



CONTENTS

ABOUT THE  
REPORT

**ABOUT  
METINVEST**

SUSTAINABLE  
DEVELOPMENT

CORPORATE  
GOVERNANCE

ENVIRONMENTAL  
ACTION

HEALTH AND  
SAFETY

EMPLOYEES

LOCAL  
COMMUNITIES

ANNEXES

# About Metinvest





In this section:

10	CEO's Statement
12	Metinvest in Numbers, 2020
14	Map of Metinvest's Key Assets
16	Strategic Goals, Priorities and Values
18	Products



**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

# Metinvest in Numbers, 2020

STEEL PRODUCER  
IN THE WORLD<sup>1</sup>

TOP 45

STEEL PRODUCER  
IN EASTERN EUROPE<sup>1</sup>

#4

EMPLOYEES

>69,000

KEY PRODUCTION ASSETS

16

IRON ORE PRODUCER  
IN THE WORLD<sup>2</sup>

TOP 10

IRON ORE PRODUCER  
IN EASTERN EUROPE<sup>2</sup>

#2

CUSTOMERS

>6,800

SALES OFFICES

45

COUNTRIES OF SALES

~ 100

## Key financial indicators<sup>3</sup>

REVENUES

US\$10,453M

EBITDA<sup>4</sup>

US\$2,204M

EBITDA MARGIN

21%

TOTAL ASSETS

US\$13,454M

TOTAL EQUITY

US\$6,496M

TOTAL DEBT<sup>5</sup>

US\$2,937M

CAPITAL INVESTMENTS

US\$663M

TAXES PAID GLOBALLY

US\$612M

## Key operational indicators

### CRUDE STEEL

8.3MT

### IRON ORE CONCENTRATE

30.5MT

