

WE ARE METINVEST

SUSTAINABLE DEVELOPMENT




Sustainable development is a key part of Metinvest's business strategy. Through our sustainability initiatives, we strive to guarantee environmental safety, ensure our employees' health and wellbeing, make our energy usage more efficient, as well as foster economic development and technological progress. The principles of sustainable development are embedded into every aspect of our business.

METINVEST'S SUSTAINABLE DEVELOPMENT PRIORITIES

Priority	Our commitment
Health and safety of employees	Build a safe working environment
Environmental protection and energy efficiency	Comply with EU environmental standards, increase the operational and energy efficiency of production, as well as reduce emissions and waste
Employee wellbeing and development	Build an effective human capital management system
Development of local communities	Develop local communities, implement social projects and engage in effective dialogue with society
Business ethics and corporate governance	Ensure the transparency and efficiency of our corporate governance bodies
Stakeholder engagement	Openly collaborate with all our stakeholders
Quality of products and services	Increase the efficiency of all business processes, monitor the quality of products at each stage of the production chain, introduce innovative research and development, as well as engage staff in improving the production activities of our assets

MEMBERSHIP IN ASSOCIATIONS

As a permanent member company of the World Steel Association, Metinvest is committed to the steel industry's sustainability principles as set out in the Sustainable Development Charter of the steel industry, which cover seven areas: safety and health, local communities, ethical standards, stakeholder engagement, disclosure and transparency, value for stakeholders, and environmental protection¹. Metinvest is making strides in each of the Charter's sustainability areas.

 Detailed information about our work and progress is available in the following sections: "Occupational Health and Safety", "Local Community Development", "Business Ethics and Anti-Corruption", "Stakeholder Engagement" and "Environmental Action".

¹ In 2018, 71 steel companies, including Metinvest, signed the World Steel Association Sustainable Development Charter to reaffirm their commitment to the industry's seven sustainable principles. The Charter was first published in 2009.

In 2019, Metinvest B.V. joined the Dutch Association of the Metallurgical Industry (VNMI). VNMI unites over 80% of metal producers based in the Netherlands and promotes the sustainable development of the Dutch metallurgical industry. Membership in the association enables Metinvest to share its experience with other steelmakers and participate in the development of new regulations for the metals industry in the European Union.

In June 2020, Metinvest received an overall ESG Risk Ratings score of 32.0² from Sustainalytics, a leading independent ESG research and analytics firm. While the risk of experiencing material financial impacts resulting from ESG factors was assessed as high due to the steel industry's significant exposure, the Group's management of material ESG issues was rated as strong. Compared with other companies in the steel industry analysed by Sustainalytics, Metinvest was ranked in ninth place out of the 140 steel companies around the world.

GRI 102-19; 102-20; 102-21

SUSTAINABILITY GOVERNANCE

Metinvest shares the SCM³ approach and principles for sustainable development, as outlined in SCM's sustainability policy. The policy defines key sustainability principles and strategic goals and sets forth the Group's approach to managing sustainable development priorities.


Our sustainability approach permeates our organisation, and its oversight is distributed across multiple functions. The Health, Safety and Environmental Committee of the Supervisory Board supports the Executive Team in implementing and maintaining the highest sustainability standards concerning environmental and health issues throughout the Group. In 2019, in order to bolster our sustainability efforts and ensure the wellbeing of our employees and local communities, Metinvest decided to reorganise its sustainability management function. This resulted in the creation of a new role, the Chief Sustainability Officer, who now leads the recently formed Sustainable Development and People Management Directorate.

The directorate is responsible for maintaining long-term relations with various stakeholder groups, which include state authorities, trade unions, NGOs and local communities. Besides handling public relations, the directorate oversees environmental management and risk mitigation at Group level. It is also instrumental in strengthening labour relations, upgrading health and safety standards, and improving the Group's corporate culture. The Chief Sustainability Officer, who reports directly to the CEO,

“AT METINVEST, CORPORATE SOCIAL RESPONSIBILITY IS AS IMPORTANT AS BUSINESS INTERESTS. WE STRIVE TO SUPPORT THE PROFESSIONAL DEVELOPMENT OF OUR EMPLOYEES AND WELLBEING OF OUR LOCAL COMMUNITIES, ENSURE WORKPLACE SAFETY AND MITIGATE ENVIRONMENTAL IMPACT.”

Aleksey Komlyk, Chief Sustainability Officer

is responsible for coordinating cross-functional involvement, ensuring that sustainability initiatives are harmonised across business units.

 For more information about the corporate governance system, please refer to the “Corporate Governance” section of the Report.

