MAGNITOGORSK
IRON & STEEL
WORKS

mmk.ru



# CONSOLIDATED REPORT

# 2024

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Pre-approved by the Resolution
of the Board of Directors of PJSC MMK
Minutes No. 14 dated 23.04.2025

Approved by the Resolution of the Annual
General Shareholders' Meeting of PJSC MMK
Minutes No. 67 dated 30.05.2025

# Message from

## Victor Rashnikov, Chairman of the Board of Directors of PJSC MMK

GRI 2-22



Dear colleagues, shareholders and partners,

2024 was a challenging year not only for iron and steel companies, but also for domestic industry as a whole. This is primarily due to the general economic situation in the country and in the world.

Nevertheless, we continued to work in all strategic areas of our business, producing high-quality steel products demanded by our customers, maintaining full implementation of environmental and social programmes, creating value for our shareholders and other stakeholders, improving the quality of life of our employees and residents in the regions where we operate, and using the strength and durability of MMK steel for the benefit of our customers and the entire country.



### Highlight of the year

The brightest event of 2024 was the completion of the construction of coke battery No. 12 complex in coke production. This is our largest investment project in the last 10 years. It was presented to the President of the Russian Federation Vladimir Putin and recognised by the expert community as the "Main event of the year in the Russian metallurgy".

MMK's coke and chemical production is currently the most powerful in the country's steel industry. The total capacity of the new coke battery is 2.5 million tonnes of dry coke per year, which is half of MMK's coke demand. Commissioning of the new coke battery in July 2024 helped us not only to solve production tasks, but also to significantly improve the environmental situation. Through the use of the best available technologies and environmental installations, air emissions will be reduced by 11,350 tonnes per year. The battery will also be essential for decarbonisation of production, as its launch will reduce $CO_2$ emissions by 2.2 million tonnes per year.

### Environmental responsibility

For many years, environmental issues have remained the focus of our Company's management. MMK's investments in environmental protection in 2024 amounted to RUB 15.5 billion. And since 2017, this figure has exceeded 106 billion rubles. The implementation of investment projects has already brought our Comprehensive Air Pollution Index (CAPI) down to 4.8 units. This is 3.2 times lower as compared to 2017, when the federal project “Clean Air”, in which MMK is a participant, was launched. MMK's actual gross emissions decreased by 27% compared to 2017. In 2024, the reduction in pollutant emissions continued, in particular, the commissioning of coke oven battery No. 12 and the decommissioning of five obsolete batteries reduced benzopyrene emissions by 9 times, and formaldehyde emissions by 12 times.

### General goals

I express my gratitude to all MMK's partners for their reliability and constructive approach to solving the most challenging tasks. I would like to express my special gratitude to the staff of Magnitogorsk Iron and Steel Works for their diligent work in 2024. I am sure that our Company will overcome the current challenges, because our team is creative, proactive, dedicated professionals. Together we will definitely achieve all our goals.

### Investing in import substitution

In the reporting period, we continued the implementation of three large-scale investment projects to organise import-substituting production.

Thus, construction of a steel rolls shop and a foundry and forging shop continues at MMK Group companies, Magnitogorsk Plant of Rolling Rolls LLC and Mekhanoremontny Komplex LLC. These projects will be completed in 2026 and will fully cover the plant's needs in forged working rolls for cold rolling mills and up to 80% in other forged support rolls for cold and hot rolling mills. Production of working rolls for the 5000 mill and supporting steel rolls for hot rolling mills will be realised. In addition, the new products will be supplied to other enterprises of the Russian metallurgical industry. Thereby, the share of imports in terms of rolls will be significantly reduced.

Another project is the construction of a workshop for machine-building products at Mekhanoremontny Komplex LLC. The shop will produce import-substituting heavy engineering products for the mining, metallurgical and machine-building industries.

### Territory development

In 2024 we continued the realisation of a large-scale, and in many respects unique for our country project, on the development of urban space – Magnitogorsk resort "Prityazhenie".

Three phases of the resort have already been commissioned. A considerable scope of work has been done: a boulevard with fountains, an information centre and a food mall, skiing and tubing tracks, an artificial lake with a view bridge and a beach, a stage with an amphitheater are available for use. There are many playgrounds for children, 40 kilometers of pedestrian, running and bicycle paths, a multifunctional sports cluster, an art quarter and a unique light and music fountain "Steel Heart of the Motherland". Since the opening of the first stage, the park has seen more than four million visitors.

The city resort "Prityazhenie" continues to grow. The construction of a children's entertainment centre is well underway and will receive its first visitors in 2025. A thermal complex is expected to be opened by the end of 2025. The construction of a children's hockey academy is in full swing.

**Victor Rashnikov**

CHAIRMAN OF THE BOARD
OF DIRECTORS OF PJSC MMK



# Message from

## Pavel Shilyaev, MMK Chief Executive Officer

GRI 2-22

Dear shareholders, colleagues and partners,

In 2024, our Company retained its position as a leading supplier to key metal-consuming industries, and continued to implement strategic initiatives aimed at improving operational and functional efficiency, as well as product quality.

The fall in demand for steel products in the construction industry and a number of other sectors did not give us fully realise our production potential.

Thus, iron smelting decreased by 4.5% as compared to 2023, and steel production by 13.8% – to 11,195 thousand tonnes. Sales of steel products by MMK Group decreased by 9.8%.





### Domestic market is a priority

In 2024, MMK increased the share of the domestic market in the sales structure to the maximum values in the post-Soviet period: at the end of last year, the share of shipments of our products to the Russian and CIS markets amounted to 99%. The share of high-margin premium steel products increased in the product sales structure. Due to import substitution processes and production growth in the machine-building industry, the plant increased shipments of high-strength and wear-resistant steel manufactured under the MAGSTRONG brand by 5%. MMK holds leading positions in supplies of steel products to the Russian automotive and pipe industries, as well as in sales of galvanised and painted steel.

Sales through the MMK Trading House sales network are at record levels, and online sales have also increased: for example, in 2024, sales of steel products through the marketplace almost doubled. The metal service centres continued to actively work on improving the quality of services, expanding their range across the entire network, with a focus on metalworking, warehouse services and digitalisation of processes.

### New level of quality

In 2024, several large-scale projects related to product quality were launched. In particular, a project to create a system of dynamic technological risk management, aligned on several streams, has already been implemented. In addition, the Company launched a three-year programme of measures aimed at improving the level of quality, with an annual funding of RUB 1 billion, and also began implementation of the Digital Quality Analysis project, which involves the creation of a corporate platform for monitoring technology execution and product quality management.

As in previous years, much attention was paid to the development of new and innovative products. These include new types of high-strength sheet steel for pipe manufacturing and new steel grades for the automotive industry.

### Digital transformation

The year 2024 marks 20 years since MMK started to create a corporate information system and 5 years since the start of the Digitalisation Strategy. During the Strategy period, 95 high-tech projects were implemented, and the economic effect from the application of advanced IT solutions amounted to 6.6 billion rubles.

Digitalisation is one of the key elements in improving business efficiency, and currently affects virtually all aspects of our Company's operations. Most of the digital projects were implemented at the production sites of the plant; they cover the entire cycle of metallurgical production – from the first redistribution to sheet rolling shops.

MMK actively uses artificial intelligence and machine vision technologies, big data and mathematical modelling, digital twins and software robots in various areas of its operation. All this enabled us to significantly increase production performance and improve the quality of finished products. In 2024, we decided to convert all automated user workstations to domestic software. Other issues of import substitution and localisation of IT infrastructure are also being successfully addressed.

### Together to new heights

I express my sincere gratitude to all MMK Group employees for their professionalism, conscientious work and creative initiative. We would like to thank our shareholders and partners for their trust, constructiveness, and reliability. Together we will ensure the successful implementation of our plans and effective solution of the tasks we face.

### High level of corporate governance

When assessing MMK's corporate governance over the last three years, the members of the Board of Directors noted the compliance of MMK's corporate governance with a high level of best practices and progress in its improvement.

### Socially oriented approach

In 2024, the MMK Group spent more than RUB 4.5 billion on implementing social programmes and charitable goals, of which more than RUB 2.8 billion were spent by the Company. The main areas include social guarantees for Company employees, charity and development of the territory of presence. To ensure a decent level of labour remuneration in the reporting year, we indexed the tariff rates and salaries of our employees twice.

MMK employees enjoy a wide range of benefits and guarantees in various areas, including not only the employer's obligations established by the collective bargaining agreement and legislation, but also additional benefits and preferences that increase the availability of medical treatment and health improvement, recreation, sports activities, or help solve the most important everyday issues.

In 2024, we intensified career guidance work among schoolchildren. Two staffing centres were opened at Prityazhenie Park. Young Metallurgist centre is focused on children. Our cooperation with Magnitogorsk State Technical University named after G. I. Nosov continued, including within the framework of the Professionalism federal programme. The system of mentoring and adaptation of young specialists continues to be developed in order to retain young employees at work.

### Safety is a top priority

Last year, as part of our Zero Injuries strategic initiative, a very important and large-scale project in the field of industrial safety – Transforming Safety Culture – was launched. It started in two pilot shops of the plant and in related divisions of the United Service Company.

The basis for changes in the occupational safety system is the risk-oriented approach, when the principle of "anticipating and preventing risks" rather than "dealing with the consequences of risks" comes to the fore.

**Pavel Shilyaev**

MMK CHIEF EXECUTIVE OFFICER



# STRATEGIC REPORT

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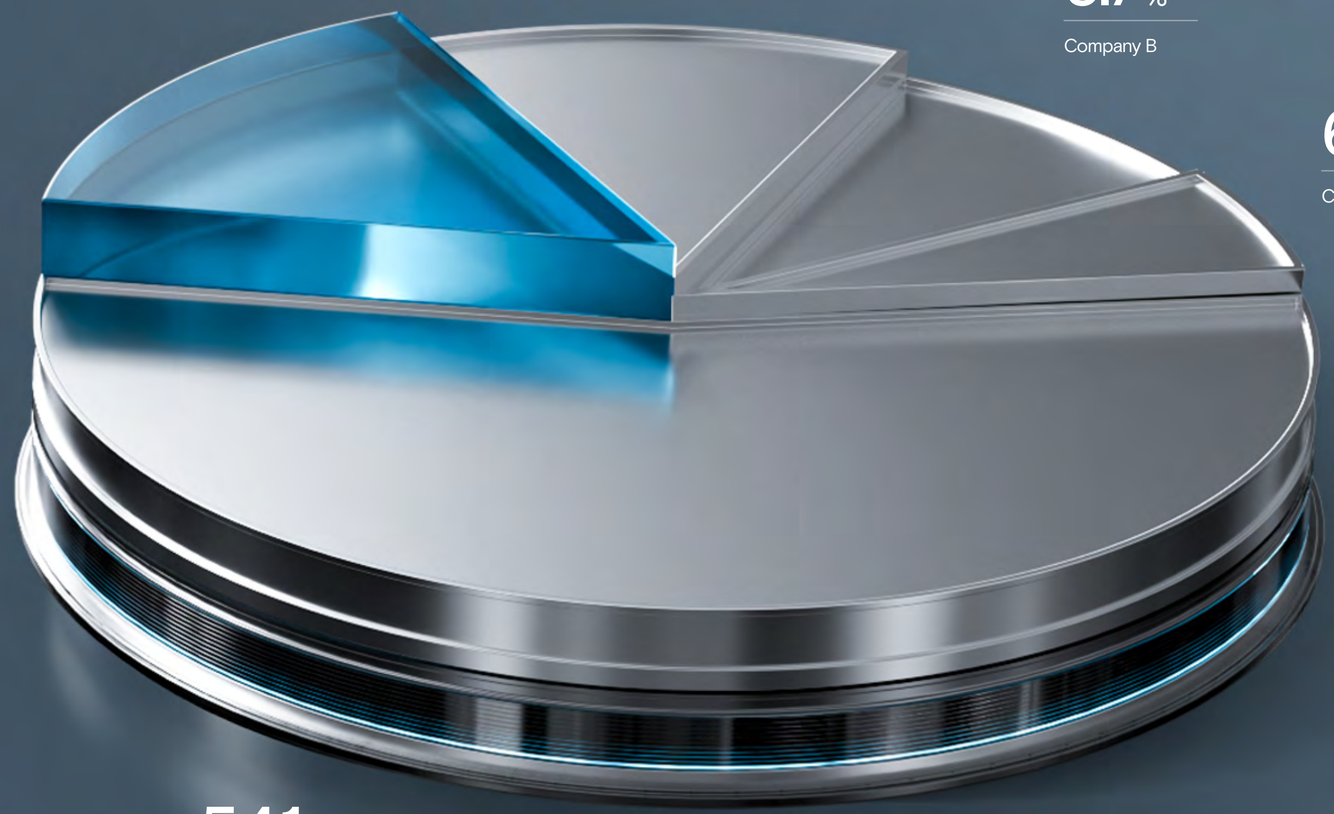
# About MMK Group

GRI 2-1 GRI 2-6

We use high-tech and top-end solutions to produce premium quality steel products. Our asset base with a full production cycle from extraction and processing of raw materials to production of steel products near regional metal consumption centres makes us one of the most cost-effective steelmakers in the world. MMK's ordinary shares are traded on the Moscow Exchange under the ticker symbol MAGN.

## №1 MMK is a leading russian metals company

- Steel supplier in the Russian market
- Producer of premium products in Russia
- Steel supplier for the automotive industry in Russia
- Supplier of galvanised and polymer-coated steel
- The only producer of tinplate in Russia



# We integrate sustainability into our strategy and operations

8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

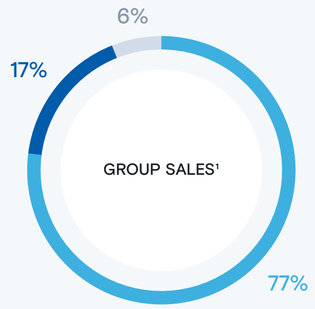
**0.51**
LTIFR

**2.21**
$CO_2$-eq. / tonne of crude steel

**2,248** RUB MLN
Investment in local communities and charity

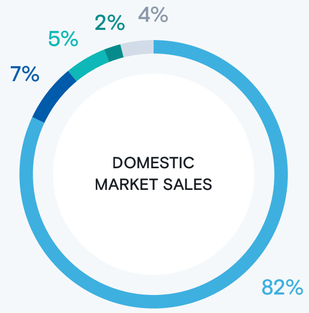
## MMK's prime geographical location means it is ideally placed to supply its products to the regions of Russia and neighbouring countries with the highest levels of metal consumption

**10,622** THSD TONNES
MMK Group sales



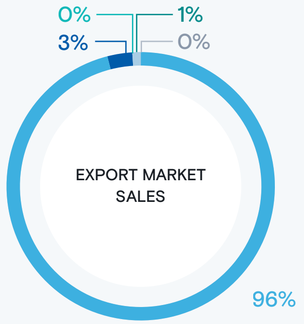

- Domestic market,[2] Russia
- Domestic market,[2] neighbouring countries
- Exports[3]

**9,993** THSD TONNES
Domestic market sales




- Russia
- Country 1
- Country 2
- Country 3
- Other neighbouring countries[4]

**629** THSD TONNES
Export market sales




- Region 1
- Region 2
- Region 3
- Region 4
- Other export destinations

[1] Hereinafter, the share is calculated as a percentage of steel products sales in tonnes.

