluation of climate risks. The latter cover: identification,

assessment, prioritisation, mitigation, implementation, process review, reporting and monitoring.

For further details on the Group’s approach to managing risks, please see the Risk Management section of the report.

METRICS AND TARGETS

Metinvest continuously tracks essential climate-related metrics, including GHG emissions, to measure the effectiveness of its climate actions. It is committed to enhancing transparency in reporting climate data, although challenges persist due to the ongoing full-scale war in Ukraine.

For detailed information on the Group’s latest climate metrics performance, please see pages 49-50.

Prior to the full-scale invasion, Metinvest initiated development of a long-term decarbonisation roadmap. Due to the war, this initiative is currently postponed and a thorough post-war review of decarbonisation plans for Ukrainian assets will be necessary.

Although major investments in Ukraine are presently restricted, Metinvest continues to explore opportunities for enhancing its iron ore quality and transitioning towards established and emerging low-carbon technologies in steelmaking, such as electric arc furnaces powered by low-carbon materials and renewable energy. Additionally, the Group is advancing a steel production project in Italy utilising innovative low-carbon technologies. For more details, please see page 20.

Metinvest continues to drive towards a future built with green steel. The Group is involved in the Ukrainian government’s platform aimed at expanding stakeholder engagement on green steel development to foster a sustainable recovery in the local industry.

PHYSICAL SCENARIOS

Metrics until 2100	RCP 2.6 scenario	RCP 4.5 scenario	RCP 8.5 scenario
Description	Peak in radiative forcing at ~ 3 Watt/m ² before 2100 and decline	Stabilisation without overshoot pathway to 4.5 Watt/m ² at stabilisation after 2100	Rising radiative forcing pathway leading to 8.5 Watt/m ² in 2100
Warming projections, °C	0.3 to 1.7 (mean 1.0)	1.1 to 2.6 (mean 1.8)	2.6 to 4.8 (mean 3.7)
Sea level rise projections, meters	0.26 to 0.55 (mean 0.40)	0.32 to 0.63 (mean 0.47)	0.45 to 0.82 (mean 0.63)
Severity of extreme weather events	Small	Moderate	Large
Scenario narrative	Highest transition risks, lowest physical risks	Moderate transition risks, moderate physical risks	Lowest transition risks, highest physical risks

³ IPCC — Intergovernmental Panel on Climate Change
⁴ World Energy Outlook 2023 – Analysis – IEA
⁵ NGFS
⁶ IRENA – International Renewable Energy Agency
⁷ PRI | Home (unpri.org)



CLIMATE RISKS

Climate-related risks comprise physical risks arising directly from climate change and transition risks linked to evolving mitigation and adaptation requirements.

Physical risks
Physical risks include acute events or chronic climate shifts. Relevant risks identified for Metinvest’s operations are rising average temperatures, wildfires, storms, flooding, drought, altered precipitation patterns, extreme temperatures, landslides, increased wind activity and sea level rise.

Given the Group’s geographic locations, initial analyses under the RCP 8.5 scenario suggested that forecast physical climate changes are minor. Qualitative and quantitative assessments indicate that these risks would have negligible financial impacts, even under the most severe climate scenarios projected to 2050. During the reporting period, Metinvest continued to work on the assessment to improve the evaluation’s accuracy.

Further details of key climate-related physical risks are available in Annex 3.

Transition risks
Metinvest recognises transition risks such as increased greenhouse gas emission pricing within the EU and Ukrainian emission trading systems; EU Carbon Border Adjustment Mechanism (CBAM) implementation; rising raw material costs; evolving customer demand for lower-carbon products; potential constraints on capital availability; expenses related to transitioning to lower-emission technologies; and reduced demand for coking coal products.

One of the most significant risks identified is the increasing cost of greenhouse gas emissions, particularly in relation to the implementation of the CBAM. Metinvest continues to assess the implications of CBAM on its operations and long-term strategy. While near-term effects are expected to be limited, medium- to long-term exposure may increase. More detailed CBAM regulatory rules and subsequent benchmarks are expected to be adopted by the European

Commission in the second half of 2025. To address the potential regulatory burden, the Group is actively implementing optimisation initiatives, pursuing market diversification and refining its asset strategy both within Ukraine and internationally.

In 2024, Metinvest advanced its evaluation of transition climate risks by testing several decarbonisation pathways for the Group. This approach allowed for a more robust assessment of potential climate-related impacts under different low-carbon transition scenarios.

Further details of significant transition risks are provided in Annex 3.

CLIMATE OPPORTUNITIES

Opportunities linked to climate action arise primarily through climate mitigation and adaptation initiatives.

Diversified resource base
The global transition to lower-carbon technologies is expected to drive higher demand for raw materials supporting green steel production. Metinvest’s existing iron ore extraction and processing assets offer substantial potential for increased production of DR-grade pellets in the medium term, as well as hot briquetted iron (HBI) and direct reduced iron (DRI) in the longer term.

Diversification of the Group’s activities supports the transition towards lower-carbon production methods, including opportunities to supply green steel aligned with customer sustainability objectives.

Circular economy
Recycling metallurgical by-products provides a sustainable resource alternative for steelmakers, helping to reduce negative environmental footprint, despite potential additional capital costs. Metallurgical wastes such as waste rock, slag and pickling sludge are reused to decrease consumption of construction materials: for example, crushed rock in road repair and construction.

Additionally, Metinvest integrates internally generated scrap as an iron ore substitute in steel production.

For more details, please see the Environment section of the report.