



Sustainable development remains one of Metinvest's uppermost priorities and the foundation of its business strategy. In 2020, the Group's environmental, sustainability and governance (ESG) progress was recognised in its ESG Risk Rating from Sustainalytics. This leading independent ESG research and analytics firm named Metinvest among the top 10 of the 140 steel companies that it rated.

In 2020, we joined the global community in the fight against COVID-19 and took unprecedented measures to protect our employees, help local communities in the regions where we operate, and support customers and partners. These measures allowed us to ensure uninterrupted production at our facilities in Ukraine and most other countries. The Group's two re-rollers in Italy had to briefly suspend their operations in March and April at the request of the national government.

Despite the challenges, we were able to strengthen our vertical integration, as well as significantly improve our operational and financial results. In 2020, the Group's operational efficiency efforts yielded a total economic gain of US\$376 million. Metinvest's EBITDA climbed by 82% year-on-year and net profit rose by 54%.

To achieve these results, we improved raw material and energy consumption, optimised equipment productivity, streamlined logistics and expanded the product portfolio. We also completed numerous investment projects, including the modernisation of Central GOK's beneficiation facilities, which helped us to unlock production of pellets with 67.5% Fe content used in the less carbon-intensive direct reduced iron (DRI) technology.

To further strengthen our long-term customer relationships, we focused on improving the quality of our products and services. To better serve our customers amid the pandemic, in 2020, we worked to ensure timely product delivery and offered professional online technical support.

CEO's Statement

Metinvest's overriding priority is to preserve human life. We remain committed to continuous improvement in occupational health and safety until we achieve our ultimate target of zero incidents. In 2020, we implemented new initiatives aimed at reducing the risk of workplace incidents and adopted special safety measures to prevent the spread of COVID-19 at our facilities. Our efforts to improve occupational health and safety were not in vain, as we achieved the lowest lost-time injury frequency rate in the Group's history. Regrettably, we were unable to avoid losses among our employees, and our thoughts are with those affected directly. In addition to the deaths from COVID-19 among our team, we suffered five workplace fatalities, which was tragic. We thoroughly investigated each of these incidents, introduced stronger safety measures and extended the critical risk-oriented approach of our safety roadmap to prevent similar incidents in future.

Reducing greenhouse gas (GHG) emissions and combating climate change is a crucial part of Metinvest's sustainable development agenda. We significantly cut our carbon footprint in the past decade and are now using new opportunities to progress in our decarbonisation journey.

When disclosing our environmental performance indicators, we adhere to the principles of transparency and accountability, and we understand the importance of this to our stakeholders. When Ukraine signed the Association Agreement with the EU, it committed to progressing towards European standards in numerous respects. One is to align the way that Ukraine and domestic companies calculate their GHG emissions with the EU approach. While the law imposing this change requires GHG data disclosure under the new methodology only from 2022, we decided to recalculate historical figures to ensure comparability between years, and we present them in this report.

In addition, we calculated indirect GHG emissions associated with Metinvest's electricity purchases, as well as the direct GHG emissions intensity of the Group's Mariupol steelmakers. We are disclosing these indicators for the first time in order to comply with international best practice and be more transparent about our environmental impact.

In 2020, the Group invested US\$205 million in environmental initiatives, a record for this area in a single year. In particular, we completed the core work on Ilyich Steel's sinter plant modernisation, one of the largest environmental projects in the history of Ukraine.

Since our inception, we have fostered the social and economic development of our local communities. In 2020, the Group paid US\$612 million in taxes globally. We also implemented more than 200 social projects in partnership with local non-governmental organisations and public authorities. Our Master of Public Administration programme to train municipal leaders took first place in the economic development category of the UN Global Compact's Partnership for Sustainability Award 2020 competition in Ukraine.

During the pandemic, we increased our community spendings for healthcare projects aimed at preventing and treating COVID-19. In particular, we provided personal protective equipment to government agencies and medical facilities and built medical oxygen infrastructure.

Despite the difficulties of the past year, we are committed to further improving the Group's performance, which will contribute to our business development and sustainability. By working together with our stakeholders, I am confident that we will be able to overcome any challenges that 2021 might bring.

Our priorities are unchanged: to further implement the Group's investment programme, improve our operational efficiency and product quality, and enhance sustainable development. We remain focused on strengthening relations with our stakeholders, reinforcing our corporate governance system, ensuring the safety of our operations, reducing our environmental impact, providing for the wellbeing of our employees and developing local communities. We understand the ongoing nature of the COVID-19 pandemic and will continue to protect our people; there is nothing more valuable to us than their life and health.

Yuriy Ryzhenkov
Chief Executive Officer