### COKING COAL CONCENTRATE

2.9MT

## Sustainable development

### ENVIRONMENTAL SPENDING

US\$450M

### SPENDING ON HEALTH AND SAFETY

US\$106M

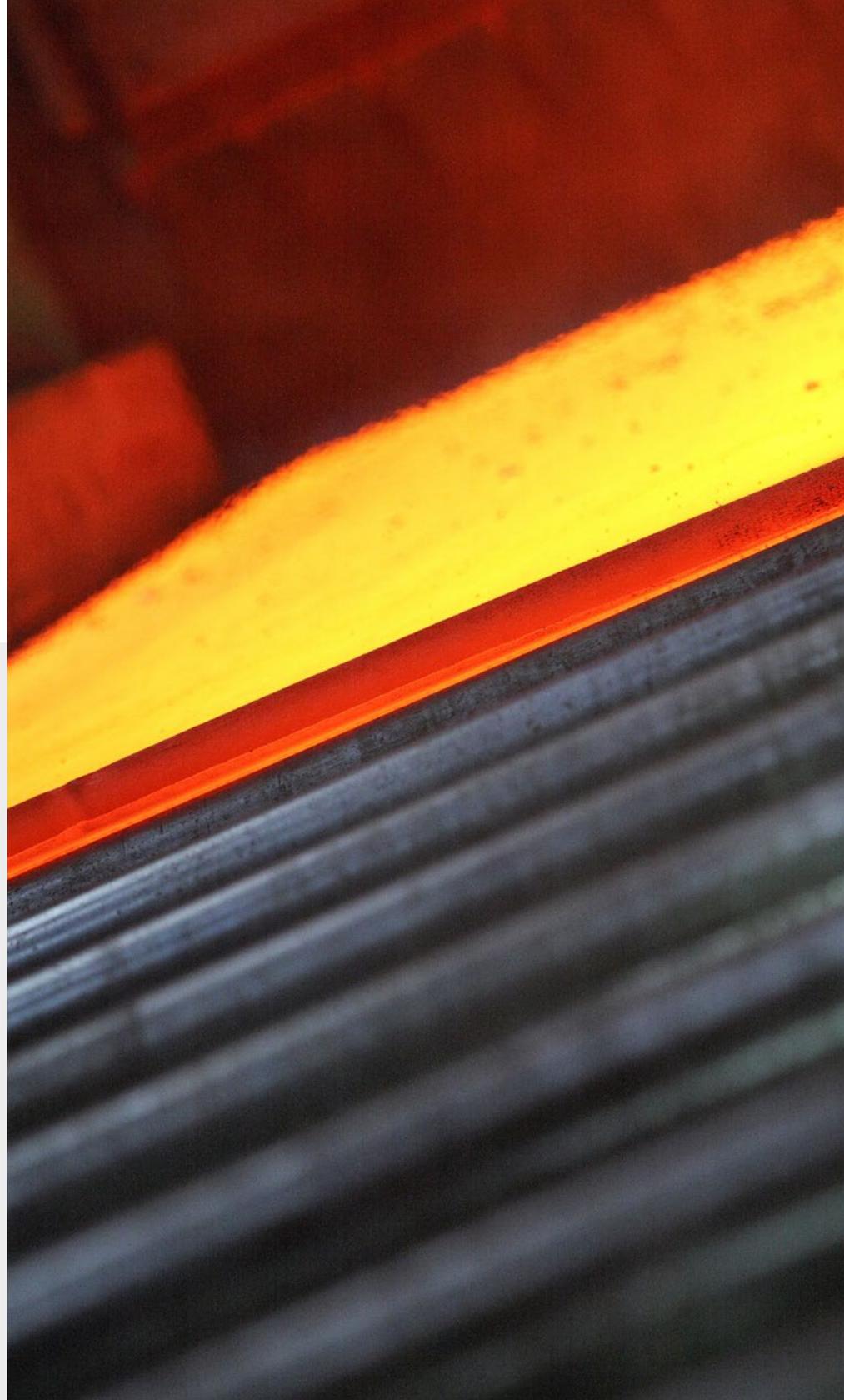
### SPENDING ON COMMUNITIES

US\$15M

### SPENDING ON EMPLOYEE TRAINING AND DEVELOPMENT

US\$3M

- 1 World Steel Association ranking for 2020, based on tonnage produced and geographical location of assets.
- 2 Internal estimate based on companies' public production information for 2020, excluding Chinese and Indian companies.
- 3 More details about Metinvest's financial and operational indicators are available at: <https://metinvestholding.com/ua/investor>.
- 4 EBITDA is calculated as earnings before income tax, finance income and costs, depreciation and amortisation, impairment and devaluation of property, plant and equipment, foreign-exchange gains and losses, the share of results of associates and other expenses that the management considers non-core, plus the share of EBITDA of joint ventures.
- 5 Total debt is calculated as the sum of bank loans, non-bank borrowings, bonds, trade finance and lease liabilities.