METINVEST AND THE UN SUSTAINABLE DEVELOPMENT GOALS

Metinvest has been a member of the United Nations Global Compact since 2010, and therefore commits to conducting its business responsibly and aligning its strategy and operations with the Ten Principles, which span human rights, labour, the environment and anti-corruption.

The Group continuously monitors global sustainability trends and believes that a sustainable future starts with individual contributions. Metinvest has aligned its approach to sustainable development with the UN Sustainable Development Goals (SDGs), which have become a universally recognised framework for addressing sustainability challenges. While acknowledging all 17 SDGs and striving to further the achievement of these goals at local, national and international levels, Metinvest has adopted a relevance-based vision for the SDGs. The Group understands that some global goals and targets are more relevant to its core business, and it therefore taps into its business capabilities and competence areas in order to have the greatest possible impact.

Metinvest's sustainability initiatives in 2019 centred on responsible labour practices, occupational health and safety standards, building resilient infrastructure in its cities of presence, rethinking operational efficiency, as well as upgrading machinery and equipment to meet the most recent environmental standards. These areas are covered by SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation and Infrastructure), SDG 11 (Sustainable Cities and Communities), and SDG 12 (Responsible Consumption and Production), which were the Group's primary focus in the reporting period.

Metinvest acknowledges the importance of mitigating climate risks and aims to make SDG 13 (Climate Action) its primary focus in 2020 and beyond. To this end, the Group is currently in the process of introducing a comprehensive action plan to address emissions abatement and energy efficiency, and it is developing several initiatives that are scheduled for implementation in 2020 and beyond.

² The ESG Risk Ratings score is a measure of unmanaged environmental, social and governance (ESG) risk on an absolute scale of 0-100, with a lower score signalling less unmanaged ESG Risk.

³ SCM is one of the major shareholders of Metinvest. It is a group of companies beneficially owned by Mr Rinat Akhmetov and commonly referred to as System Capital Management.

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SUSTAINABLE DEVELOPMENT CONTINUED

CONTRIBUTION TO ACHIEVING THE UN SUSTAINABLE DEVELOPMENT GOALS

TARGET	CONTRIBUTION TO ACHIEVING THE UN SUSTAINABLE DEVELOPMENT GOALS IN 2019	MORE DETAILS
 <p>PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL</p>		
<p>8.2. Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.</p>	<ul style="list-style-type: none"> – Metinvest implements the Technological Strategy 2030, which focuses on enhancing the sustainability agenda of the Group, advances its position as a low-cost steel producer, increases production capacity by growing organically, and develops its product portfolio. 	<ul style="list-style-type: none"> – Strategic Goals and Priorities – Products
<p>8.4. Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead.</p>	<ul style="list-style-type: none"> – Metinvest modernises production facilities and introduces innovative, resource-efficient technologies and solutions to reduce the environmental impact of its operations. 	<ul style="list-style-type: none"> – Environmental Action
<p>8.5. By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.</p>	<ul style="list-style-type: none"> – Metinvest implements its human capital management strategy, provides a competitive remuneration package, as well as opportunities for career growth and development. – We support young talent and implement educational projects for young people. – We develop our Talent Pool programme to train candidates for leadership positions. – We conduct the Metinvest Young Leaders programme for talented and ambitious employees under the age of 30. – We hire people with disabilities. – We implement innovative SAP solutions for automating personnel management processes. – We implement the 2019-25 roadmap for further development of the occupational health and safety management system. – We provide voluntary health insurance and other social benefits for employees and their family members. 	<ul style="list-style-type: none"> – Respect for Human Rights – Personnel Structure – Employee Remuneration and Motivation – Social Benefits – Staff Training and Development – Employee Healthcare – Occupational Injury Prevention and Response