[2] For Russia steel segment, the domestic market includes Russian and neighbouring countries' markets that are geographically close to MMK Group.

[3] Including the sales of Turkey steel segment.

[4] Georgia, Armenia, Azerbaijan, Turkmenistan, Tajikistan, Kyrgyzstan, Moldova.



# MMK Group operates across three business segments located in Russia and Turkey

## Russia
**Steel segment**

Is focused on the market of Russia and neighbouring countries.

The Russian steel segment includes the main asset MMK located in Magnitogorsk, Chelyabinsk Region. The segment also includes an iron ore production and processing facility, a top-three metalware producer in Russia and one of Russia's largest producers of galvanised and polymer-coated steel products with a unique high quality coating.

## Turkey
**Steel segment**

Produces and sells steel products in the markets of the Middle East, Europe, and Asia.

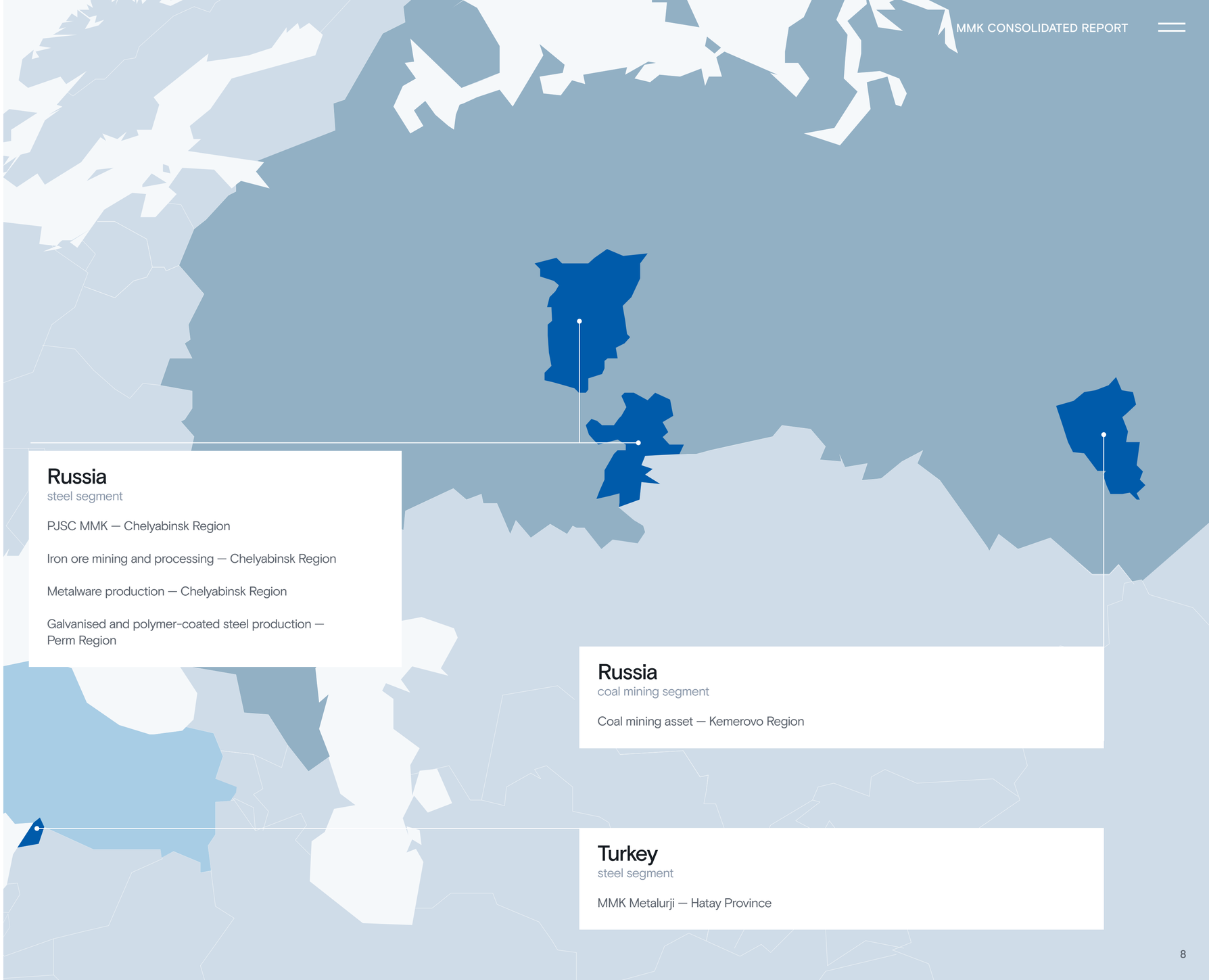
It includes an enterprise with a compact strip production facility producing hot-rolled products, cold-rolled and coated steel production facilities, and its own port.

## Russia
**Coal mining segment**

Meets MMK Group's needs for coal concentrate.

The segment includes a processing plant and 3 mines producing coking coal of the Zh and 2Zh grades.

Coal concentrate mined and processed at MMK Group's facility in the Kemerovo Region is used in Magnitogorsk to produce coke for steelmaking.



# Our investment case

## The Russia's leading steel producer

MMK boasts of unique advantages for strengthening its market position and further sustainable growth in the iron and steel sector. Based on the extensive history and experience of generations gained by steel producers, making the most of its favourable geographical location. The Group produces a wide range of unique and high-tech products for the needs of Russian industry.

## Common features

### 01. Prudent capital allocation

**> 20%**

IRR of investment projects

Transparent dividend policy with free cash flow payout

### 02. Low production costs

The 1st quartile on the global cost curve

## Rare features

### 01. Lowest debt burden

**Strongest balance sheet in the sector**

Our long-term objective is to ensure that the Group's net debt/EBITDA ratio is no more than 1.0x

Financial stability remains a key focus for the Group. MMK's debt burden is one of the lowest in the industry: net debt/EBITDA ratio is negative as at the end of 2024

### 02. High-level credit ratings[1]

**AA+(RU)**

ACRA

## Unique features

### 01. Unique market exposure

**> 90%**

of products are sold in the domestic market. More than 50% of all steel consumed in Russia in the regions were MMK's customers are based

Leading positions in supplies to neighbouring countries

**1ST**

position in the Russian metal products market with a share of 15.9%

**1ST**

position in the market of high-tech metal products in Russia

A unique supplier for pipe producers, machine-building, automotive, household appliances and food industries

### 02. A unique high-quality product portfolio

**44%**

of products sold are premium products

### 03. Unique industrial engineering competencies

Development of cast and forged rolls production based on MMK Group's existing assets, as well as large machine building products: dump truck bodies, overhead cranes, and equipment for blast furnace and steelmaking operations

[1] As at 1 October 2024.

# Business model

MMK brings together the processes that shape integrated and efficient production: an innovative approach to raw materials production and methods of use, operational efficiency culture, digital innovations to ensure sustainable growth.

## Capital

### FINANCIAL

**98,809** RUB MLN
CAPEX

- the strongest balance sheet in the sector
- a large portfolio of available, undrawn credit facilities
- prudent capital allocation

### PRODUCTION

**10** MILLION TONNES
pig iron
8 blast furnaces

**10** MILLION TONNES
steel
3 BOF

**6** MILLION TONNES
steel
2 electric arc furnaces, 1 double-hearth furnace, 1 foundry module

### HUMAN

**56,447** EE
headcount as at year-end

**2,538** RUB MLN
employee social security costs

**1,682** RUB MLN
investment in employee training and development

**20,230** PERS CSE[1]
completed by MMK Group employees as part of training

### INTELLECTUAL

**373** RUB MLN
R & D expenses

**11**
digital transformation projects

**12**
R & D contracts with innovative companies, research institutes

### SOCIAL AND REPUTATIONAL

**2,140**
existing suppliers database

**36**
divisions of own sales network

**49** %
share of subsidiaries implementing community engagement programmes

**2,248** RUB MLN
investment in local communities and charity

### NATURAL

**17,837** RUB MLN
environmental protection CAPEX

**29.3** GJ/T
energy intensity

## Creating value through effective corporate governance

### OUR GOAL

MMK strives to produce and supply high-quality metal products, creating value for our shareholders and other stakeholders, improving the quality of life of our employees and local communities in the regions where the Company operates, using the strength and durability of MMK steel for the benefit of our clients and the world.

### OUR STRATEGIC GOALS

- To be the best supplier
- To be a leader in operational excellence
- To be a responsible, sustainable business

1 Excluding OHS training and Safety School courses.
2 MMK data. Excluding emissions related to heat release to third-party consumers.
3 Excluding a Turkish asset MMK Metalurji. The combined indicator includes data on contractors.
4 MMK data per ISO 14064:2018. Scope 1 + 2.
5 MMK data. Cumulative total from 2012.

## Products

**9.5** MILLION TONNES
pig iron production

**11.2** MILLION TONNES
crude steel production

**10.6** MILLION TONNES
total sales

**4.7** MILLION TONNES
sales of premium products

**24.2** MILLION TONNES $CO_2$ EQ.[2]
gross GHG emissions

## Results

### FINANCIAL

Strong financial position with the lowest debt burden in the sector and stable financial performance

Stakeholders: investors, employees, suppliers, contractors

### PRODUCTION

**90** % ↓
steel capacity utilisation (oxygen converter shop)
↓ 5 p.p. 2023 YoY

**55** % ↓
steel capacity utilisation (electric arc furnace shop)
↓ 29 p.p. 2023 YoY

Stakeholders: employees, customers

### INTELLECTUAL

**583** THAUSAND TONNES
development of new products
57 types

**1**
patent issued
3 applications for a Russian patent of invention

Stakeholders: employees, customers

### HUMAN

**0.51** % ↑
LTIFR[3]
↓ 35% YoY

**23.05** % ↑
LTISR[3]
↓ 16% YoY

**66.6** % ↓
employee engagement
↓ 9.8 p.p. YoY

Stakeholders: employees

### SOCIAL AND RELATIONSHIPS

**98** % ↑
share of purchases from Russian suppliers
↑ 8 p.p. YoY

**87.1** % ↑
OTIF
↑ 1.2 p.p. YoY

**95,5** % →
satisfaction of beneficiaries with existing social programmes
at the level of 2023

**9.14** POINTS ↑
customer satisfaction
↑ 2.4 p.p. YoY

Stakeholders: customers, suppliers, state authorities, local communities

### NATURAL

**2.21** $CO_2$ EQ./T OF STEEL ↓
specific emissions of $CO_2$ eq.[4]
↑ 8% YoY

**1.09** KG/T OF STEEL ↓
specific dust emissions
↑ 6% YoY

**19.6** KG/T OF STEEL ↓
specific air emissions
↑ 2% YoY

**43.06** HA →
total reclamation area[5]
at the level of 2023

**11,518** THSD TONNES ↑
waste generated
↓ 6.3% YoY

Stakeholders: local communities

↑ Value creation → Value preservation ↓ Value erosion

# Creating value through effective corporate governance

Our sustainable value creation chain is based on prudent capital allocation and rational risk management

## Raw materials

We use our own Iron ore and coal in production

## Production

MMK is a vertically integrated company encompassing the entire production chain

## Products

We produce fiat, long and further processed products with a focus on premium products

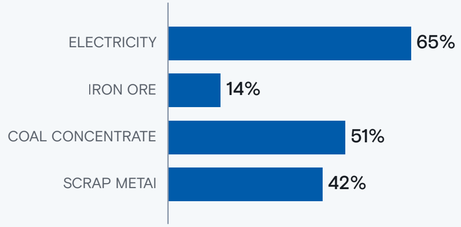
## Customers

We supply products for various sectors of industry enabling economic growth

## Industries & Sectors

- Construction and construction materials manufacturing
- Pipe industry
- Automotive
- Transport (special-purpose machinery. tains and Sales markets ships)
- Infrastructure (railways, bridge building rosd Domestic market sales Exports fencing. power lines etc.)
- Packaging
- Household appliances and consumer goods

## Self-sufficiency




## Pig iron

**10** MILLION TONNES PER YEAR

production in eight blast furnaces

## Sales markets

### Domestic market sales

**10** MILLION TONNES PER YEAR

of our sales are made within the domestic market (Russia and FSU countries)

### Exports

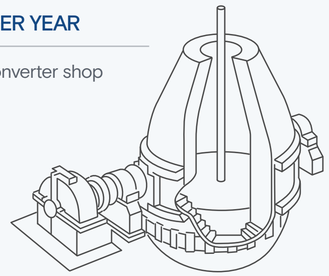
**6** %

of our sales are to export markets

## Streel

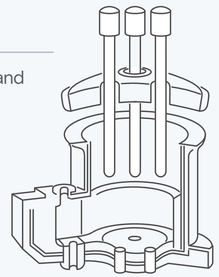
**10** MILLION TONNES PER YEAR

production in oxygen converter shop



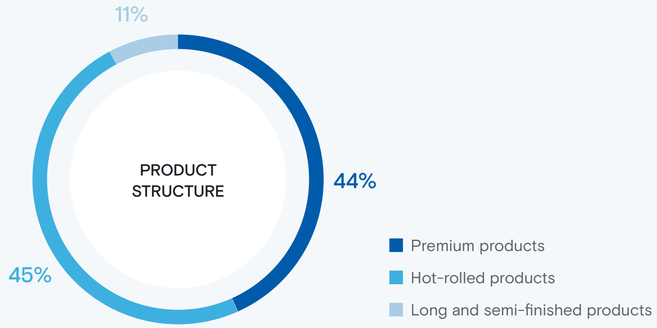
**6** MILLION TONNES PER YEAR

production in electric anc furnaces and double-hearth fumace



## Share of premium products in sales

**44** %



# Operational review

Our knowledge and competences in the steel industry confirm that the Company has a well-deserved position as a leader in the Russian steel market for a long time.

## Link to strategy

- To be a leader in the operational excellence, to be the best supplier

## Trade-offs

- Suspension of steel production at the Group's Turkish asset

## Key SDGs




## Material topics

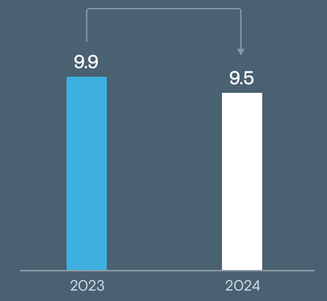
- air emissions
- GHG emissions and climate change
- energy consumption and energy efficiency
- use of resources and waste management
- water management
- biodiversity
- occupational health and safety
- employee engagement
- local community development
- human rights and equal opportunities
- corporate governance
- economic Performance
- anti-corruption and business ethics
- responsible supply chain
- product quality and safety
- information security
- innovation and digitalisation



The MMK's focus on deep processing of steel products enables it to meet the most demanding requirements of its customers by offering them high-quality products, integrated solutions in various industries and efficient customer service.