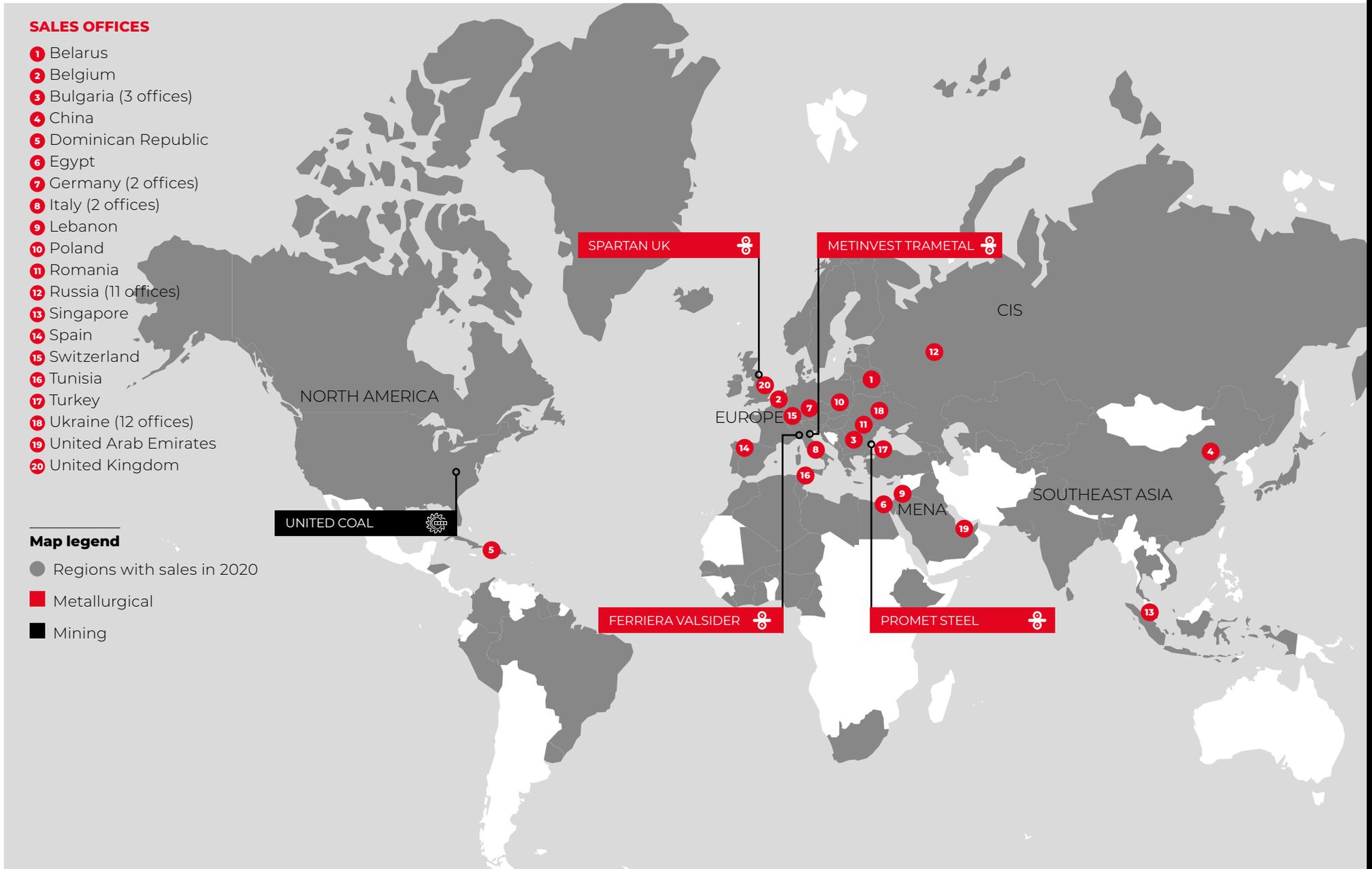
# Map of Metinvest's key assets

**GRI 102-1**

Metinvest is an international, vertically integrated group of steel and mining companies. It has assets in Ukraine, the

