



RISK MANAGEMENT

DILIGENT OVERSIGHT

In 2024, Metinvest’s risk management approach helped to address the challenges presented by the ongoing war. This promoted timely, data-driven decisions and supported the Group’s agility in a constantly shifting environment.

RISK MANAGEMENT PRACTICES

Metinvest’s risk management framework is guided by its Internal Audit Policy, which aligns with the strategic principles of the ISO 31000:2018 Risk Management standard. Internal regulations governing the operations of specific functions also incorporate elements relevant to their business processes, ensuring that the executive team applies a cautious approach to decision making.

The Group categorises risks into two primary groups: commercial and non-commercial. Commercial risks, which can be quantified, relate directly to product and financial flows from operations in the short and medium term, as well as investments in tangible and intangible assets. Non-commercial risks encompass all other risks outside this classification.

Risk management responsibilities are clearly defined within Metinvest; each directorate is responsible for assessing the risks pertinent to its operations. The Economics and Business System Development Directorate evaluates and monitors commercial risks, while the Internal Audit Directorate oversees non-commercial risks. The latter also presents the overall risk assessment results to the Audit and Finance Committee of the Supervisory Board.

As part of its continuous risk management efforts, the Group assesses commercial risks by analysing the sensitivity of projected EBITDA to a range of risk factors. This approach enhances flexibility and responsiveness amid the evolving risk environment, particularly in the context of the ongoing war.

To assess non-commercial risks, each directorate defines and monitors metrics that allow for evaluating the risk level dynamically, enabling timely managerial decisions while considering the necessary costs.

This approach to categorisation provides senior management with deeper insights into the state of risk management systems, supporting the prioritisation of strategic objectives.

MANAGING RISKS RELATED TO WAR

In 2024, as the full-scale war in Ukraine entered its third year, Metinvest remained committed to a disciplined risk management strategy, addressing first-tier risks (beyond management’s control) while mitigating second-tier risks (arising in the course of business operations).

The Group’s approach to risk management continued to prioritise informed, risk-based decision making at all levels. Metinvest conducted regular evaluations of war-related risks

throughout the year, ensuring their continued relevance and refining mitigation strategies as needed.

Core war-related concerns impacted all risk-management procedures of the Group, including the following aspects: ensuring the safety and well-being of personnel in areas affected by hostilities; providing support to local communities; maintaining essential assets and infrastructure; optimising the utilisation of production capacities; adjusting the logistics model to evolving conditions; and securing steady utility supplies.

SUSTAINABILITY RISK MANAGEMENT

Continuous monitoring of sustainability risks, which are classified among non-commercial risks, remained crucial to ensuring the effectiveness of Metinvest’s sustainable development approach. The table on the following page details the nature of each risk and the corresponding mitigation measures in place.

Metinvest’s climate-related risk management framework is outlined on page 53.

RISK MANAGEMENT STRUCTURE

SUPERVISORY BOARD AND ITS COMMITTEES Monitor the risk management system’s implementation and operation
CHIEF EXECUTIVE OFFICER Promotes the risk management philosophy within the Group Sets priorities for the risk management system based on Metinvest’s strategy and goals
EXECUTIVE TEAM • Economics and Business System Development Directorate • Internal Audit Directorate • Functional management



KEY SUSTAINABILITY RISKS AND MITIGATION EFFORTS IN 2024

RISK AND ITS DESCRIPTION	MEASURES TO MINIMISE RISKS	
<p>PEOPLE</p> <ul style="list-style-type: none">• High-skill labour deficit	<ul style="list-style-type: none">• Motivation programmes• Training programmes	<ul style="list-style-type: none">• Veterans reintegration programme• Trust Line to raise labour deficit issues
<p>WORKPLACE SAFETY</p> <ul style="list-style-type: none">• Workplace injuries and fatalities	<ul style="list-style-type: none">• Safe Workspace programme• Projects related to certain critical risk factors under the safety roadmap• Relevant training and incentive tools for employees	<ul style="list-style-type: none">• Safety assessment of contractors involved in hazardous work• Staff training on appropriate war-related emergencies in Ukraine• Trust Line to to raise workpalce safety concerns
<p>ENVIRONMENTAL ISSUES</p> <ul style="list-style-type: none">• Environmental impact of the Group’s operations, including air emissions, wastewater discharges and waste generation	<ul style="list-style-type: none">• Measures to exclude and reduce impact due to war-related emergencies in Ukraine• Regulatory compliance monitoring• Initiatives to improve energy efficiency• Implementation of technical measures to reduce environmental impact	<ul style="list-style-type: none">• Increased consumption of reused and recycled water• Production waste recycling and reuse• Application of precautionary principle when planning investment projects• Trust Line to raise environmental concerns
<p>CLIMATE CHANGE</p> <ul style="list-style-type: none">• Impact on business sustainability	<ul style="list-style-type: none">• Reinforcement of the climate governance structure• Development of a comprehensive climate risk management system• Initial assessment of physical and transition climate risks and opportunities	<ul style="list-style-type: none">• Exploration of potential to build a new green steel production facility in Italy• Enhancement of climate disclosures, including alignment of reporting with TCFD recommendations
<p>BUSINESS ETHICS AND COMPLIANCE</p> <ul style="list-style-type: none">• Fraud and corruption• Conflicts of interest	<ul style="list-style-type: none">• Adherence to the Code of Ethics, Code of Business Partnership, Human Rights Policy and Procedure for Declaring Conflicts of Interest• Mandatory verification of suppliers and customers for anti-corruption controls	<ul style="list-style-type: none">• Internal security screenings for all senior and high-risk positions• Administration of conflict of interest declarations and relevant training for employees• Trust Line to raise relevant concerns and incident investigations to address them
<p>COUNTERPARTY SANCTIONS RISKS</p> <ul style="list-style-type: none">• Regulatory penalties and operational disruptions due to non-compliance• Reputational damage	<ul style="list-style-type: none">• Mandatory verification of suppliers and customers, business operations and the subject matter of contracts for sanctions and compliance risks• Control over execution of compliance decisions	<ul style="list-style-type: none">• Ongoing IT controls regarding counterparties• Compliance training for employees• Trust Line to raise couterparty risks
<p>INFORMATION SECURITY</p> <ul style="list-style-type: none">• Losses due to critical information leaks• Critical equipment or process interruption due to information system failure	<ul style="list-style-type: none">• Continuous incident monitoring through a cybersecurity center with swift actions to prevent potential damage• Organisational and technical actions to protect personal data	<ul style="list-style-type: none">• Analysis of IT infrastructure security• Measures for safe remote work• IT user skill training and testing to prevent phishing attacks• Trust Line to raise information security issues