TARGET	CONTRIBUTION TO ACHIEVING THE UN SUSTAINABLE DEVELOPMENT GOALS IN 2019	MORE DETAILS
8.6. By 2020, substantially reduce the proportion of youth not in employment, education or training.	<ul style="list-style-type: none"> – Metinvest develops cooperation with educational institutions to promote interest in the steel industry among the younger generation. – We recruit young professionals and develop a regional network of Metinvest Career Centres in the Ukrainian cities where the Group operates. – We support young talent and implement educational projects for young people. – We develop the Talent Pool programme to train candidates for leadership positions. – We conduct the Metinvest Young Leaders programme for talented and ambitious employees under the age of 30. – We support the WorldSkills Ukraine professional skills competition. 	<ul style="list-style-type: none"> – Staff Training and Development – Local Community Development
8.8. Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.	<ul style="list-style-type: none"> – Metinvest implements the 2019-25 roadmap for further development of the occupational health and safety management system. – We introduce comprehensive health and safety programmes to achieve zero injuries at assets. – We uphold the Vision Zero international certification granted by the International Social Security Association (ISSA). – We provide voluntary health insurance and other social benefits for employees and their family members. – We promote a healthy lifestyle and engage employees in sporting events and marathons. 	<ul style="list-style-type: none"> – Social Benefits – Occupational Health and Safety – Our Approach – Investments in Safety – Occupational Injury Prevention and Response
 BUILD RESILIENT INFRASTRUCTURE, PROMOTE INCLUSIVE AND SUSTAINABLE INDUSTRIALISATION AND FOSTER INNOVATION		
9.1. Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.	<ul style="list-style-type: none"> – Metinvest systematically implements strategic social investment programmes to support urban infrastructure and public services in the towns where it operates. – We build social partnerships with local authorities and institutions to strengthen the resilience of local communities. 	<ul style="list-style-type: none"> – Local Community Development

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TARGET	CONTRIBUTION TO ACHIEVING THE UN SUSTAINABLE DEVELOPMENT GOALS IN 2019	MORE DETAILS
9.2. Promote inclusive and sustainable industrialisation and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries.	<ul style="list-style-type: none"> – Metinvest implements its human capital management and cooperates with educational institutions to promote interest in the steel industry among the younger generation. – We recruit young professionals and develop a regional network of Metinvest Career Centres in the Ukrainian cities where the Group operates. 	<ul style="list-style-type: none"> – People Management and Development – Local Community Development
9.4. By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.	<ul style="list-style-type: none"> – Metinvest modernises production facilities, as well as introduces innovative resource-efficient technologies and solutions to reduce the environmental impact of its operations. 	<ul style="list-style-type: none"> – Environmental Action
9.5. Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending.	<ul style="list-style-type: none"> – Metinvest engages with the scientific community and develops joint projects, as well as participates in scientific conferences and forums. 	<ul style="list-style-type: none"> – Environmental Action
 11 SUSTAINABLE CITIES AND COMMUNITIES MAKE CITIES AND HUMAN SETTLEMENTS INCLUSIVE, SAFE, RESILIENT AND SUSTAINABLE		
11.1. By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.	<ul style="list-style-type: none"> – Metinvest takes a strategic approach to social partnership and develops social infrastructure projects in the cities where it operates, which include the construction and renovation of residential buildings and their surrounding areas, healthcare institutions and other social facilities. 	<ul style="list-style-type: none"> – Local Community Development

TARGET	CONTRIBUTION TO ACHIEVING THE UN SUSTAINABLE DEVELOPMENT GOALS IN 2019	MORE DETAILS
11.2. By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.	<ul style="list-style-type: none"> – We construct and repair roads as part of social infrastructure projects in the cities where the Group operates. 	<ul style="list-style-type: none"> – Local Community Development
11.6. By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.	<ul style="list-style-type: none"> – We reduce the environmental impact of our operations by modernising production facilities, as well as introducing innovative resource-efficient technologies and solutions. – We create opportunities for household waste separation and recycling through community projects. – We engage local residents in greening and clean-up initiatives organised by the Metinvest Green Centre. – We are conducting projects aimed at promoting pro-environmental behaviour and environmental education among children and adults. 	<ul style="list-style-type: none"> – Environmental Action – Local Community Development
11.7. By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities.	<ul style="list-style-type: none"> – We carry out greening projects at production sites and public spaces, as well as implement projects aimed at creating and modernising public recreational areas. – We repair and equip sport grounds, as well as sport and cultural facilities. 	<ul style="list-style-type: none"> – Environmental Action – Local Community Development



ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS

12.2. By 2030, achieve the sustainable management and efficient use of natural resources.	<ul style="list-style-type: none"> – Metinvest introduces innovative resource-efficient technologies and solutions to ensure the efficient use of natural resources, raw materials and energy. – The Group also reuses and recycles water. 	<ul style="list-style-type: none"> – Environmental Action
12.5. By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.	<ul style="list-style-type: none"> – We implement waste management programmes for both industrial waste from metallurgical and mining operations and household waste. – We recycle by-products of metallurgical production. 	<ul style="list-style-type: none"> – Environmental Action
12.6. Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.	<ul style="list-style-type: none"> – Metinvest publishes sustainability reports that reflect the Group's economic, social and environmental impacts. 	<ul style="list-style-type: none"> – About the Report

To learn more about Metinvest's contribution to other SDGs, please refer to the Annex 4.