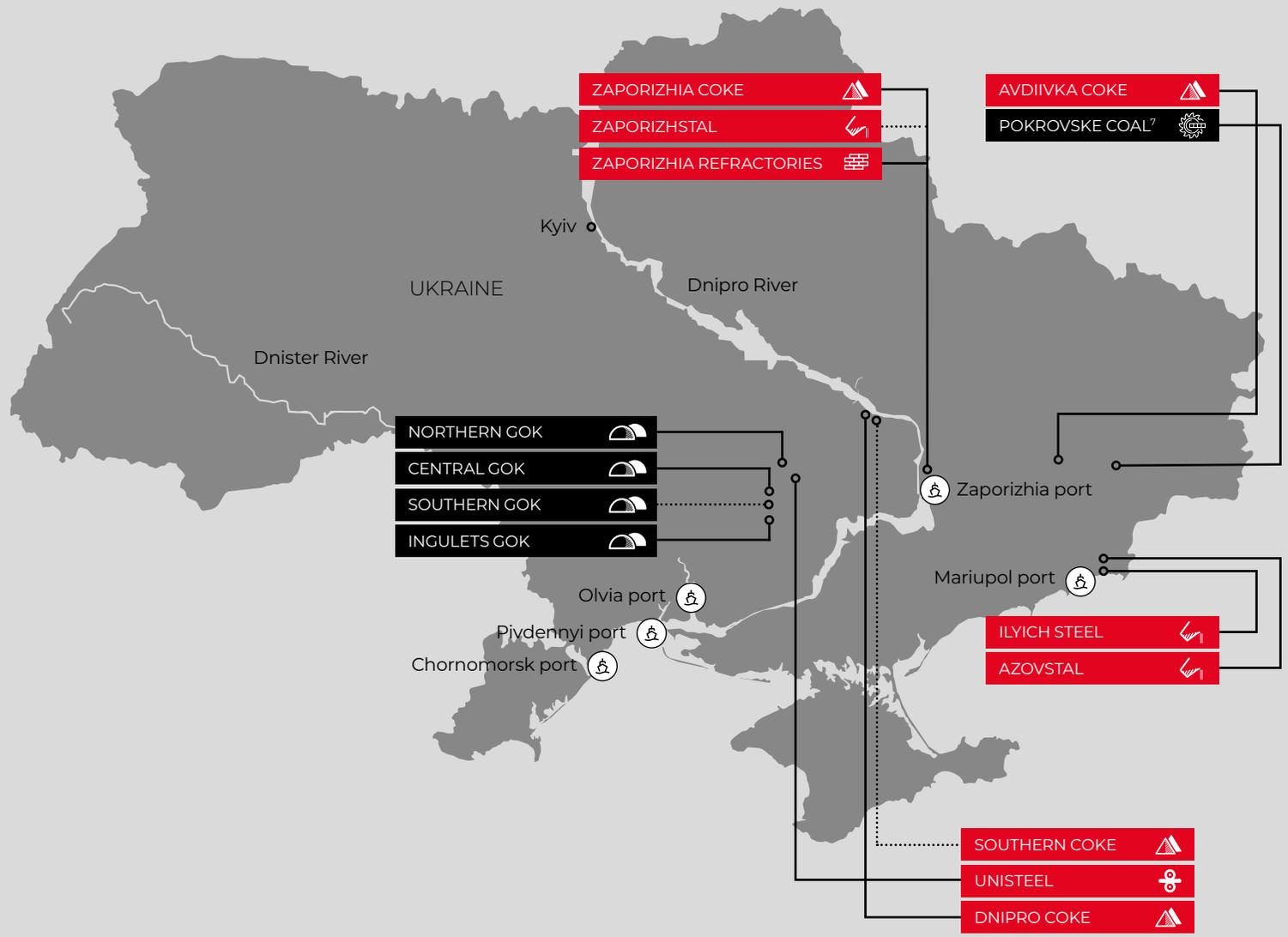
EU, the UK and the US, as well as a sales network covering the major regions of the world. The Group controls the entire

production chain, from mining iron ore and coking coal to making and selling semi-finished and finished steel products.



**Map legend**

- Metallurgical
- Mining
- ..... JV or Associate<sup>6</sup>
- Coking coal
- Coke
- Iron ore
- Integrated steel
- Re-roller
- Refractories



<sup>6</sup> For more details please see Notes 3 and 10 to the Summary IFRS Consolidated Financial Statements 2020.  
<sup>7</sup> Pokrovske Coal became a subsidiary of the Group in March 2021.

# Strategic Goals, Priorities and Values

## STRATEGIC GOALS

- Sustain competitive advantages in steelmaking through vertical integration
- Strengthen positions in strategic markets
- Achieve business excellence through best practice

## STRATEGIC PRIORITIES

- Enhance sustainability
- Strengthen low-cost producer position
- Enhance product portfolio to strengthen position in key strategic markets
- Focus on customer needs
- Pursue selective acquisition opportunities

 For more information about the Group's strategic goals and priorities, see pages 16-17 of Metinvest's 2020 annual report.

## Corporate Values

### GRI 102-16

#### Life, health and environment

- We create safe working conditions.
- We each feel responsible for the life and health of ourselves and our colleagues.
- We strive to have a minimal environmental impact in manufacturing our products.
- We use natural resources carefully.
- We support healthy ways of life.

#### Customer focus

- We are open and honest with our customers.
- We are attentive to the needs of our customers.
- We are willing to change to meet the needs of our customers.
- We strive every day to refine our processes in the best interest of our customers.