**9.5 MILLION TONNES**

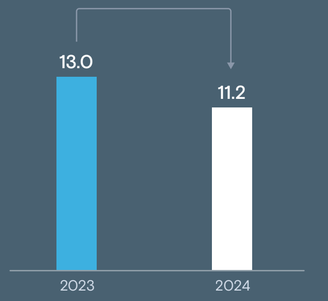
pig iron




**11.2 MILLION TONNES**

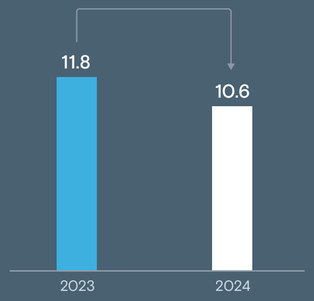
crude steel

EM-IS-000.A



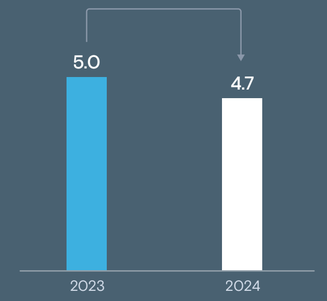

**10.6 MILLION TONNES**

sales of steel products



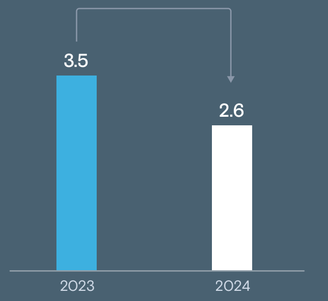

**4.7 MILLION TONNES**

premium products




**2.6 MILLION TONNES**

coking coal concentrate



In 2024, the global market for steel products continued to be under pressure, which was facilitated by the growth in exports of rolled products from China, as well as the downtrend in the main steel-consuming regions of the global market with the exception of India.

Low demand for steel products and high interest rates were supplemented by anti-dumping investigations against rolled products in various regions of the world, which continued to exert significant pressure on the steel products market.

In Russia, in the H1 2024, metal consumption continued the positive trend of 2023, but towards the end of the H1 there were signs of a slowdown in business activity, which were confirmed after the key rate increase in July 2024. Under the current conditions, demand for steel products in Russia in 2024 decreased by 2%.

The MMK Group's steel production in 2024 decreased to 11,195 thousand tonnes, or by 13.8% as compared to 12 months of 2023. The main reasons included lower steel demand at the beginning of the year due to repairs in the rolling mill, a more extensive repair programme in the blast furnace section, and a slowdown in business activity in H2 2024.

Sales of steel products across the Group decreased by 9.8% year-on-year to 10,622 thousand tonnes in the first 12 months of 2023. Major overhauls of rolling equipment in early 2024 and slowdown in business activity in the second half of the year are the main drivers of this dynamics.




## Production and sales of products, thousand tonnes

EM-IS-000.A EM-IS-000.B

| Indicator | 12 months 2022 | 12 months 2023 | 12 months 2024 | %, 2024 to 2023 |
|---|---|---|---|---|
| Crude steel production | 11,687 | 12,985 | 11,195 | -13.8 |
| Steel segment Russia | 10,794 | 12,605 | 10,921 | -13.4 |
| Steel segment Turkey | 892 | 381 | 274 | -27.9 |
| Pig iron production | 9,078 | 9,943 | 9,490 | -4.5 |
| Coal concentrate production | 3,512 | 3,481 | 2,587 | -25.7 |
| Iron ore production | 2,393 | 2,302 | 2,149 | -6.7 |
| Finished products sales | 10,703 | 11,784 | 10,622 | -9.8 |
| Slabs and billets | 78 | 0 | 0 | - |
| Long products | 1,116 | 1,188 | 1,158 | -2.6 |
| Flat hot-rolled steel | 4,805 | 5,557 | 4,751 | -14.5 |
| Premium products | 4,704 | 5,039 | 4,713 | -6.4 |
| Thick plate (mill 5000) | 903 | 718 | 672 | -6.5 |
| Flat cold-rolled steel | 901 | 1,088 | 972 | -10.5 |
| Downstream products | 2,901 | 3,232 | 3,070 | -5 |
| Tinplate | 173 | 165 | 156 | -5.7 |
| Galvanised steel | 1,480 | 1,679 | 1,611 | -4.1 |
| Polymer-coated steel | 614 | 712 | 625 | -12.2 |
| Band | 121 | 131 | 104 | -20.7 |
| Formed section | 73 | 67 | 82 | 22.0 |
| Pipe | 95 | 109 | 111 | 1.6 |
| Metalware | 334 | 355 | 357 | 0.6 |
| Other steel products | 10 | 14 | 25 | 73.2 |
| Share of premium products | 44.0% | 42.8% | 44.4% | |
| Sales of finished products by market | | | | |
| Domestic market + CIS | 9,176 | 11,040 | 9,993 | -9.5 |
| Export | 1,526 | 744 | 629 | -15.5 |

# Production process

## Raw materials, MILLION TONNES

### PRIMARY

**Scrap metal[1]**
4.9 O V

**Coal concentrate**
4.2 O 3.0 C

**Iron ore concentrate**
8.9 O 1.3 K

**Secondary raw materials**
Iron ore equivalent
1.6 M

### SECONDARY

**Coke**
5.4 M

**Sinter**
11.3 M

**Pellets**
6.4 O

## Production, MILLION TONNES

### PIG IRON

**Blast furnaces**
10.3 M

### CRUDE STEEL

**Electric arc furnaces Double-hearth furnace**
6.0 M T

**Basic oxygen furnace**
10.5 M

**Strip production facility**
2.0 T

## Products, MILLION TONNES

### SEMI-FINISHED PRODUCTS

**Billets**
2.0 M

**Slabs**
2.0 M

**Slabs**
10.5 M

### FINISHED PRODUCTS

**Long products**
1.9 M

**Hot-rolled products[2]**
13.0–13.7 M T

### PREMIUM PRODUCTS

**Metalware**
0.6 Z

**Thick plate (mill 5000)**
1.2 M

**Cold-rolled products**
4.8 M T

**Galvanised steel**
3.0 L M T

**Polymer-coated steel**
1.1 L M T

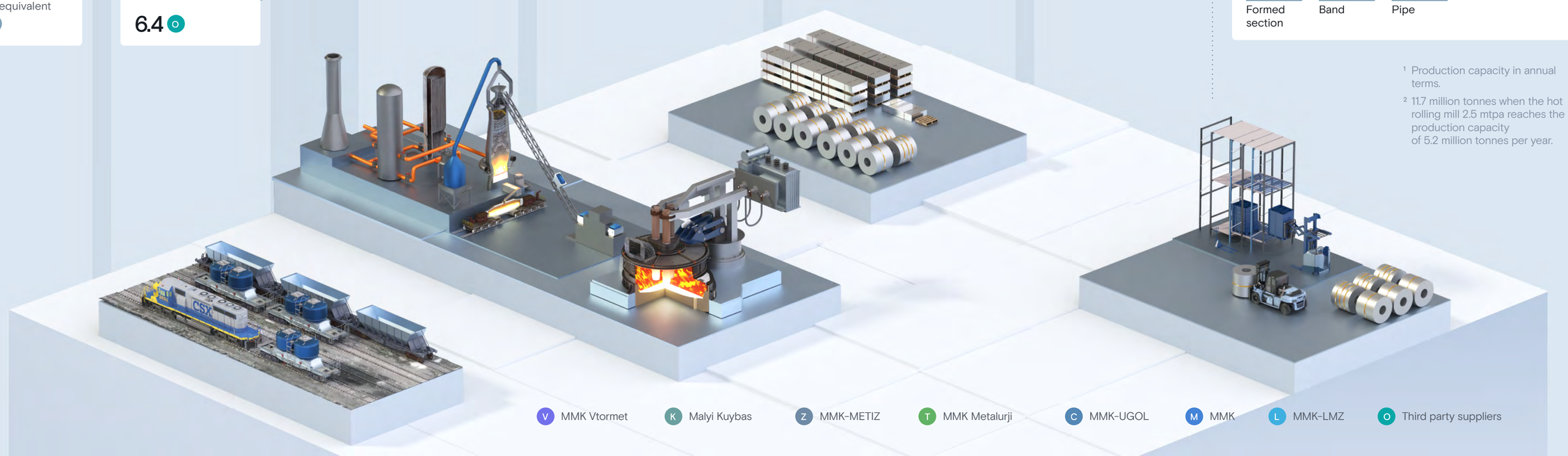
**Tinplate**
0.2 M

**Other downstream products** M

| 0.8 | 0.3 | 0.1 | Other steel products |
|---|---|---|---|
| Formed section | Band | Pipe | |

[1] Production capacity in annual terms.

[2] 11.7 million tonnes when the hot rolling mill 2.5 mtpa reaches the production capacity of 5.2 million tonnes per year.




V MMK Vtormet
K Malyi Kuybas
Z MMK-METIZ
T MMK Metalurji
C MMK-UGOL
M MMK
L MMK-LMZ
O Third party suppliers

# Raw materials

## Market overview

The downward trend in prices on global metallurgical markets intensified in 2024, and in the H2 2024 they returned to their previous cyclical lows in 2020. Against the backdrop of geopolitical events and sanctions, high interest rates in most countries of the world, the metallurgy industry did not show production growth, the surplus of raw materials and expectations of a prolonged downward trend in prices intensified. Total global steel production for 2024 showed a 0.9% decline as compared to 2022–2023. China's smelting performance declined slightly more sharply in 2024, by 1.7% for steel and 2.3% for pig iron.



## Iron ore raw materials market

Since the first days of 2024, China's iron ore indices and rolled steel quotations have gone downwards after their unjustifiably strong rise at the end of 2023; in January 2023, the 62%Fe index fell by USD 15–20/t to USD 125–130/t CFR. But final demand for steel products from steel consumers did not improve, forcing Chinese mills to cut steel production relative to 2023. In March 2024, the index reached USD 100/t with the normalisation of iron ore stocks at Chinese ports and persistently negative margins in China's steel industry. In the second half of the year, in conditions of market surplus, iron ore prices were under pressure, only locally rising to USD 110–115/t. But then they returned and completed 2024 around the "median" value of USD 100/t, which is considered normal average price level for major iron ore suppliers. The average annual value of the iron ore index 62%Fe in 2024 was USD 109.5/t against 119/t a year earlier.

The strong correction of iron ore and steel price indices for the second year in a row was due to limited domestic sales by Chinese steelmakers due to stagnation in China's construction industry. Key iron ore suppliers tried to control the market by supply volumes, but at the same time the share of alternative iron ore suppliers in China was growing. Due to reduced production rates in China and other Asian countries, the balance of the global iron ore market was in surplus.

In the Russian iron ore market, a mechanism of monthly price coordination has been in place since the start of the special military operation. At the beginning of 2024, quotes rose significantly due to inflation factors, and subsequently the key supplier maintained the benchmark quotes until the end of 2024, despite an increase in the supply of raw materials on the free market. Most of the year, the availability of raw materials for Russian plants remained high, but there was no actual price competition between suppliers due to the dominant position of one supplier. As a result, the average annual growth in basic iron ore prices and costs of Russian steelmakers in 2024 was high, amounting to 25–30% in roubles and 15–20% in US dollars.

### Indices of iron ore and coking raw materials, $/t CFR China

Source: News agencies, Company's analysis and data




## Coking coal market

At the beginning of 2024, the market remained balanced around price of USD 320–330/t FOB Australia. But prices went below USD 300/t in March and then fell to USD 225/t due to raw material surplus with low demand for premium coal grades and for coke in India and China. In summer, the negative sentiment in terms of demand and prices only intensified despite the prolonged shutdown of the Grosvenor mine (Australia) due to a gas release. Until the end of 2024, spot demand for coking raw materials in Asian countries was extremely weak, and regional price levels for rolled steel products were continuously going downwards due to China's dumping. Locally, the index reached USD180–190/t FOB (a "stress" value for many suppliers), but its average level stabilised at just above USD 200/t.

The trend of a slow but steady decline in rouble prices also prevailed on the Russian market in 2024. The prices were gradually adjusted following 4 rounds of negotiations. All phases of price correction were felt a bit stronger in coke grades of raw materials due to increased domestic competition, as well as falling and minimal margins on export sales. Export parity and demand in China and India have been declining since the very beginning of 2024 (including due to the growth of railway tariffs and duties within Russia and China) and in the H2 of the year were below the full cost of production even for efficient companies.

In total, in 2024 Russian market prices fell by about 15–17% despite a high inflation rate and an increase in the cost of concentrate (at least 15%). As a result, the Russian coal industry ended 2024 in an obvious crisis and facing losses. Suppliers no longer have a "safety margin," thus, increasing the risks of production rate constraints in 2025–2026.



## Scrap metal market

The dynamics of scrap prices in Turkey in 2024 also showed a downward trend. Quotes were above USD 400/t at the start of the year after strong gains (> USD 50/t) in Q4 2023 due to reviving demand and seasonal scrap constraints. But already in March average prices corrected in the range of USD 380-385/t, in which they remained until the end of July.

High inflation (> 50%) and the interest rate (50%) in Turkey continued to restrain investment and construction activity. No significant improvements compared to 2023. Mills in Turkey needed lower scrap prices, but the volume of scrap supply from exporters was low, and the correction could not be achieved for a long time. It was not until Q4 2024 that mills in Turkey were able to lower scrap prices to USD 350/t CFR due to a sharp drop in prices for imported rolled products from China. Until the end of 2024, scrap and steel product quotes were declining (final average price for Q4 2024 amounting to USD 359/t).

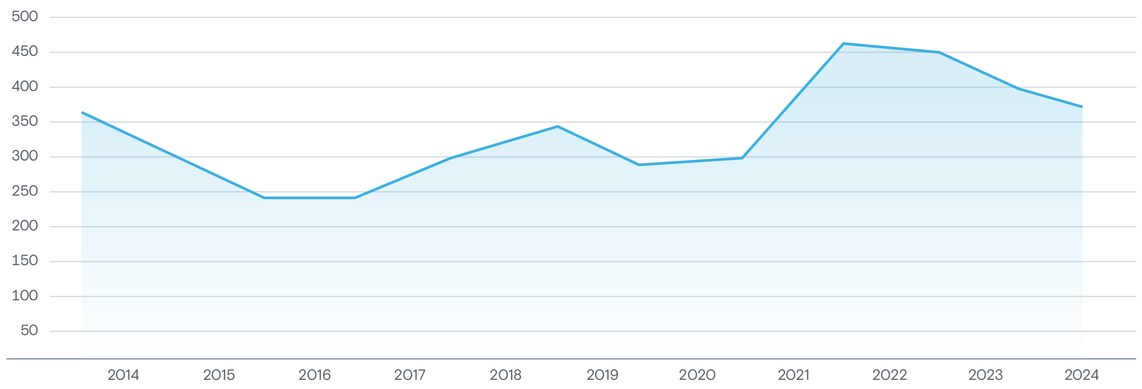
In Russia, quotes only in the first quarter of 2024 showed a steady upward trend with low scrap procurement and fairly high scrap stocks at large plants. In early spring, scrap prices reached 31,000-31,500 RUB/t CPT Urals Federal District, but then the plants continuously reduced purchase prices until October.

