

# Innovation and Digital Transformation



GRI 103-2; 103-3

**To increase competitiveness and introduce innovative technologies, Metinvest is developing an internal R&D Centre that operates as part of Metinvest Digital, the Group's IT entity. Research and development are two key aspects of our approach to innovation management, both of which employ the principle of co-innovation.**

This approach involves building an innovation ecosystem and collaborating with other companies to search for and evaluate new technologies, develop prototypes of innovative solutions, and then implement and replicate them.

The R&D Centre allows the Group to test new technologies as soon as possible, make data-driven investments, develop internal expertise and competencies, and improve the efficiency of resource management.

The R&D Centre has been operating for more than a year, during which time it has processed more than 32 business requests and developed nine prototypes using robotic process automation. One initiative involved creating virtual assistants using artificial intelligence. The R&D Centre also researched the application of computer vision technology at metallurgical assets to build predictive models for the analysis

of the sinter production process. It also researched the use of cold rolling process management systems and steel-pouring ladle management systems, and examined the condition of the steel-pouring ladles in use at the Group's assets.

## DIGITAL ADVANCES

Digital technology has become a strategic priority for nearly every business, including Metinvest. During the reporting period, the spread of COVID-19 necessitated the transition of a significant part of the Group's employees to remote work.

Metinvest's previous steps on the path of digital business transformation and timely introduction of new cloud-based digital tools helped it to successfully transition to remote work and significantly automate employee services.

In 2020, we continued to develop our strategic partnerships with Microsoft and SAP. We initiated and completed several digital projects, including a major migration of the Group's IT infrastructure to the Microsoft Azure cloud platform. We moved 680 servers that provide our IT services from Metinvest's two central data centres to the cloud platform. The main goals of the migration were to improve the efficiency, reliability and security of our IT infrastructure, and to provide additional flexibility and adaptability for implementing digital transformation projects.

The move to cloud technologies allowed us to expand the capabilities of our IT systems. It also drove increased usage of the services that we offer to the Group's employees, which include our self-service portal, chat bots, electronic document management

system, corporate knowledge base and personnel evaluation system. By automating processes, we were able to reduce the workload of employees when handling transactional operations.

In 2020, Metinvest Digital confirmed its SAP Customer Centre of Expertise certification at the Advanced level for the second time in a row. We also passed an independent audit of 15 IT processes that was performed by a group of international experts.

## Digital Partnership

In 2020, Metinvest Digital extended its Microsoft Certified Partner status by attaining the Microsoft Silver Security and Microsoft Silver Application Development competency levels.

These competency levels demonstrate that the Group's experts have in-depth technical and managerial knowledge in addition to the experience necessary not just to develop and implement complex information security programs but also to maintain and monitor the operation of Microsoft Azure cloud applications and services.

Metinvest Digital also underwent international certification to achieve SAP Silver Partner status for the following products:

- SAP S/4HANA – for automating complex business processes in finance, production, planning, cost accounting, logistics, sales and repair management
- SAP Ariba Solutions – for automating supplier qualification and online sales processes
- SAP Sales Cloud – for automating customer relationship and sales management processes
- SAP SuccessFactors – for automating personnel management processes

**“We will not rest on our laurels. We will continue our certification efforts to deepen our expertise and provide the highest possible quality of IT solutions to our customers.”**

Sergiy Detyuk, Chief Information Officer



An event of crucial importance in 2020 was the formulation of a long-term IT architecture roadmap through 2025 for the Group. The roadmap includes such key functions as manufacturing and maintenance, finance, sales, internal audit, legal, security, technological development, quality, procurement, logistics, HSE, services, HR, sustainable development and digital initiatives. In 2021, Metinvest intends to focus on several strategic projects: the deployment of an artificial intelligence solution for stabilising blast furnace heat balances; the digital transformation programme for the Group's iron ore producers, which aims to reduce production costs and streamline business processes through automation; the big data management programme; the implementation of corporate data warehouses; the implementation of Digital Workplace at several subsidiaries; and the replication of CRM solutions in our sales offices in Ukraine and Western Europe.



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