#### Professionalism

- We create an environment in which people can demonstrate their abilities.
- We continually improve our knowledge and skills, and openly share our expertise with colleagues.
- We set high job standards and adhere to them.
- We implement clear executive discipline requirements.
- We strive to achieve outstanding results by ensuring the optimal use of resources.

#### Leadership

- We set ambitious goals and achieve them.
- We take initiative and encourage others.
- We make our own decisions and act independently in difficult circumstances, and take responsibility for our own decisions.
- We share the Group's core values by adhering to them in our actions and decisions.
- We promote the implementation of beneficial changes.

#### Teamwork

- We are confident that working in unison as a team in which each person accepts individual responsibility for the overall result will foster effective operations.
- We are open to cooperation, help our colleagues and support each other.
- We aim to act as partners in a dialogue who show the utmost respect for other people.
- We listen carefully to other people's opinions and are open to feedback.
- We all strive to achieve common goals with confidence that our colleagues will fulfil their obligations.

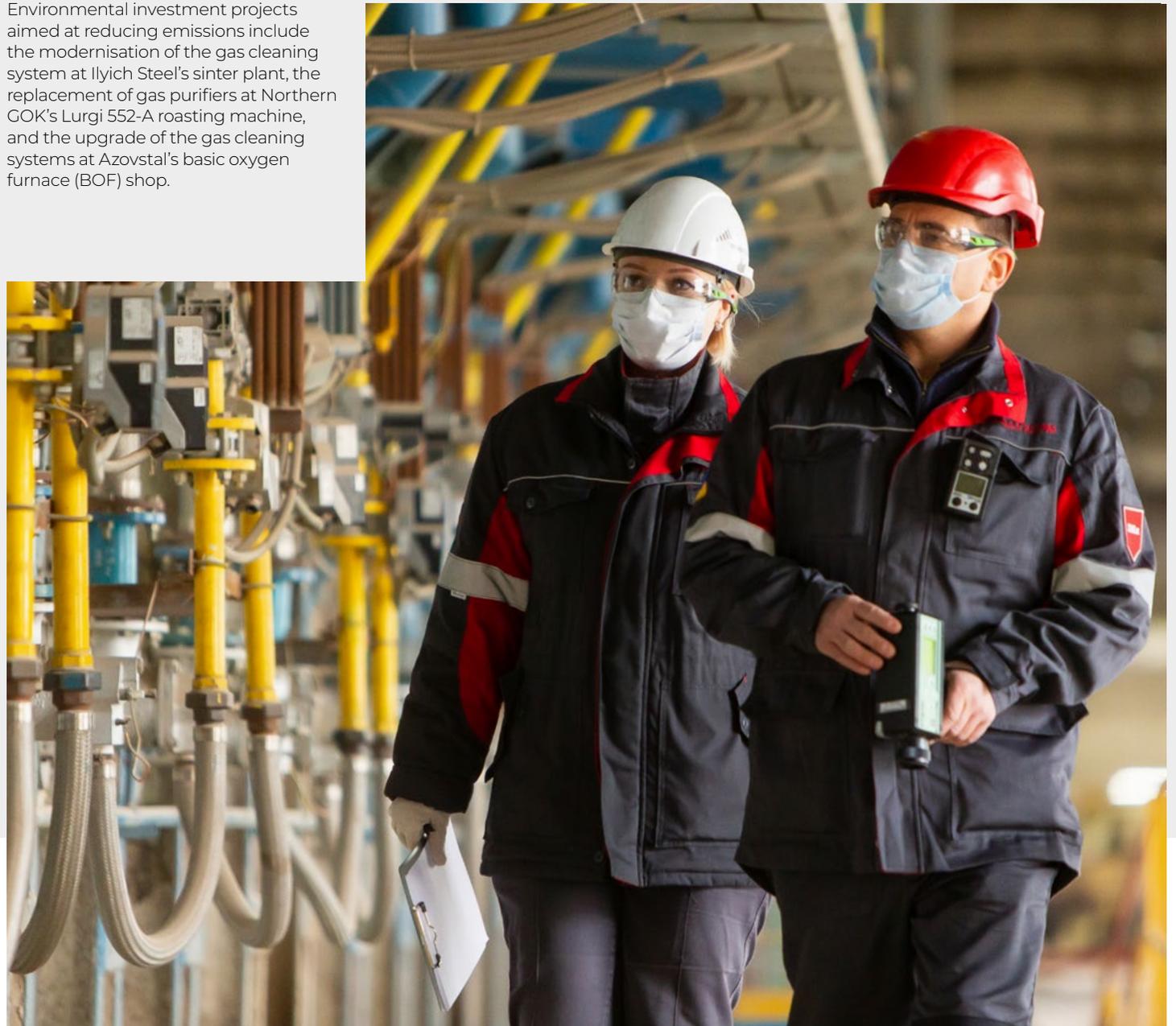
# Technological Strategy

In 2020, Metinvest continued to implement its technological strategy. This strategy serves as a roadmap for fulfilling the Group's strategic commitment to introducing cutting-edge technology while improving product quality, as well as increasing the overall operational efficiency and eco-friendliness of production cycles.