The overall demand for scrap metal in Russia in 2024 was low due to incomplete utilisation of mini-mill capacities (falling export prices in the presence of exchange rate duties for steel products). Certain plants periodically bought 2-3 times less scrap than in 2023. The volumes of scrap transported via the Russian Railways network fell by more than 20% in 2024 (with the decline reaching 34-35% y-o-y at the beginning of Q4). The trend of active correction of scrap prices is also caused by the decline in metal consumption and mill utilisation, the rise in the CBR key rate and the slowdown in mortgage issuance. The average annual level of RUB prices in 2024 remained almost unchanged (28,300-28,500 RUB/t CPT Urals) against 28,000 RUB/t for 2023, but against the start of the year they decreased by 2,000 RUB/t in the Urals Federal District and by 3,000-3,500 RUB/t in the Central Federal District.

In average annual terms, world quotations for all raw materials declined with a weaker scale of change in scrap prices. The benchmark iron ore price index declined by 8% to around USD 109.5/t. The CFR China premium coking coal spot index adjusted by 12% to USD 249/t. The average price for scrap metal in Turkey fell by 4% year-on-year to about USD 381/t.

### Scrap metal price index, $/t CFR Turkey

Source: Data from news agencies






# Overview of the MMK Group's raw materials assets



## Iron ore raw materials

### Key production assets:

Malyi Kuybas (Magnitogorsk, Chelyabinsk region, Russia)

**14%** self-sufficiency

**2.4 MTPA** iron ore production capacity

**48%** iron content in rich ore

**31%** iron content in lean ore

Malyi Kuybas is a production unit based in Magnitogorsk that provides MMK with iron ore. Malyi Kuybas mines produce rich and lean iron ore used in sinter production.

In 2024, Malyi Kuybas's own iron ore production volume fell by 6.7% year-on-year to 2,149 thousand tonnes.

MMK's own iron ore raw materials and the processing of secondary resources from the blast furnace operations provide the necessary level of self-sufficiency, reducing the cost of production. At the same time, MMK is in a better position than the more integrated producers of metal products, given the long-term reduction in iron ore prices forecast by many analysts.



## Scrap steel and recyclables

### Key production assets:

MMK Vtormet (Magnitogorsk, Chelyabinsk region, Russia), MMK

**64%** self-sufficiency

**~1 MTPA** scrap steel collection

**> 100** number of scrap processing sites: more than

MMK Vtormet is a leader in scrap steel collection and processing. The use of scrap steel and other secondary resources in the production process significantly reduces GHG emissions, thereby lessening the company's environmental footprint. Through an extensive network of branches and scrap steel collection and processing facilities, we provide ourselves with a world-class source of "green" iron for a sustainable and environmentally friendly future.



## Coking coal

EM-IS-000.C

### Key production assets:

Kostromovskaya and Chertinskaya-Koksovaya and Tikhova mines, a processing plant (Belovo, Kemerovo region, Russia)

**51%** self-sufficiency

**5 MTPA** coking coal mining production capacities

**6 MTPA** processing production capacities

**100%** capacity utilisation

**496 MT** coal reserves

Full supply of Zh-, 2Zh-grade coal concentrate to MMK

Coking coal production in 2024 decreased by 11.8% to 3,807 thousand tonnes against 2023.

Coal concentrate output decreased by 25.7% year-on-year to 2,587 thousand tonnes due to lower production as a result of lower coal concentrate demand and difficult mining and geological conditions. At the same time, the capacity utilisation of the Central Processing Plant (CPP) remained at a high level.

## Improving industrial safety and environmental protection

In 2024, the Central Processing Plant modernised its equipment, including the installation of a wet dust collector MPR-200. The set of measures taken improved safety and environmental situation.

In terms of coal production in 2024, significant investments were made to ensure the safety of mining operations, degassing of coal seams, as well as to replace and upgrade equipment. In order to ensure safety, against the background of forecasts of gas-dynamic hazardous zones, directional drilling of long boreholes started at the Tikhova mine, providing for preliminary degassing of mining operations. In addition, the use of coal seam fracturing was introduced to accelerate methane recovery during preliminary degassing.

## How we integrate ESG into the production process

01 We increase the share of scrap steel used in steel making

02 We use waste from various metallurgical processes in the sinter charge

03 We improve coke production through the construction of the new coke battery No. 12 with decommissioning of 4 obsolete coke batteries and subsequent reduction of emissions

# Production

## Global market overview

### Steel production and consumption

In 2024, economic activity in the main steel-consuming industries continued to decline on global markets. The main negative factors were high interest rates, decreased purchasing power of the population in Western countries, and unstable geopolitical situation. Housing construction was severely affected in 2024. The decline in this sector was simultaneously observed in China, the USA, Europe, Japan and South Korea. The decline in metal consumption was also due to a decrease in investment and consumer activity, especially in Western countries.

In Q1 2024, rolled steel suppliers across the board reduced the cost of their products given the aggressive pricing policies of Chinese manufacturers and low activity among buyers in all regional markets. Lower prices for iron ore and imported scrap also did not favour producers. Rising production in China and the resulting domestic oversupply, the prolonged decline in futures on the Shanghai Exchange, and the planned halt in construction of infrastructure projects in a number of provinces and cities led to lower prices by Chinese exporters, which in turn led to lower prices in other markets. In Turkey, domestic financial problems, lower supplies to the EU on the back of low demand, and the Central Bank raising the refinancing rate from 42.5% to 50% due to high inflation had a restraining effect on the market. In the EU, local producers secured price increases after the New Year holidays, but the situation has changed since February. Low visible consumption in other markets has led to a sharp decline in rolled steel prices.

In Q2 2024, the global rolled steel market continued to be negatively impacted by the factors of a global decline in demand and oversupply. In the first half of Q2, Chinese manufacturers attempted to raise prices against the backdrop of government measures to stimulate the economy and support the construction industry. However, these measures could not ensure sufficient demand for rolled steel, including due to the beginning of the rainy season in Asia.

At the same time, steel companies did not reduce production and significantly increased their overseas shipments, resulting in widespread price cuts and increased protectionism in many countries seeking to shield their steel industries from foreign competition. The Turkish market stagnated in Q2 2024. Due to weak demand from end customers, local companies were forced to cut prices to the lowest level since November 2020. In the European market, the barely available purchase quotas for the second quarter were filled in a few days, after which business activity remained at a low level throughout the quarter.

In Q3 2024, the situation in the global rolled steel market continued to develop without positive trends. The prolonged recession and insufficient demand put pressure on the market. Weak demand in China, rainy season, crisis in the real estate sector, a series of anti-dumping investigations against Chinese rolled steel products in Turkey, Vietnam, India, and Malaysia led to a decrease in quotations for Chinese hot-rolled coils both on the Chinese market and on export routes. At the end of September, the Chinese government and the People's Bank of China announced measures to stimulate demand for housing, and on the background of this news quotations began to grow.

Further price declines continued in the Turkish market. Insufficient demand and high inflation rates did not contribute to sales. In addition, cheap imports from China forced Turkish producers to reduce prices for rolled steel. In mid-August, the Turkish government announced a dumping margin within the trade proceedings against imports of hot-rolled flat steel at 20.56-57.75% from China, 16.26-18.26% from India, 39.12% from Japan, and 16.11-23.58% from Russia. This allowed local producers to stabilise prices in August, and raise them slightly in September.

The situation in Europe also did not support the steel products market. Low consumer activity, the vacation season, high stock levels and cheap imports led to lower domestic prices for hot-rolled coils. As a result, an anti-dumping investigation against imports of hot-rolled coils from Egypt, Japan, India and Vietnam was initiated in August to support the domestic market.



## Steel production and consumption

In Q4 2024, the global rolled steel market continued to experience unfavourable dynamics due to lower demand for steel products, closure of some regional markets by duties and quotas, and excess supply from China.

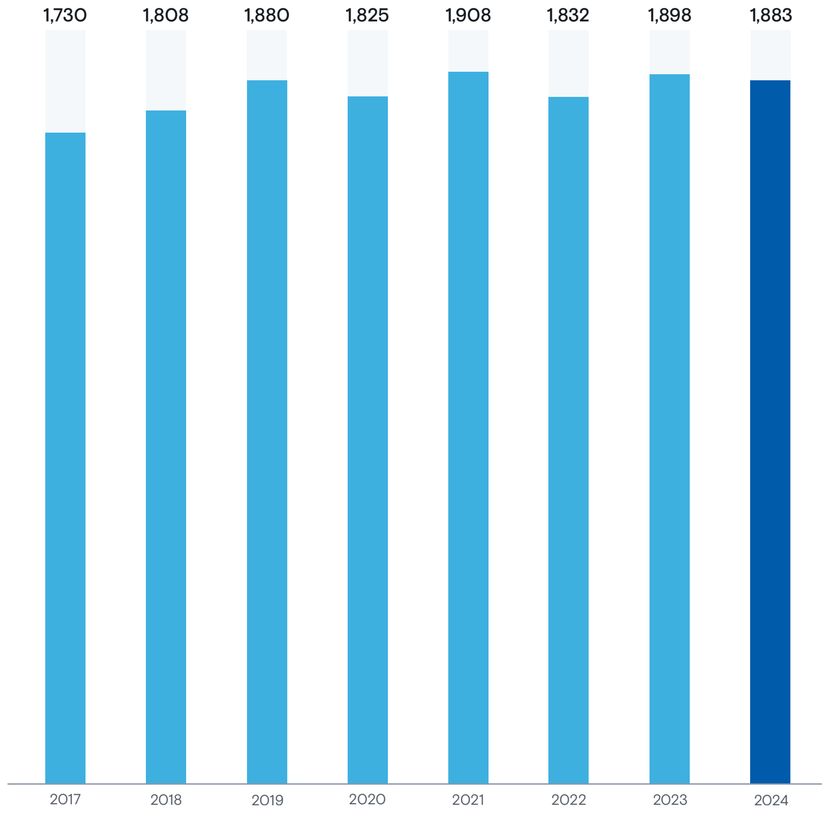
The measures taken by the Government and the National Bank of China to support the economy have not been effective enough. Despite some improvement in demand for automotive and household appliances, overall demand remained weak. Amid low demand and a crisis in the construction industry, China has been increasing exports with aggressive pricing policies. The annual volume of rolled steel exports grew by 22.7%, exceeding 110 million tonnes and renewing the historical maximum. Turkish producers started Q4 2024 with price increases, which was facilitated by the introduction of anti-dumping duties on imported hot-rolled steel from China, India, Japan, and Russia from October 2024. However, high inflation and related difficulties in the economy, low demand and aggressive pricing policies of Chinese suppliers turned the price trend downward in November-December.

In Europe, demand for rolled steel products remained at a moderately low level. Imports were restricted due to the exhaustion of quarterly quotas and high risks associated with the imposition of additional anti-dumping duties on hot rolled coils from Vietnam, Japan, Egypt, and Taiwan. High production costs, including due to a multiple increase in electricity tariffs, combined with limited supply allowed local producers to raise prices for rolled steel.

Against the backdrop of economic and geopolitical instability, global steel production for 12M 2024, according to the WSA data, declined by 0.8% amounting to 1,882.6 million tonnes. According to the WSA forecast, apparent steel consumption in 2024 decreased by 0.9% to a level of 1,751 million tonnes.

**Global steel production,** million tonnes

Source: WSA






## Steel production and consumption

In Asia, 1,357.8 million tonnes of crude steel was produced in the 12 months of 2024, which is 1.0% less as compared to the same period of 2023. In China, 1,005.1 million tonnes of crude steel was produced in the 12 months of 2024, which is 1.7% less as compared to the same period of 2023. In 2024, the apparent demand for steel products in China was relatively low, especially from the construction sector, where a slow decline continued. Steel companies' profitability declined to a minimum due to oversupply. According to the WSA forecast, China's steel demand in 2024 decreased by 3.0% to 868.8 million tonnes y-o-y.

India, which consistently ranks second in the world ranking, increased steel production by 6.3% to 149.6 million tonnes in January-November 2024 as compared to 2023. The growth rate of steel consumption in India in 2024, according to the WSA forecast, added about 8%, rising to 143.4 million tonnes.

In Japan, according to WSA, steel production amounted to 84.0 million tonnes in 2024, which is 3.4% less y-o-y. In 2024, 63.5 million tonnes of steel were smelted in South Korea, the reduction in volumes was 4.7%.

Countries are experiencing similar problems: a shrinking and ageing population, a long-term decline in the construction industry, and a decline in the competitiveness of local manufactured goods on the world market. Due to unfavourable conditions, leading Japanese and South Korean steel companies are forced to shut down excess capacity.

The USA also faced a decline in steel production, with 79.5 million tonnes produced for 2024, which is 2.4% lower than in 2023.

In the EU (27 countries, excluding the UK), steelmakers increased steel production by 2.2%, and achieved growth to 129.5 million tonnes in 12 months. Germany, the largest steel producer in the EU, also showed growth in 12 months of 2024 as compared to the same period in 2023, an increase of 5.2% – to 37.2 million tonnes. France increased by 10.8 million tonnes (+7.6%), Spain by 11.8 million tonnes (+3.3%), and Italy decreased by 5% – to 20.0 million tonnes. A number of European companies achieved success in import substitution with the introduction of new restrictions on imports of hot-rolled steel and wire rod in 2024.

Turkey's steel industry produced 36.9 million tonnes of steel in 2024, which is 9.4% higher than in 2023.

In the CIS, 84.8 million tonnes of steel were produced in 2024, 4.2% more than in 2023. According to the WSA, steel production in Russia fell by 7% – to 70.7 million tonnes. According to the WSA forecast, apparent consumption in the CIS countries in 2024 remained unchanged at 60.5 million tonnes.



