

# Our Approach and Strategy



## STRATEGIC VISION

It is essential for Metinvest to comply with environmental requirements at each stage of the production process. We believe that the long-term efficiency of our business is directly dependent on environmental sustainability. We focus our efforts on minimising our environmental impact and supporting actions to tackle climate change.

The Group's key environmental principles include complying with legislative requirements, implementing rational natural resource management policies, introducing more environmentally friendly production methods and establishing multi-level systems to control its environmental impact.

Our strategic vision on environmental protection is based on the following priorities:

- prevention and reduction of environmental impact, including improvement of air quality, responsible waste treatment and water management;
- contribution to global fight against the climate change;
- preservation and efficient use of raw materials and energy resources in the production process;
- effective environmental monitoring and assessment of any kind of environmental impact;
- preservation of natural landscapes and biodiversity.

Metinvest implements programmes designed to ensure environmental safety at all its operations and develops targeted measures to optimise them. Among our key environmental programmes are initiatives that apply state-of-the-art technology to reduce and eliminate atmospheric emissions, increase energy efficiency, treat wastewater, recycle waste and reclaim waste storage sites.

Following the ratification of the [Association Agreement between Ukraine and the EU](#), our production assets began to assess the future technological requirements and methods for reducing environmental impact that will need to be introduced in line with [Directive 2010/75/EU](#), as well as [Directive 2003/87/EU](#).

### GRI 103-2; GRI 103-3

#### ENVIRONMENTAL MANAGEMENT APPROACH

Metinvest's approach to environmental impact management is outlined in its Policy and Principles in the Field of Health, Safety and the Environment. We engage managers at all levels to improve the environmental management system at our assets. To ensure that our policies and procedures remain relevant, we plan to revise them and expand the topics of climate change and biodiversity.

Our environmental protection goals are overseen at several governance levels, from the Supervisory Board and its Health, Safety and Environmental Committee to the dedicated function at the Executive Team level and responsible units at the Group's assets.

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.

The environmental function within the Group's Sustainable Development and People Management directorate has the following key duties: ensuring compliance with legislative requirements; assessing risks and conducting internal environmental audits; monitoring and registering GHG emissions; assessing product life cycles; creating automated systems for storing and processing environmental information; developing strategies and concepts for reducing the impact of production assets on air, water, land resources and biodiversity; and assessing climate change impact.

At the production asset level, each quarter, members of the senior management discuss key issues related to environmental impact. They also take decisions regarding the implementation of relevant projects and the modernisation of equipment to achieve strategic objectives and priorities. The major criteria for assessing implementation efficiency is the expedience of decisions taken and achievement of targets set.

In 2021, Metinvest plans to integrate environmental KPIs for employees occupying the relevant positions to increase their involvement in environment protection measures.

In 2020, Metinvest continued to evaluate its assets for compliance with the requirements of the ISO 14001 international standard. At the end of the reporting period, 12 Group assets<sup>1</sup> had certified the compliance of their environment management systems under ISO 14001:2015.

#### ENVIRONMENTAL MONITORING

To assess its environmental impact, Metinvest conducts regular internal audits in cooperation with certified laboratories and accredited institutions. These audits cover the assets' production activities, efforts to reduce air and GHG emissions, use of water resources, compliance with quality standards and waste management initiatives.

This helps us to assess the compliance of production processes with the approved policies, standards and environmental legislation; evaluate the efficiency of projects to modernise production processes and equipment; and update the environmental risk map to ensure that we achieve our objectives. The Group's assets have dedicated teams that monitor environmental protection metrics and

initiatives. Some assets have established specialised laboratories for this purpose. For example, Avdiivka Coke operates a laboratory that analyses water and air quality by monitoring three control groups: air emissions, water resources, and waste and land conditions.

This systematic approach to tracking our environmental impact helps to ensure that our operations comply with regulatory requirements and fulfil our environmental protection objectives.

#### SUPPORTING OPEN DIALOGUE

We maintain a consistent dialogue with stakeholders on the issues of environmental safety. This allows us to track the efficiency of decisions taken and measures implemented and to update our environmental risk map.

In the spirit of transparency and accountability, Metinvest arranges meetings, press conferences and roundtable discussions about environmental issues with representatives of the public, media, volunteer groups and non-governmental organisations (NGOs) and involves its management and the executive officers of assets in these initiatives. Metinvest also participates in the World Steel Association's Environment Committee, where we share our experience and the most effective industry practices and achievements as well as learn best practice.

Any direct complaints about environmental matters may be submitted via the Trust Line, an official channel through which they are automatically registered in an integrated incident management system. Subsequently, they are analysed, reviewed and transferred to a responsible unit, which promptly takes the necessary action.

<sup>1</sup> This includes Azovstal, Central GOK, Ferriera Valsider, Ilyich Steel, Ingulets GOK, Mariupol Machining and Repair Plant, Metinvest Holding, Metinvest Trameal, Northern GOK, Promet Steel, Spartan UK and Unisteel. Metinvest-Promservice and Zaporizhia Coke are planning to update their certifications in 2021. Following its merger with Inkor Chemicals, Avdiivka Coke is considering the possibility of joint certification.