During the reporting period, Metinvest began to update its technological strategy. This was driven by the risk of significant pressure on global steel and iron ore markets in the future; greater focus on premium iron ore products; and a new decarbonisation challenge requiring innovative solutions.

In 2020, Metinvest completed several investment projects. As part of Ilyich Steel's hot strip mill (HSM) 1700 upgrade, a new hydraulic down coiler was installed that is capable of producing 32-tonne hot-rolled coils. Central GOK implemented a major initiative to modernise its processing plant, which has allowed it to begin producing iron ore concentrate with an Fe content of 70.5% and pellets with an Fe content of 67.5% for use in direct reduced iron (DRI) technology.

Environmental investment projects aimed at reducing emissions include the modernisation of the gas cleaning system at Ilyich Steel's sinter plant, the replacement of gas purifiers at Northern GOK's Lurgi 552-A roasting machine, and the upgrade of the gas cleaning systems at Azovstal's basic oxygen furnace (BOF) shop.



**For more information on the Group's environmental modernisation projects, see the Environmental Action section.**

# Products



GRI 102-2; 102-6

Metinvest is a trusted partner and supplier of high-quality products for more than 6,800 customers in around 100 countries. The Group's distribution network includes 45 sales offices and 40 steel distribution centres in Europe, Asia, Africa and North America<sup>8</sup>.

## METINVEST'S KEY PRODUCTS



### Finished products | Flat

- Hot-rolled plates
- Hot-rolled coils and sheets
- Cold-rolled coils and sheets
- Galvanised coils and sheets



### Finished products | Long

- Rebar
- Railway products
- Long products and special profiles
- Steel grinding balls
- Welded tubes and hollow sections