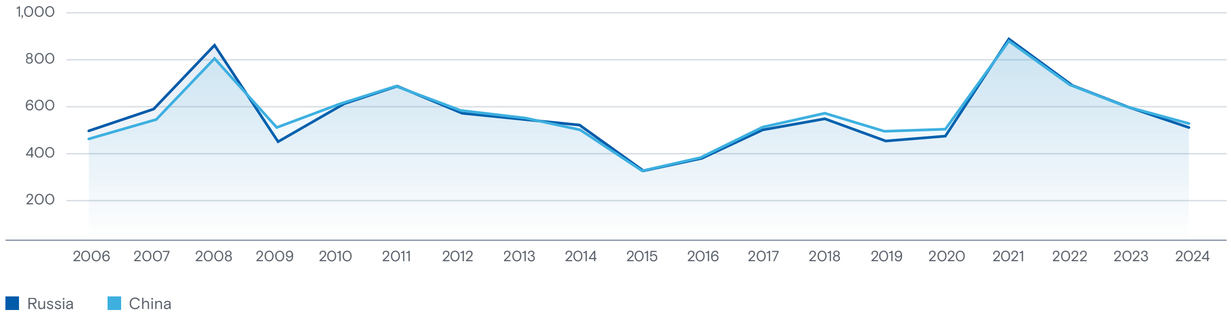
## Steel prices

The year 2024 is characterised by a large number of factors that negatively affected the change in quotations of steel products.

### Hot-rolled coils price dynamics FOB, $/t

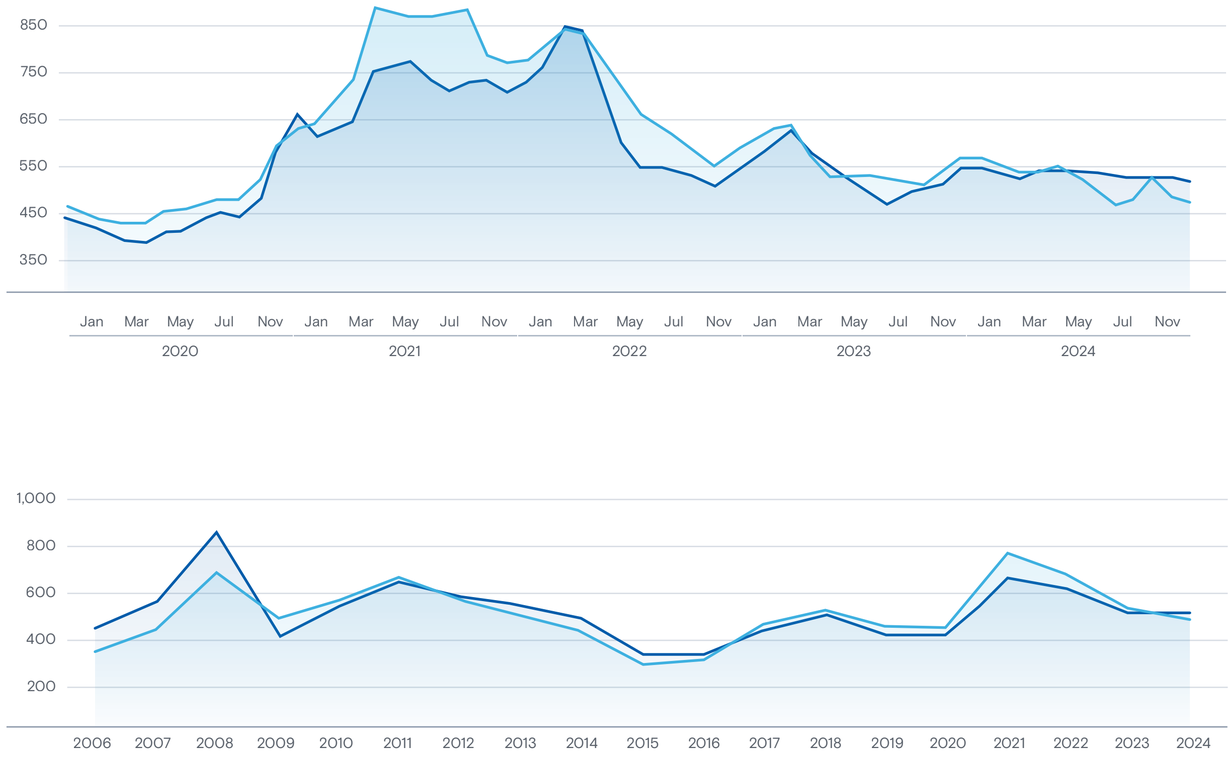
Source: SteelOrbis



## Reinforcement bars price dynamics FOB, $/t

Source: Data from news agencies









# Russian market overview

## Demand and prices for steel products

At the end of 2024, the Russian economy showed a very strong growth performance, with a preliminary GDP increase of 4.1%. Industrial production also showed a higher year-on-year growth rate, with 12-month growth of 4.6% (+4.1% for 2023). At the same time, high annual indicators do not exclude the fact of the transition from rapid economic growth to its sharp slowdown during the period under review. Steel-consuming sectors felt the severe change in the general trend. The momentum accumulated since 2023 allowed industrial production to peak in May, followed by a cooling period for the real economy with near-zero dynamics. Similarly, the dynamics of construction work in comparable prices, starting from Q3, dropped to zero y-o-y.

Unprecedentedly high interest rates, the curtailment of the preferential mortgage programme and cuts in government spending on metal-intensive infrastructure projects were the main reasons for the slowdown of steel-consuming industries. Against the backdrop of rising deposit rates, there remained few industries with higher profitability in Russia, so investment and business activity of companies fell. The high cost of financing, as well as the lack of visible prospects for a speedy recovery, stimulated all participants in the supply and processing chains of steel products to optimise inventories and reduce new purchases. In addition, many companies faced working capital shortages.

These factors led to a contraction in demand for steel products. By the end of 2024, the decline in Russian steel consumption will be slightly less than 5% year-on-year, including almost 7% for flat steel products. Since Q3, apparent consumption of steel products has fallen to levels more typical of the coldest winter months. The flat steel products and welded pipes segments saw the strongest declines, reaching 20–30% of the peak in Q2 2024. The magnitude of negative fluctuations provides an analogy with the shocking months of Q2 2022 for the steel products market.

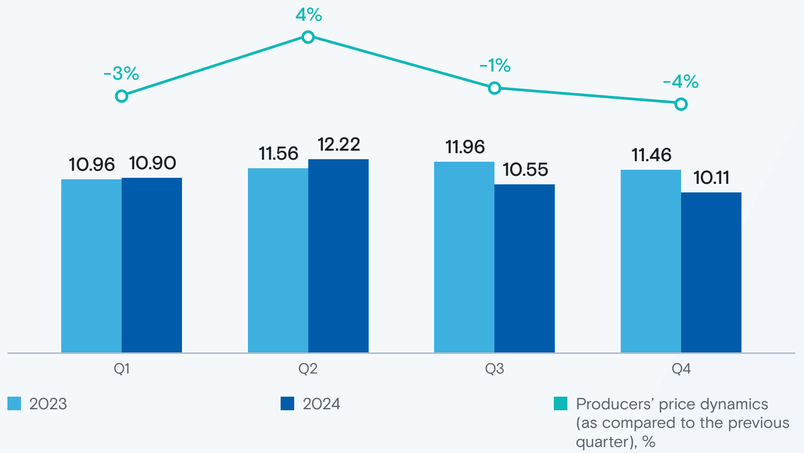
The automotive industry was the only sector that retained positive indicators of steel consumption for the year. Motor vehicle output in 2024 grew by almost a third. But supplies of steel products to the industry increased by only 2%, as non-localised production accounted for most of the growth.

Given the existing export restrictions, the reduction in metal consumption disrupted the market balance towards a supply surplus, which affected the cost of steel products. Given the simultaneous decline in world prices, the weakening of the rouble exchange rate in Q2 failed to support domestic market quotations.

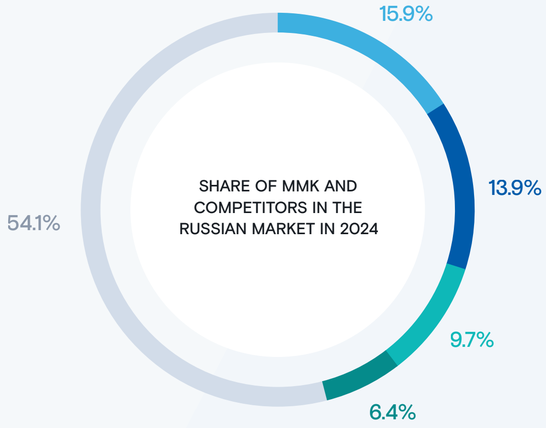
[1] Apparent consumption of rolled steel (excl. rails and billets), own estimate.

[2] Dynamics of the composite index of producer prices for steel products, according to Metaltorg.ru.

**Apparent consumption[1] and prices[2] dynamics for steel products in Russia,**
million tonnes




Source: Data from news agencies




Source: Data from news agencies for 12 months 2024



# MMK Group's production

## Pig iron

Pig iron is produced at eight blast furnaces at the Magnitogorsk production site.

Pig iron smelting for 2024 decreased by 4.5% to 9,490 thousand tonnes as compared to 2023, recognising the higher volume of blast furnace overhauls during the year.

**10.5** MTPA
Production capacities

**100** %
Capacity utilisation

### Key production assets

MMK
Magnitogorsk, Chelyabinsk region, Russia



## Crude steel

EM-IS-000.A

Steel is produced in three basic oxygen furnaces and two electric arc furnaces at the production site in Magnitogorsk and in one electric arc furnace with an integrated rolling module at a Turkish asset in Iskenderun.

Steel production decreased by 13.8% year-on-year amounting to 11,195 thousand tonnes. The main reasons included lower steel demand at the beginning of the year due to repairs in the rolling mill, a more extensive repair programme in the blast furnace section, and a slowdown in business activity in H2 2024.

**16.5** MTPA
Production capacities

**84** %
Capacity utilisation[1]

### Key production assets

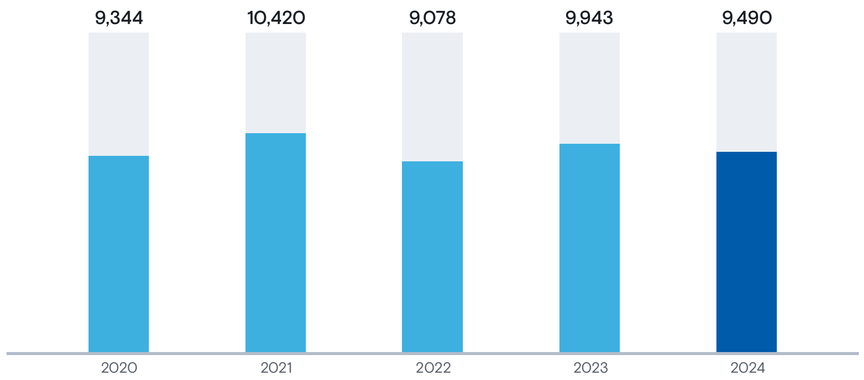
MMK
Magnitogorsk, Chelyabinsk region, Russia

MMK Metalurji
Iskenderun, Turkey



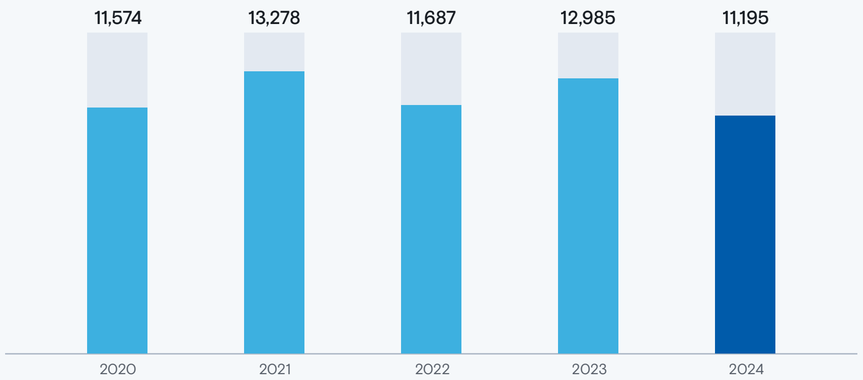
## Pig iron production dynamics, thsd tonnes

Source: Company data




## Crude steel production dynamics, thsd tonnes

Source: Company data




[1] Given the Turkish asset's production programme for 2024.

# How we integrate ESG into the production process

01 Improvement of energy efficiency through the improvement of the energy management system and implementation of technical measures

02 Assessment of the feasibility of utilising energy generated from the renewable energy sources

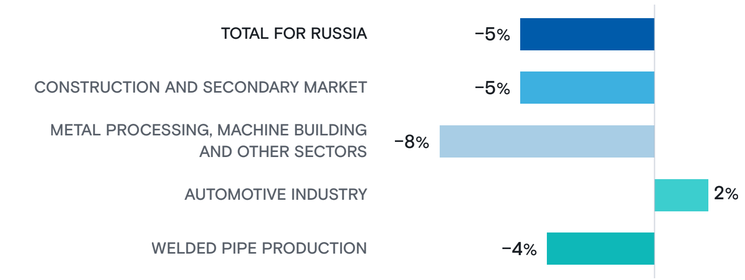
03 Increase in the share of water recycling and reuse, wastewater quality

04 Improvement of processes for monitoring and controlling emissions of pollutants from main sources

# Steel products

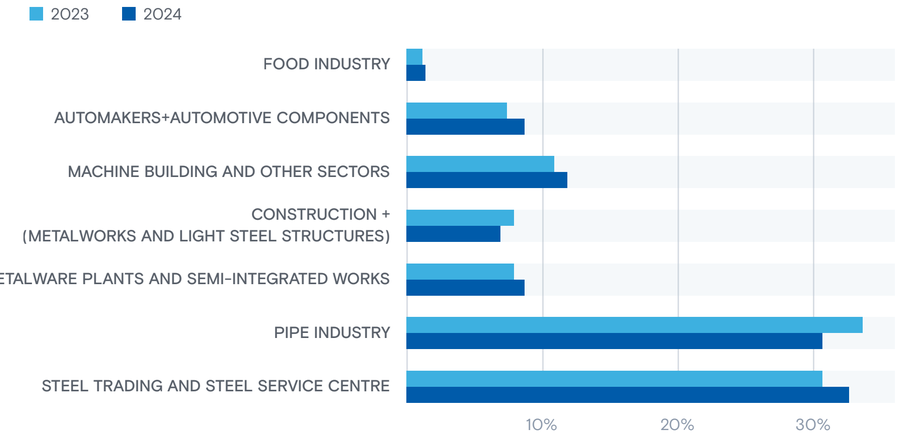
## Market overview: Demand dynamics in the main sectors of the Russian economy

### Steel consumption dynamics by sector in Russia[1] 2024 / 2023, %




Source: Data from news agencies, Company's analysis and data

### MMK shipments by sector, %




Source: Company data

[1] Apparent consumption of rolled steel (excl. rails and billets), own estimate.

01

### Construction

In 2024, the volume of construction work performed in Russia equalled RUB 16.78 trillion (in actual prices), which was 2.1% more than in 2023 (in comparable prices).

