

WE ARE METINVEST

APPROACH TO SUSTAINABILITY RISK MANAGEMENT

Building a sustainable business is all about resilience. New challenges arising at the global, regional and national level inevitably affect the economic development of Ukraine, as well as our business. The Group is aware that its sustainable development hinges upon its business model swiftly adapting to the changing expectations of our stakeholders. Therefore, risk

management remains a strategic priority in all areas of our operations. We aim to understand and mitigate risks proactively, including sustainability risks.

GRI 102-30

During annual business planning, we prepare a Risk Map, which outlines key risks that may hinder our ability to achieve our business goals. Besides

financial risks, we analyse and assess non-financial risks, including the environmental impact of production, the health and safety of our employees and contractors, social risks related to employees and local communities, and compliance with business ethics policies and regulations. The following table outlines Metinvest's key non-financial risks according to the Risk Map.

GRI 102-15

KEY SUSTAINABILITY RISKS AND RELATED OPPORTUNITIES

RISK	DESCRIPTION	RISK MITIGATION MEASURES	OPPORTUNITIES FOR METINVEST
Environmental risks	<ul style="list-style-type: none"> – Environmental impact from the Group's operations, including air pollution, wastewater discharges, and waste generation. – Increased scrutiny of the Group's activities from local communities and regulatory bodies in its regions of operation. 	<h4>GRI 102-11</h4> <ul style="list-style-type: none"> – Application of the precautionary principle and evaluation of potential environmental impact when planning investment projects. – Implementation of technical measures to reduce emissions, monitoring of compliance with regulatory requirements. – Enhancing the corporate governance system by adopting international approaches and standards, including the integration of ESG factors into Metinvest's functional strategies. – Conducting environmental upgrades at the Group's production facilities in accordance with the Technological Strategy 2030. – Implementation of waste management initiatives for metallurgical and mining operations. – Implementation of technical and technological initiatives to increase energy efficiency. – Development of Green Centre initiatives to foster a culture of caring for the environment in the regions of the Group's presence. 	<ul style="list-style-type: none"> – Development and implementation of long-term environmental programmes at production assets. – Continuous improvement of the environmental management system. – Development of an implementation plan based on EU environmental standards and subsequent incorporation into KPIs. – Development of climate change resilience strategies.

RISK	DESCRIPTION	RISK MITIGATION MEASURES	OPPORTUNITIES FOR METINVEST
Occupational health and safety risks	<ul style="list-style-type: none"> – Workplace injuries and fatalities among employees and contractors. – Inconsistent application of certain risk management tools, leading to reduced effectiveness of the health and safety management system as a whole. 	<ul style="list-style-type: none"> – Implementation of a programme to increase the effectiveness of measures for critical risk management. – Integration of industrial safety requirements into the supplier selection process (for works performed by contractors). – Implementation of key health and safety performance indicators at all levels of the Group's management. – Introduction of health and safety software to manage the occupational health and safety system more efficiently. 	<ul style="list-style-type: none"> – Adherence to the Vision Zero concept, which lays out heightened requirements with regard to prevention of workplace incidents. – Achieving zero injuries.
Risk of shortage of qualified employees	<ul style="list-style-type: none"> – Outflow of qualified production personnel. – Lack of qualified line managers and technical/ technological experts and workers. 	<ul style="list-style-type: none"> – Financial incentive systems for workers and managers. – Implementation of a learning plan to ensure that the Group's employees have the necessary qualifications. – Development of communication programmes to enhance employee loyalty. – Development and implementation of programmes to improve Metinvest's employer brand. 	<ul style="list-style-type: none"> – Professional staff retention. – Ensuring that staff possess the skills and knowledge necessary to be effective in the workplace and move up the career ladder.
Business ethics risks	<ul style="list-style-type: none"> – Corporate fraud. – Bribery and corruption. 	<ul style="list-style-type: none"> – Monitoring of compliance with corporate policies and procedures, including the Code of Ethics, Procedure on Anti-Money Laundering and Countering the Financing of Terrorism, as well as the Procedure for Declaring Conflicts of Interest. – Adherence to the Compliance Programme. – Granting access to a confidential hotline. – Promoting awareness among employees through ongoing training and communication campaigns on business ethics and anti-corruption matters. – Performance of mandatory anti-corruption verification with regard to suppliers and customers. – Performance of mandatory internal security screening with regard to all internal and external candidates for senior and high-risk positions. – Internal audits that include a fraud risk assessment. – Promotion of the Code of Ethics among suppliers. 	<ul style="list-style-type: none"> – Expansion of the training system on the Code of Ethics to improve awareness among employees. – Improvement of the non-financial reporting system. – Improvement of the Group's performance scores in ESG indices and ratings.

In 2020, COVID-19 became one of the most pressing challenges for the international community.

Risk management measures related to the pandemic are being carried out by the Metinvest anti-crisis headquarters, which is headed by the Group's CEO. The headquarters has been operating at the Group level since 2017 to rapidly respond to crisis situations of strategic importance. The following actions are being undertaken to ensure the continuity of business processes:

- Preventive measures to reduce the risk of the COVID-19 virus spread; and
- Specific response measures in the event of illnesses among employees of the Group's assets.

The anti-crisis headquarters applies international experience in battling this virus spread and studies the experience of other companies in managing this risk.