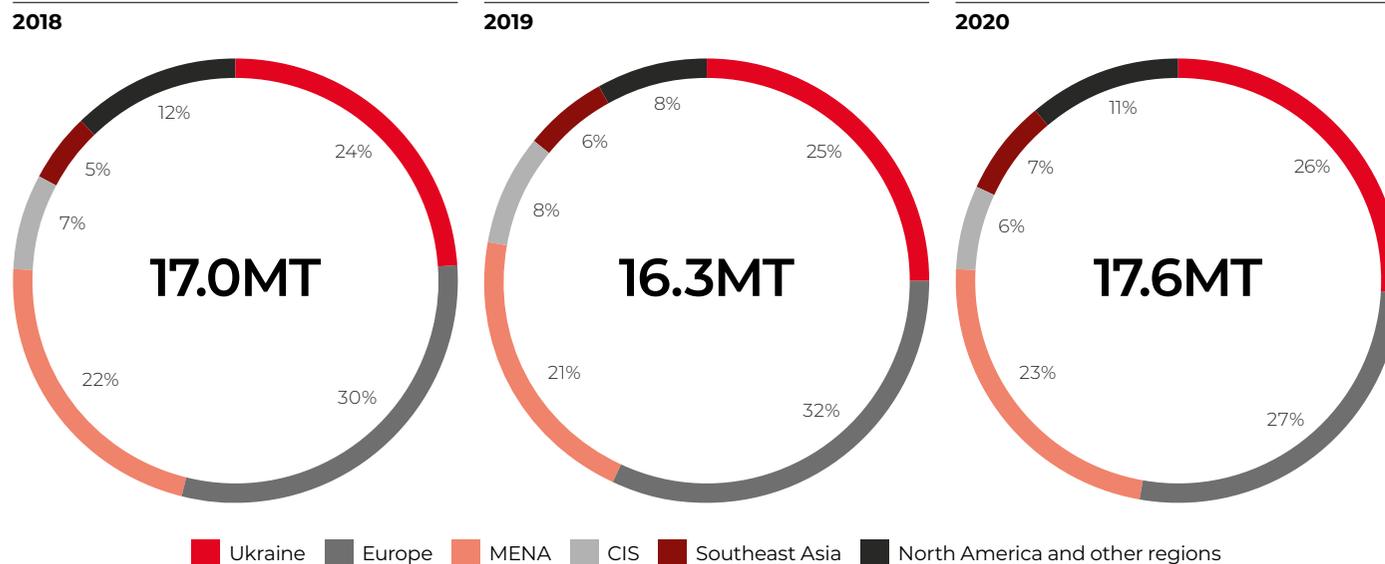
### Semi-finished products and raw materials

- Iron ore concentrate
- Pellets
- Coke
- Coking coal
- Pig iron
- Slabs

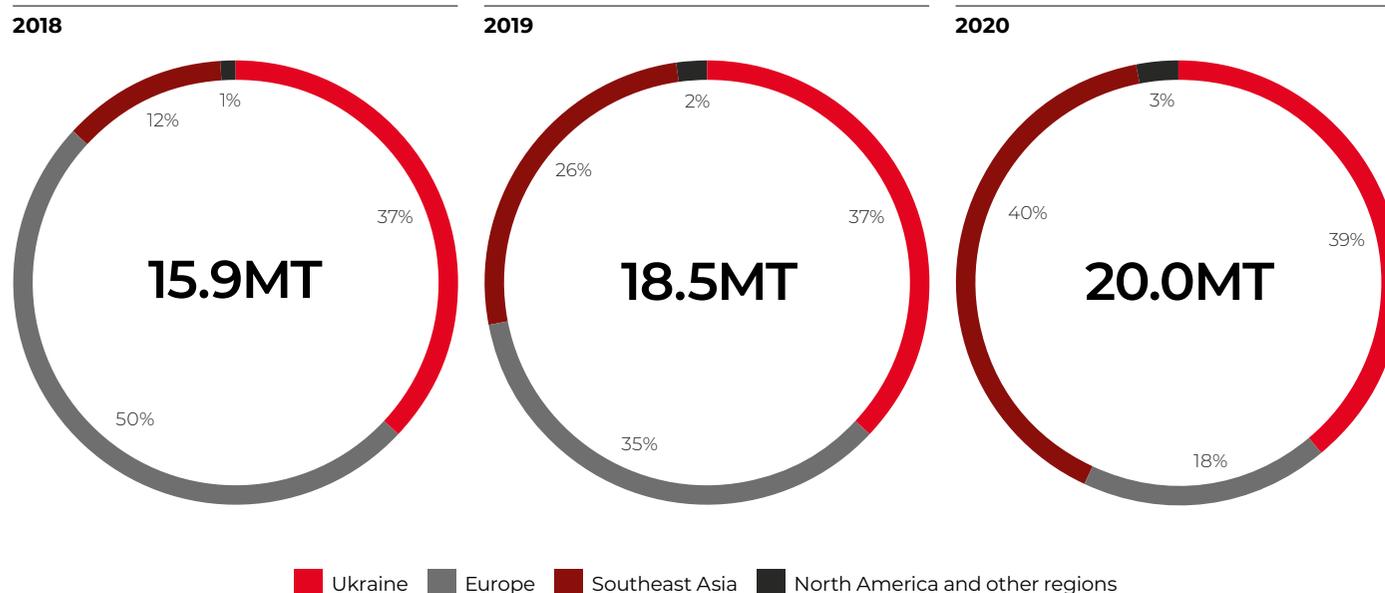
<sup>8</sup> As of the end of the reporting period.