Housing commissioning for the 12 months of 2024 amounted to 107.8 million square meters, which is 2.4% lower than in 2023. At the same time, there were significant changes in the structure of housing construction. The volume of commissioning of apartment buildings, which construction is more steel-intensive, decreased by 12.1% by 2023 and amounted to 45.5 million square meters. In contrast, the total area of residential houses built by individual developers increased by 6.1% year-on-year to 62.3 million square metres.

02

### Automotive industry

While continuing to operate under sanctions pressure, the Russian automotive industry increased production volumes for the second year in a row. For 2024, according to Rosstat, the production of motor vehicles amounted to 985.4 thousand units, which was 29.8% more as compared to 2023. This number includes passenger cars in the amount of 756,000 units (39.2% growth), trucks in the amount of 194,000 units (8.2% growth), buses in the amount of 35,400 units, which, unlike other segments, was 4.0% lower as compared to 2023. Growth in the industry is supported by new and as yet unlocalised production facilities operating under the large-assembly scheme. In the first 11 months of 2024, the increase in production in this sector was 32.5% as compared to the same period of 2023.

03

### Pipe industry

In 2024, the production of welded pipes in Russia decreased by almost 7%. In the large diameter pipe (LDP) sector, the decline was just under 8%, and in the small and medium diameter pipe (SMD) sector it was about 2.5%.

The main reason for the decrease in LDP production was a more than twofold reduction in exports as compared to 2023. Kazakhstan and Uzbekistan were the main export destinations.

At the same time, domestic shipments of LDP increased slightly in 2024 (+3%). After a significant decline a year earlier, shipments to Gazprom increased by about 50%. The company increased its investments and actively implemented projects in eastern Russia: Power of Siberia Stage 3, looping at the Chayanda–Blagoveshchensk section, Belogorsk–Khabarovsk gas pipeline.

Other domestic consumers of LDP, on the contrary, reduced their purchases. The decline in OPEC oil production is having an impact, as well as sanctions that hinder implementation of new projects. In particular, the supply of LDP for Transneft's needs was almost halved. The Company cut pipeline repair costs in 2024. LDP consumption in the housing and utilities and infrastructure project construction sectors also declined by more than 10%.

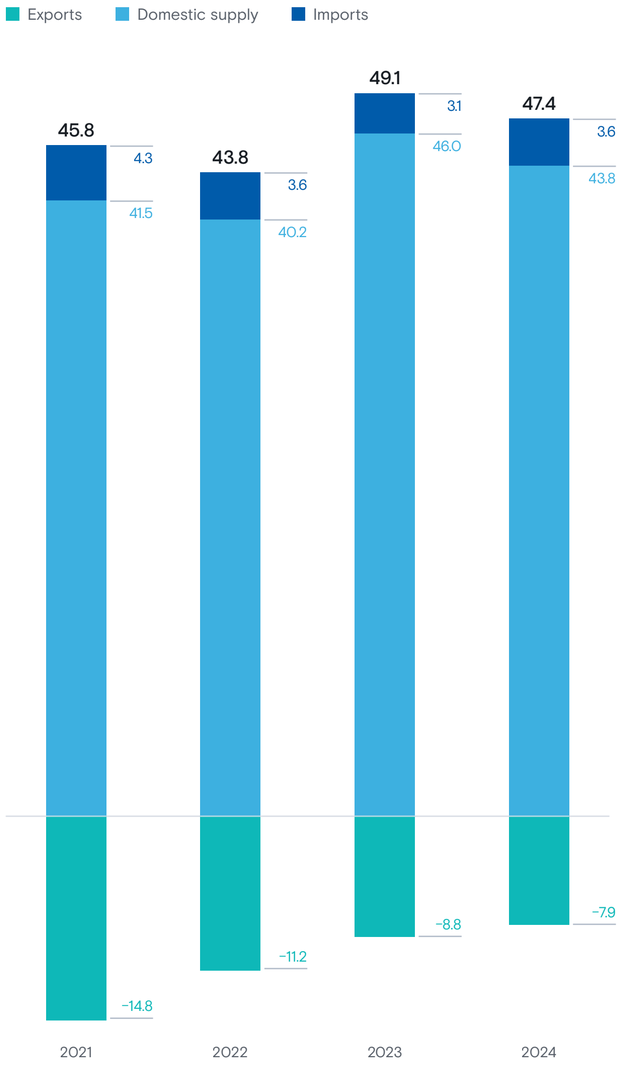
The same trends applied in the SMD welded pipe segment. The demand from the fuel and energy sector decreased by 13% year-on-year. The decrease was due to a decline in supplies to Rosneft (-2%), Lukoil (-2%), Tatneft (-51%) and other oil companies (-42%).

The dynamics in SMD structural pipes production recognised general trends in consumption on the part of the construction industry. By the Q4, production indicators reached their lowest levels since 2021. In general, in 2024, the decline in production of SMD pipes for construction amounted to about 7%.

MMK has a strong position in its niche and has been among the top three Russian rolled steel producers for many years. PJSC MMK is well positioned to operate effectively with a high level of profitability due to its favourable geographical location and a wide range of products, including premium products.

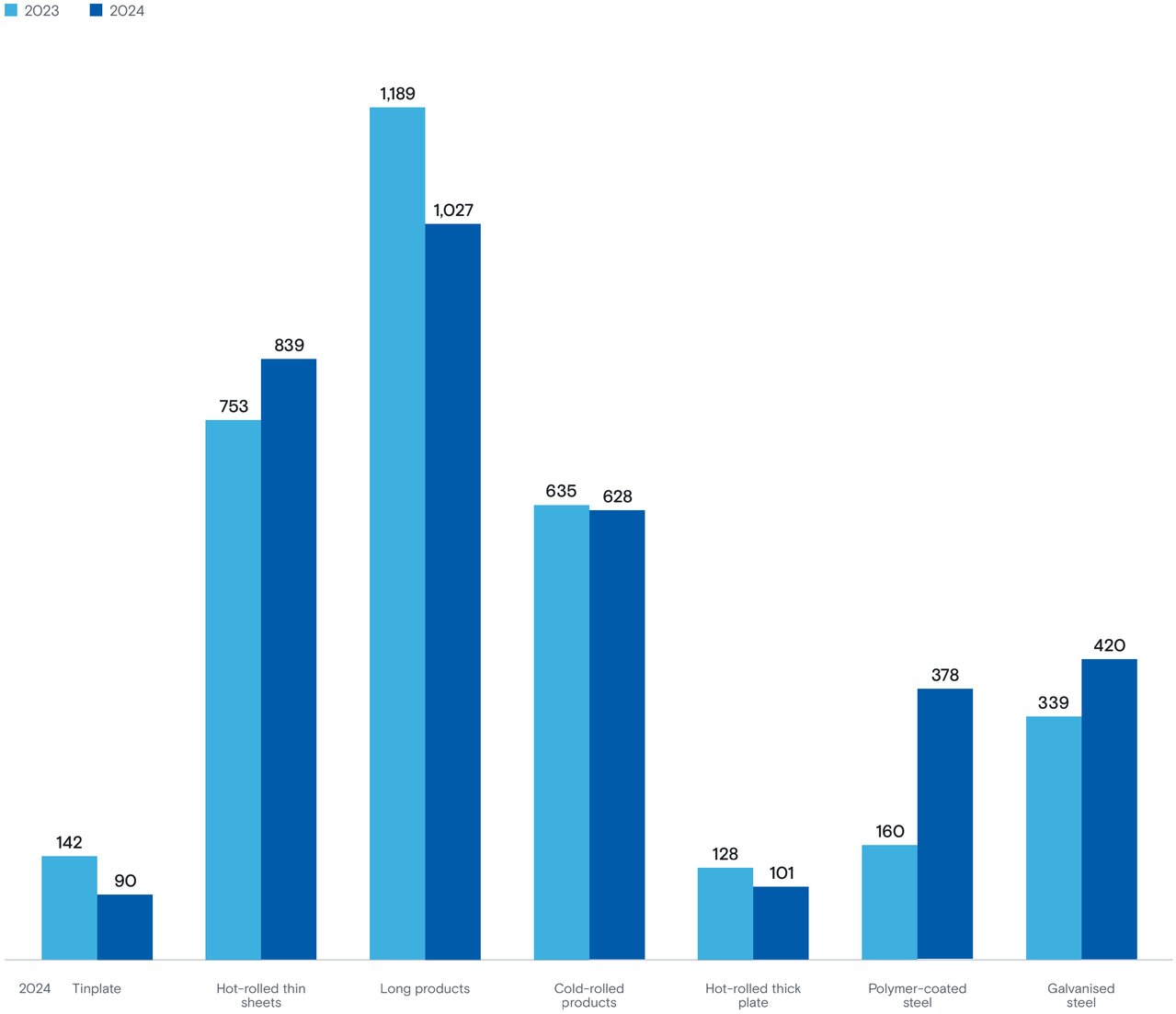
In the structure of the Russian rolled steel market, the imports increased by 4% in 2024 as compared to 2023. The growth was due to galvanised steel, polymer-coated steel and hot-rolled thin sheets.

## Dynamics and structure of the Russian rolled steel market, million tonnes[1]




Source: News agencies data

## Changes in imports in the Russian market, thsd tonnes[2]




Source: News agencies data

[1] Own estimate, excl. rails and billets.

[2] Long products, excluding rails.

# MMK Group's products



## Long products

**1.2** MILLION TONNES
sold in 2024

**86** %
capacity utilisation

−2.6% less as compared to 2023

**1.9** MTPA
production capacities

Long products are produced at MMK's facilities in Magnitogorsk. It is used by the Group for metalware production and is also supplied in Russia and neighbouring countries to enterprises of metalware, construction, machine-building and other industries.

Sales of long products for 2024 declined slightly year-on-year due to a slowdown in construction activity in Russia in the second half of the year amid a rise in the key interest rate and the cancellation of the preferential mortgage programme.



## Hot-rolled steel

**4.8** MILLION TONNES
sold in 2024

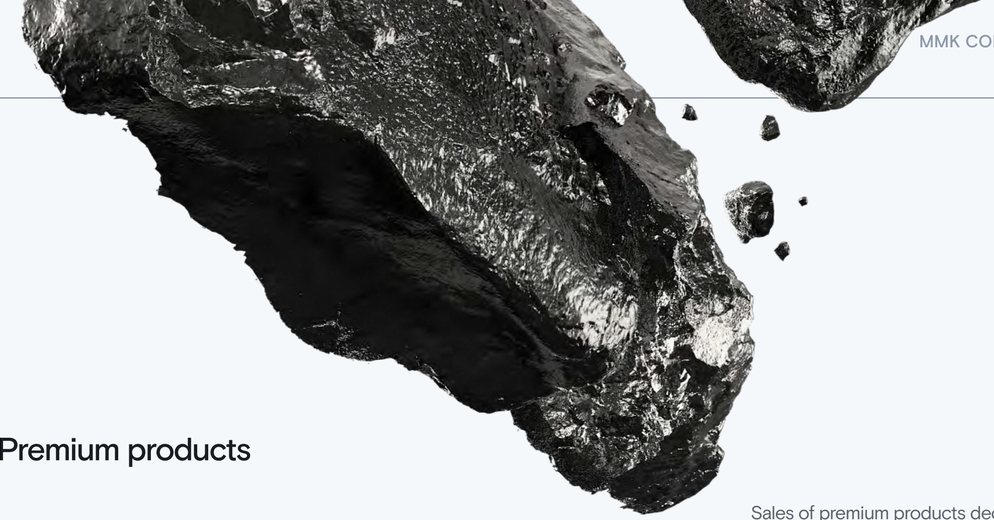
**87** %
capacity utilisation

−14.5% less as compared to 2023

**13–13.7** MTPA
production capacities

Hot-rolled steel is produced at facilities in Magnitogorsk (Russia) and Iskenderun (Turkey). It is used by the Group for the production of premium products. Hot-rolled steel is also supplied to the Russian market and exported to enterprises in a wide range of industries, including construction, machine-building, etc.

In 2024, sales of hot-rolled steel declined year-on-year, reflecting major overhauls of rolling equipment at the beginning of the year and a slowdown in business activity in the H2 2024.



## Premium products

**4.7** MILLION TONNES
sales of premium products

**6** MTPA
production capacities

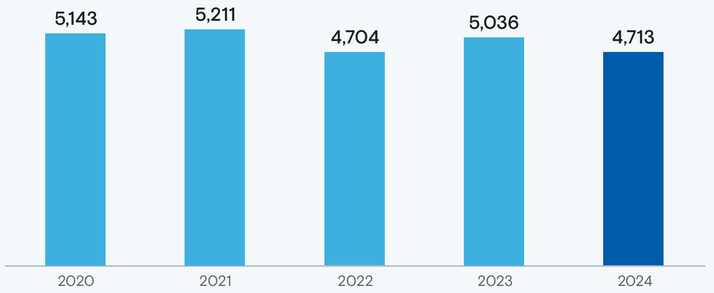
−6.4% less as compared to 2023

**93** %
capacity utilisation thick plate (mill 5000)

**71** %
capacity utilisation cold-rolled steel

**77** %
capacity utilisation Polymer-coated steel[1]

### Premium products sales dynamics, thsd tonnes




[1] Galvanised steel and polymer-coated steel.

Sales of premium products decreased by 6.4% to 4,713 thousand tonnes in 2024, mainly reflecting lower sales of cold-rolled steel and polymer-coated steel. The share of premium products in the sales portfolio for 2024 was 44.4%.

Sales of premium products declined to a lesser extent (by 6.4%) relative to 12M 2023, to 4,713 thousand tonnes, reflecting lower sales of thick plate from Mill 5000 due to lower production of large-diameter pipes, the impact of repairs on the production of cold-rolled products at the beginning of the year and lower sales of coated products amid a slowdown in construction activity due to macroeconomic factors.

Mill 5000 thick plate sales adjusted by 6.5% relative to 2023, to 672 thousand tonnes, mainly reflecting lower large diameter pipe production.

Sales of cold-rolled steel fell by 10.5% – to 972 thousand tonnes in 2024, due to repairs in the rolling mill at the beginning of the year and a slowdown in business activity in Russia in the second half of the year.

Sales of galvanised steel fell by 4.1% – to 1,611 thousand tonnes in 2024, due to a contraction in demand from the construction industry amid negative macroeconomic factors.

Sales of polymer-coated steel for 2024 decreased by 12.2% – to 625 thousand tonnes, due to lower construction activity.

## Improvement of customer service

As part of customer service development, the production and logistics centre in Togliatti continued its operations in 2024, increasing sales and service volumes by 15% (to 250,000 tonnes) as compared to 2023. The production and logistics centre enables delivery of MMK's high-quality products on a just-in-time basis (precisely on time) within 24 hours.

In 2024, MMK Trading House continued to implement its strategy to expand its customer service by 1.5-fold increasing its own processing of steel products (to 110,000 tonnes). Longitudinal and transverse cutting of rolls, unwinding and cutting of reinforcement into bars, production of a cut-and-draw sheet and mesh are available to customers.

In 2024, new types of polymer-coated rolled products were mastered:

- steel with a decorative coating of 1.5 mm for elevator construction
- new patterns of premium rolled products with SteelArt polymer coating (Alder, Steel Pearl, Birch)
- with a protective film for laser cutting

Sales of steel products through MMK's Marketplace in 2024 continued to grow, almost doubling as compared to 2023 (to 151 thousand tonnes).

## How we integrate ESG into the production process

01 We aim to address climate change issues in part by using our own products, such as hot-rolled thick plate (mill 5000) in the construction of foundations and support structures of wind turbines

02 We are developing innovative products with a low carbon footprint – products from high-strength and wear-resistant steel brands – MAGSTRONG



# Plans for 2025

**Despite the cooling demand for steel products in Russia due to macroeconomic and macroprudential factors, the development of domestic sales remains one of the Company's key priorities in 2025. The MMK Group intends to continue strengthening its market positions in Russia and neighbouring countries, remaining the leader.**

It is planned to achieve this goal by realising existing opportunities in the context of dynamic development in various steel-consuming industries, participation in major investment and infrastructure projects, strengthening competitive positions by increasing the level of customer service, sales dynamics of niche products with high added value, further development of the corporate marketplace and warehouse trade through the Group's sales networks.

Strictly adhering to the principles of sustainable development, the Company will continue its work to create a culture of occupational safety and make new steps towards the goal of reducing occupational injuries. Implementation of measures aimed at reducing emissions into the atmosphere and water bodies will also continue. The use of new coke battery unit will reduce the cost of manufactured products and the environmental burden.



# Financial review

## Sales of steel products

**11.8 MT** → **10.6 MT**

2023 → 2024

## Revenue

**763,390 RUB MILLION** → **768,466 RUB MILLION**

2023 → 2024

## EBITDA

**195,597 RUB MILLION** → **153,023 RUB MILLION**

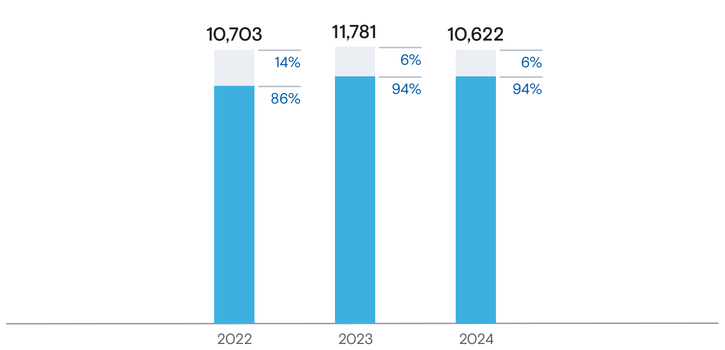
2023 → 2024

A sharp increase in the key rate in 2024 amid high inflation and a slowdown in construction activity resulted in a decline in domestic demand for rolled steel products in Russia amid continuing external constraints. Under these circumstances, we continued to adhere to the Group's strategic direction and prudent financial policy.

## Sales in tonnes

In 2024, amid a slowdown in business activity in Russia, sales to the Russian market decreased to 8.2 million tonnes of steel products in the second half of the year; however, we maintained our leading position in the Russian rolled steel market. At the same time, we continued to develop sales to the neighbouring countries, increasing them to 1.8 million tonnes. Thus, the share of sales to the domestic market of Russia together with neighbouring countries in 2024 remained at the same level and amounted to 94%.

### Sales structure by Group markets, %, thsd tonnes

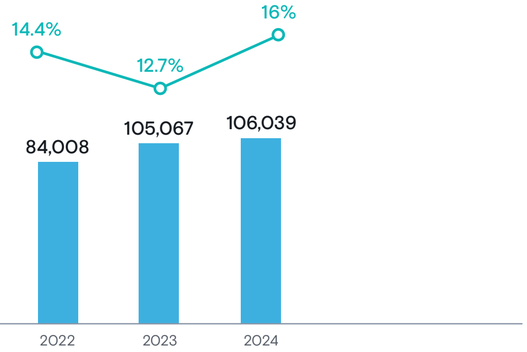



Domestic market (Russia + neighbouring countries)
Exports

## Working capital

Working capital at the end of 2024 increased slightly and amounted to RUB 106,039 million. Net working capital/Revenue ratio amounted to 16.0%, increasing by 3.3 p.p. due to a high revenue base in Q4 2023.

### Net working capital dynamics



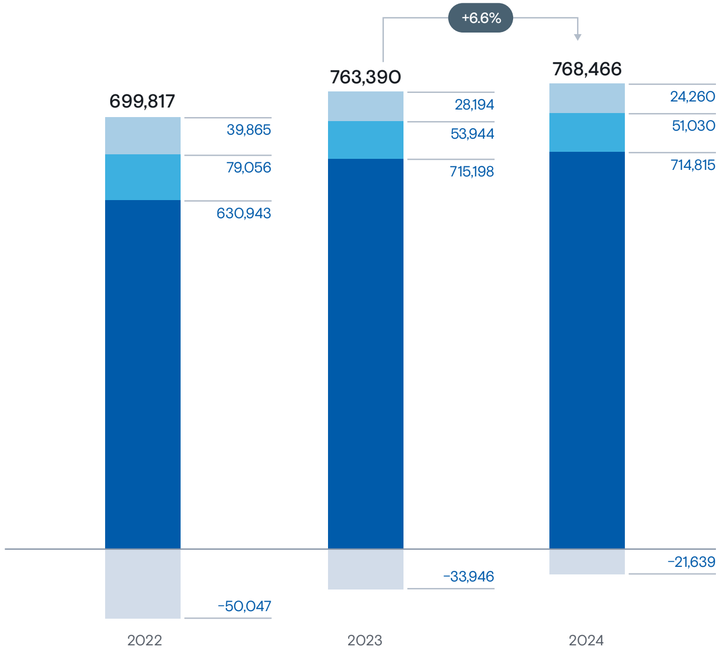

NWC, RUB million
NWC/Revenue L3M



## Revenue

The Group's revenue in 2024 amounted to RUB 768,466 million, increasing by 0.7% against 2023 due to higher prices for steel products amid cost growth and inflationary factors. The Russia steel segment revenues remained almost flat year-on-year at RUB 714,815 million due to lower demand for steel products amid the slowdown in business activity in Russia and higher prices for steel products reflecting higher costs and inflationary pressures.

The Turkey steel segment reported a 5.4% decrease in revenues to RUB 51,030 million, presenting a decline in the sales volumes and prices amid continued challenging macroeconomic conditions in the Republic of Turkey. Revenue in the Coal Mining segment decreased by 14.0% – to RUB 24,260 million, reflecting lower coking coal production and processing volumes against the backdrop of lower demand for coal concentrate from MMK.



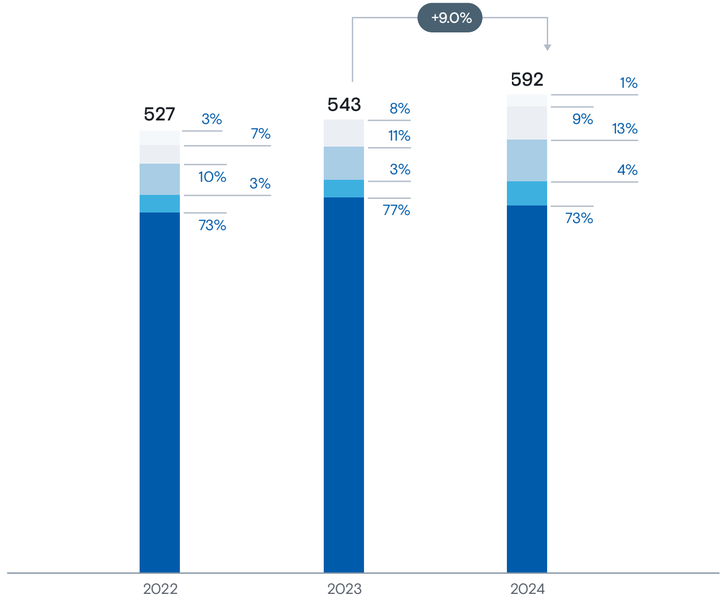

Russia steel segment
Turkey steel segment
Coal Mining segment
Elimination of intersegment transactions

Revenue, incl.

## Cost of sales

Cost of sales increased by 9.0% – to RUB 592,380 million, mainly due to higher prices for key metallurgical raw materials and an increase in the labour compensation fund. The share of labour costs in the cost structure increased to 13% (by 2 p.p.) due to the indexation of salaries against the background of high inflation rates and the difficult situation on the labour market. The share of depreciation in the cost structure also increased, reflecting, among other things, the commissioning of the new coke-oven battery No. 12 and a number of other facilities as part of the Group's development strategy.

### Cost of sales structure, RUB billion



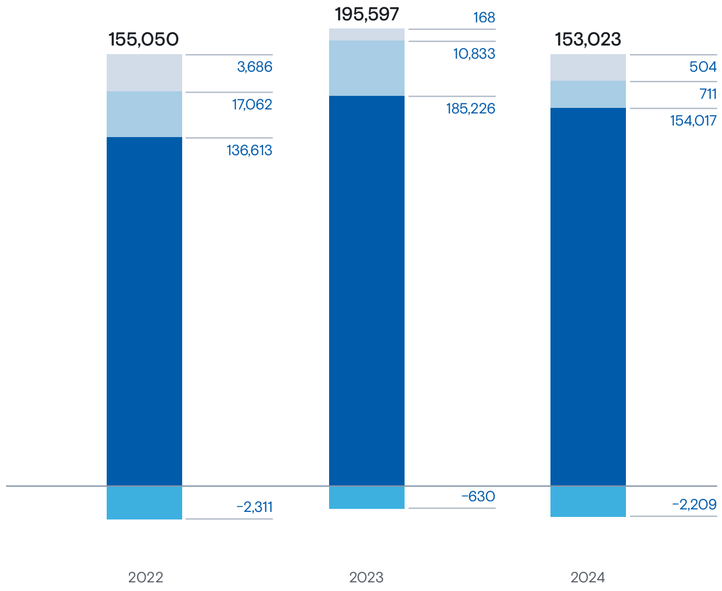

Materials
Services received
Direct labour costs
Labour assets «depreciation»
Other costs

## EBITDA

The Group's EBITDA decreased by 21.8% year-on-year to RUB 153,023 million in the first 12 months of 2023, reflecting higher prices for key metallurgical raw materials and an increase in labour costs. EBITDA margin amounted to 19.9%, decreasing by 5.7 p.p. mainly due to the slowdown in business activity in Russia.

The continuing challenging macroeconomic environment in the Republic of Turkey caused by high inflation rates and devaluation of the national currency continues to have a negative impact on the results of the Turkey steel segment, affecting EBITDA.

EBITDA of the Coal Mining segment decreased due to a correction in coking coal production and processing volumes as business activity in Russia declined on the back of a high key rate and lower demand for steel products.




Russia steel segment
Turkey steel segment
Coal Mining segment
Elimination of intersegment transactions

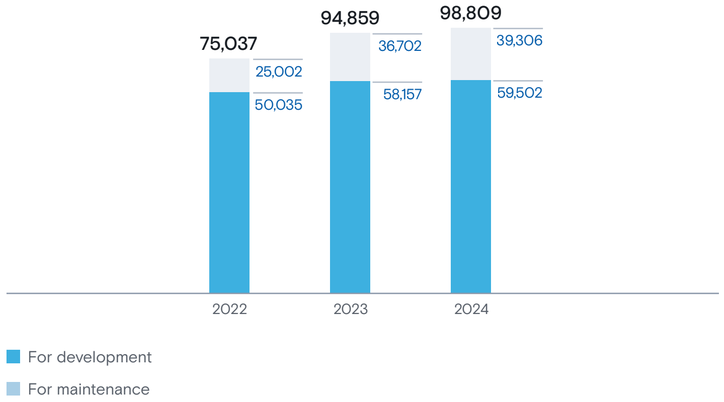
EBITDA, incl.

For more details on the Company's financial performance, see the consolidated financial statements prepared in accordance with IFRS standards.

## CAPEX

Capital expenditures for the 12 months of 2024 increased by 4.2% to RUB 98,809 million due to further development of projects in line with the Group's strategy. In July 2024, Russia's most powerful coke-oven battery No. 12 was commissioned to replace non-environmental and obsolete facilities. The annual capacity of the new battery is 2.5 million tonnes of dry coke, covering half of MMK's needs. Along with the improvement of operational efficiency of coke-chemical production, the use of the coke-oven battery No. 12 will significantly reduce emissions of harmful substances and $CO_2$ into the atmosphere.

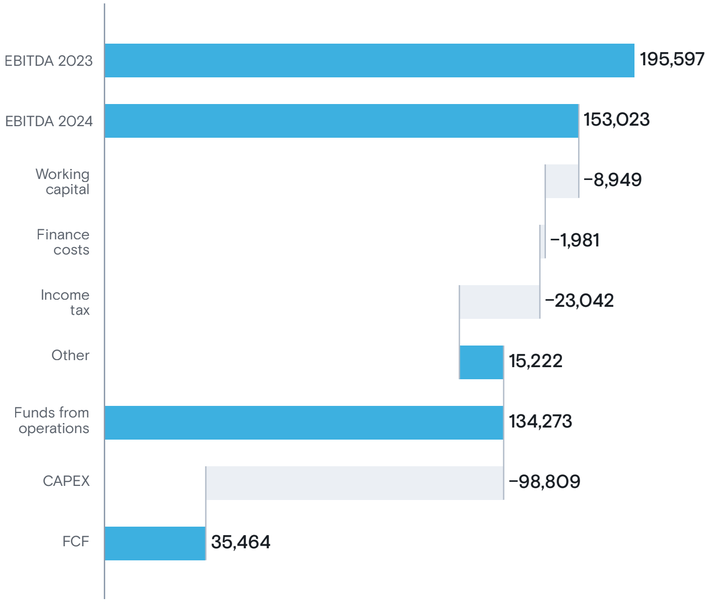
### CAPEX structure, RUB million




## Free cash flow

Free cash flow for 2024 increased by 15.3% as compared to 2023 and amounted to RUB 35,464 million. This results from working capital normalisation and increase in interest received on deposits placed.