## METINVEST'S SALES DISTRIBUTION BY MARKET, 2018-20

### METALLURGICAL SEGMENT



### MINING SEGMENT



We strive to continuously improve to meet the needs of our customers. In 2020, the Group started manufacturing 46 new types of steel products in the following segments:

- 25 – hot-rolled plates
- 8 – hot-rolled coils
- 5 – galvanised coils
- 4 – cold-rolled coils
- 3 – semi-finished products
- 1 – electric-welded pipes

In 2020, the greatest number of new goods was launched at Azovstal (23 product types), followed by Ilyich Steel (19) and Unisteel (4).

## NEW PRODUCT HIGHLIGHTS

In 2020, Metinvest started manufacturing shipbuilding products that are certified by Det Norske Veritas Germanischer Lloyd (DNV GL) as compliant with the additional chemical composition requirements under the DNV GL 2019 standard.

Metinvest also launched production of the S500ML grade of high-strength rolled steel for construction and mechanical engineering.

The Group's assets began manufacturing three new types of semi-finished products, two of which (the DC01 and S220GD grades) were made for an order from U.S. Steel Košice, a Slovak steel plant.

Ilyich Steel's upgraded HSM 1700 introduced a super-thin product line with a thickness of 1.2-1.7 mm that complies with European standards.

Metinvest started supplying pipe manufacturer Interpipe with coils made from the L360N steel grade, which have never been produced in Ukraine before.

Unisteel launched production of the S250GD grade of high-strength galvanised steel with a thickness of up to 2 mm and various types of zinc coating. Meanwhile, Ilyich Steel introduced the production of the new Z100 class of zinc coating.

 **For more information about new products, see the Metinvest website**



The Group's steel products are in high demand from the construction, shipbuilding, railcar and machine building, energy and mining industries, as well as in the construction of bridges and roads worldwide. Metinvest steel has been used to build The Shard, a skyscraper in the heart of London; The Shed at Hudson Yards, a large-scale complex of skyscrapers, office buildings, art spaces and malls in Manhattan, New York; Garitage Park, a major office and residential complex in Bulgaria; NSC Olimpiyskiy, the largest sport arena in Ukraine; the Lavina Mall and Central Department Store, two of the largest shopping malls in Kyiv; the New Safe Confinement, a megastructure designed for the Chernobyl Nuclear Power Plant in Ukraine; and many other prominent structures worldwide.

In 2020, the construction of the first steel multi-unit apartment building in Ukraine commenced. It will be located in Mariupol and will consist of 120 apartments with an area of over 5,000 square metres. About 300 tonnes of steel from Azovstal and Ilyich Steel will be used in the construction of this modern building.



## A Bridge Made of Metinvest Steel

In August 2020, the new San Giorgio Bridge was opened in Genova, Italy. It replaced the Morandi Bridge, the tragic collapse of which in 2018 claimed the lives of 43 people. Both the old and new bridges spanning the Polcevera River and railway tracks served as a connection between the two halves of the community.

Metinvest was the primary steel supplier for the construction of the new bridge, which was designed by the world-renowned architect Renzo Piano, a native of Genova.

The 18,500 tonnes of high-strength rolled products that the Group supplied underwent special safety and quality checks conducted by Italy's Fincantieri shipbuilder and the RINA classification society. They were also tested by the Rete Ferroviaria Italiana rail operator, as the bridge passes over the railway.

The bridge is a solid steel canvas just over one kilometre long. The high-tech style envisioned by the architect's plan resembles a large white ship flying over the valley. The 43 lamps that surround the bridge commemorate each soul lost to the tragedy.

**“For this project, it was essential that the supplier be able to guarantee the production of a significant amount of steel as soon as possible. I have worked with Metinvest before and therefore I was sure that the Group would definitely fulfil these requirements.”**

Siro Dal Zotto, Operations Director for Fincantieri Infrastructure and the main lead for the bridge construction project