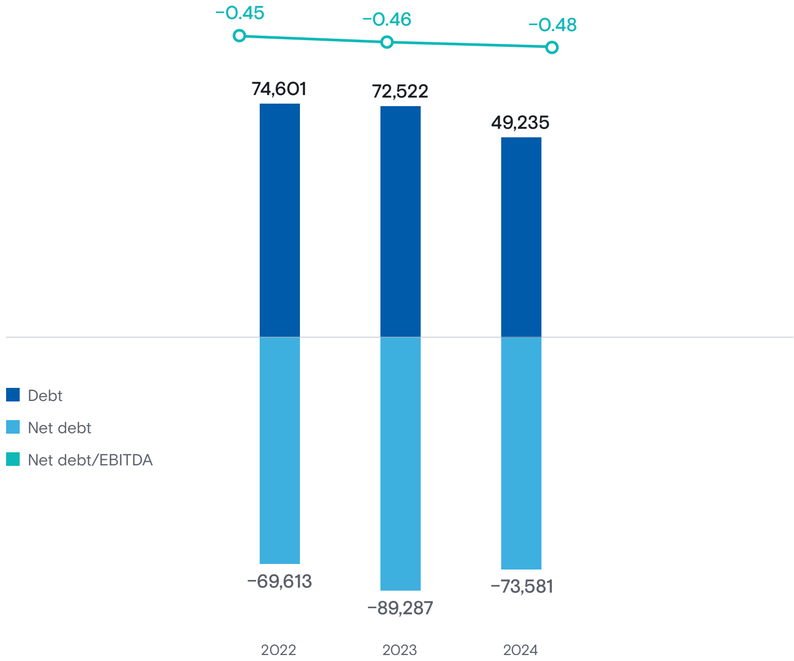
### Free cash flow structure, RUB million




## Debt

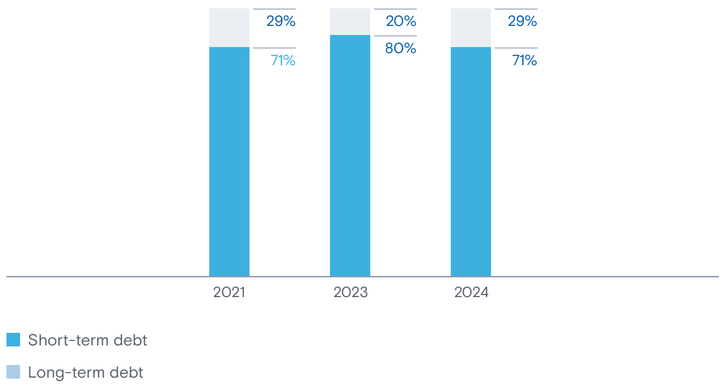
The Group's total debt at the end of 2024 amounted to RUB 49,235 million, decreasing against 2023 (RUB 72,522 million) due to the redemption of substitute bond issue ZO-2024.

### Net debt/EBITDA ratio and dynamics of debt, RUB million

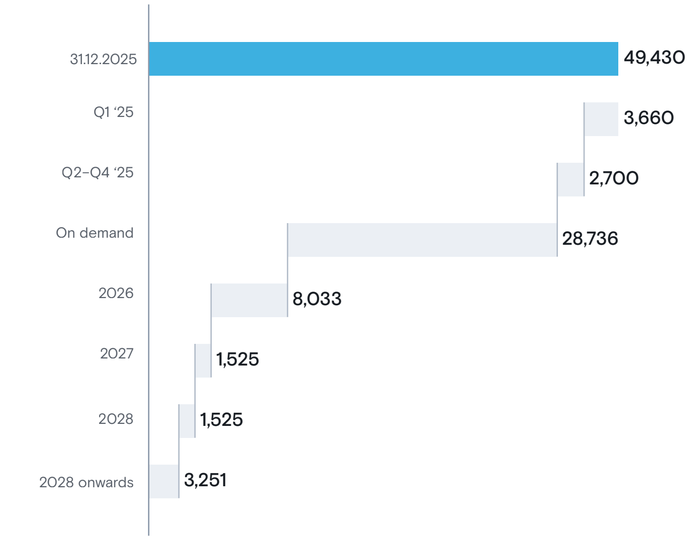





## Debt structure by maturity




## Debt repayment schedule, RUB million




# The Company's approaches to borrowing and debt management

The following measures are implemented by the MMK Group to provide debt management:

- maintaining open credit lines with a 2-fold reserve for the MMK Group's forecasted needs
- centralisation of decision-making on borrowing at PJSC MMK's level
- maintaining the procedure for selecting funding based on the interest rate efficiency criterion for the required profile
- monitoring of preferential lending programs within the framework of state support
- introducing automation of data collection on MMK Group's loans, reporting and control via the corporate integration system, transition to electronic document management via existing information exchange technologies

# Priorities for 2025

Decrease in CAPEX is expected in 2025 as compared to 2024 as a result of completion of key projects under the Group's Development Strategy 2025 and developing of the next strategy for the period up to 2030. Construction of the oxygen unit will proceed, increasing oxygen production and improving the efficiency of production processes in the first processing section. The Group will also continue to implement investment projects in the machine building industry based on the Group's assets, such as the production of cast and forged rolls, as well as large machine building products.

The implementation of this programme will be facilitated by prudent financial policy, stable financial position, and sufficient liquidity.



# Strategy

Our strategic goal is to achieve $ 1 billion EBITDA growth by 2025 by implementing our portfolio of strategic objectives.

| Priority area | Strategic initiatives | Levers | Impact of macroeconomic and industry trends | Related capital | Related risks | 2024 Results | 2025 Targets |
|---|---|---|---|---|---|---|---|
| To be the best supplier | 01.<br>**Superior product portfolio**<br>Building a superior product portfolio with a focus on higher margins through expanding premium product ranges and improving the service offering | • Increasing the share of high-margin products in the product portfolio<br>• Developing customer services<br>• Digitalisation | A sharp rise in the key rate and a slowdown in construction activity in 2024 led to a decline in domestic demand for rolled steel products amid continuing external restrictions<br><br>At the same time, MMK continued to develop in-demand steel products and introduce information technologies, including those aimed at developing digital sales channels | • Financial capital<br>• Knowledge-based capital<br>• Social and reputation capital | • Production risks<br>• Market risks<br>• Financial risks<br>• Economic security risks | **Effect on EBITDA: $ 103.4 million**<br><br>**15.9%** — MMK has the highest share in steel product supplies to the Russian market<br><br>Sales leadership to the automotive industry:<br>• share in the supply of rolled steel for Russian auto manufacturers exceeding 50% of demand<br>• the only supplier for the production of Aurus cars and the main supplier for localised brands<br><br>Decrease in sales of premium products by 6.4% as compared to 2023 amid a general decline in sales of steel products<br><br>**582.5 thsd tonnes** of **57** new products launched and shipped to the market | **EBITDA growth: +$ 350 million**<br><br>To be a leader in sales at the Russian market<br><br>Leadership in automotive sales<br><br>Increase in sales of premium products<br><br>Increase the output of the most in-demand innovative products |
| | 02.<br>**Customer focus**<br>Customer focus with continuous improvement of customer service and developing sales through trading houses and digital channels | | | | | **Effect on EBITDA: $ 88.9 million**<br><br>**87.1%** – OTIF<br><br>1% growth in sales of MMK Trading House – to 1,521,000 t<br><br>**Shipments through the marketplace** — 150 thousand tonnes (+ 88%):<br>• increase in the number of customers to 7,909<br>• site traffic 1,004 people/day<br>• mobile app downloads 1,512<br>• increase in the number of orders by 1.3 times – to 7,754<br>• 450 orders realised via the mobile app<br><br>**Shipments via OZON**<br>• 3x sales growth (31 tonnes)<br>• 1.7 times increase in the number of orders<br><br>**Retail**<br>• 1.9 times sales growth<br>• increase in the number of orders by 1.8 times – to 18,021 | **EBITDA growth: +$ 60 million**<br><br>Improved OTIF<br><br>Development of distribution channels |

| Priority area | Strategic initiatives | Levers | Impact of macroeconomic and industry trends | Related capital | Related risks | 2024 Results | 2025 Targets |
|---|---|---|---|---|---|---|---|
| To be the best supplier | 02.<br>**Customer focus**<br>Customer focus with continuous improvement of customer service and developing sales through trading houses and digital channels | • Increasing the share of high-margin products in the product portfolio<br>• Developing customer services<br>• Digitalisation | A sharp rise in the key rate and a slowdown in construction activity in 2024 led to a decline in domestic demand for rolled steel products amid continuing external restrictions<br><br>At the same time, MMK continued to develop in-demand steel products and introduce information technologies, including those aimed at developing digital sales channels | • Financial capital<br>• Knowledge-based capital<br>• Social and reputation Capital | • Production risks<br>• Market risks<br>• Financial risks<br>• Economic security risks | Refining at own production facilities increased to 112.2 thousand tonnes<br><br>Increase in own storage space from 99 to 112 thous. m²<br><br>Increase in the number of lifting machines (+3) and upgrading of lifting machines fleet<br><br>Increase in freight traffic (input/output) in 2024<br><br>12 new retail platforms launched<br><br>The CRM system was put into commercial operation at MMK's site, and the system was integrated with MMK's corporate information system to organise production accounting and cost calculation.<br><br>Logistics centre MMK-PLC-Togliatti:<br>• increased sales of services for PJSC MMK and third-party customers<br>• increased storage of steel products<br>• homologation of the Sollers model completed in China | Development of products delivery to customers by road transport<br><br>Development of steel processing<br><br>Development of customer service and improvement of warehouse sites efficiency<br><br>Production operations |
| To be a leader in operational excellence | 03.<br>**Leadership in production efficiency**<br>Excellence in production through higher production volumes, upgrades, and cost reduction driven by continuous improvement of internal processes | • Organisational and technical measures<br>• Energy management<br>• Baby Capex[1]<br>• Innovations and inventions<br>• Digitalisation | Challenging macroeconomic conditions of 2024 confirmed the need to improve the efficiency of the production process<br><br>In 2024, MMK continued to focus on implementing investment projects aimed at upgrading production and improving operational efficiency | • Financial capital<br>• Production capital<br>• Social and reputation capital | • Production risks<br>• Market risks<br>• Economic security risks | **Effect on EBITDA: $ 257.6 million**<br><br>6 Baby Capex projects completed with an economic effect of RUB 267.3 million<br><br>MMK Group's energy intensity **29.3 GJ/t of steel** | **EBITDA growth: +$ 610 million**<br><br>Leadership in energy efficiency |

[1] Low-cost, high-impact investment projects.

| Priority area | Strategic initiatives | Levers | Impact of macroeconomic and industry trends | Related capital | Related risks | 2024 Results | 2025 Targets |
|---|---|---|---|---|---|---|---|
| To be a leader in operational excellence | 04.<br>**Excellence in procurement and supply chain management**<br>Excellence in procurement and supply chain management aligned with global best practices and ensuring the most efficient material and service procurement | • Organisational and technical measures<br>• Energy management<br>• Baby Capex[1]<br>• Innovations and inventions<br>• Digitalisation | The remaining external restrictions continued to affect supply chains, including availability of new technologies<br><br>MMK continued active cooperation with local suppliers, suppliers from friendly and neutral countries, continuously improving the processes of purchasing materials and services | • Financial capital<br>• Production capital<br>• Social and reputation capital | • Production risks<br>• Market risks<br>• Economic security risks | **Effect on EBITDA:**<br>**$ 9.0 million** in savings from category-based supply strategies | **EBITDA growth:**<br>**+$ 20 million**<br><br>Development of category-based cost management |
| To be a responsible, sustainable business | 05.<br>**Zero injuries** | • Digitalisation<br>• Automation of security systems<br>• Robotic automation and video analytics<br>• Health & safety supervision<br>• Culture of engagement and innovation | Growing importance of the ESG agenda in the world and the Russian Federation, continuous improvement of the Russian environmental legislation are current key trends<br><br>Shortage of human resources and changes in migration legislation emphasise the importance of progressive development of the HR policy of enterprises and focus on the development of local communities<br><br>Sustainable initiatives are MMK's important priorities. They are aimed at increasing employee engagement, creating a safety culture, developing local communities and minimising negative environmental impacts | • Human capital<br>• Social and reputation capital<br>• Natural capital | • Production risks<br>• Market risks<br>• Economic security risks | **0.51** — LTIFR<br><br>Security systems launched in the blast furnace shop, the oxygen converter shop, SRS No. 4, SRS No. 5, SRS No. 10, thick plate shop, MMRP CJSC. Reducing the number of hazardous activities.<br><br>Implementation of the pilot project "Development of an Occupational Health and Safety Culture" at the oxygen converter shop and SRS No. 5.<br><br>Implementation of the project “Improving the Quality of Personal Protective Equipment”:<br>• a line of special clothing for women introduced<br>• new types of personal protective equipment introduced<br>• personalised selection of personal protective equipment implemented<br>• methodology for assessing ergonomic properties of workwear and footwear introduced<br><br>Conducting safety awareness training at the MMK Group companies (more than 23,000 employees completed training)<br><br>Developing a safety culture system for contractors' employees. Development and pilot operation of the Contractor's Personal Account software module | Reduction of LTIFR to 0.45 and zero fatalities<br><br>Preparing proposals for the development and scaling of security systems<br><br>Completion of the pilot phase of the project and scaling up to other production units<br><br>Establishment of a transformation centre<br><br>Continued implementation of the project "Improving the Quality of Personal Protective Equipment"<br><br>Restart of trainings at PJSC MMK and LLC OSK<br><br>Organisation of interaction with contractors through the Contractor's Personal Account module |

[1] Low-cost, high-impact investment projects.

| Priority area | Strategic initiatives | Levers | Impact of macroeconomic and industry trends | Related capital | Related risks | 2024 Results | 2025 Targets |
|---|---|---|---|---|---|---|---|
| To be a responsible, sustainable business | 06. Corporate culture of opportunities | • Digitalisation<br>• Automation of security systems<br>• Robotic automation and video analytics<br>• Health & safety supervision<br>• Culture of engagement and innovation | Growing importance of the ESG agenda in the world and the Russian Federation, continuous improvement of the Russian environmental legislation are current key trends<br><br>Shortage of human resources and changes in migration legislation emphasise the importance of progressive development of the HR policy of enterprises and focus on the development of local communities<br><br>Sustainable initiatives are MMK's important priorities. They are aimed at increasing employee engagement, creating a safety culture, developing local communities and minimising negative environmental impacts | • Human capital<br>• Social and reputation capital<br>• Natural capital | | **RUB 555 million** — the economic effect of implemented innovative proposals<br><br>**66.6%** — employee engagement | 50% shorter time to launch new products<br><br>Motivating staff to develop innovative proposals<br><br>Increased employee engagement |
| | 07. Continuous improvement of environmental performance and reduction in $CO_2$ emissions | | | | | **2.21** — specific $CO_2$ emissions/t of steel | Minimisation of specific $CO_2$ emissions to 1.8 t/t of steel<br><br>Transparency and disclosure of environmental impact data to all stakeholders |

The EBITDA effects achieved were calculated at the exchange rate of RUB 78.0/$.

# Key performance indicators

| Category | | Key performance indicators | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| Financial performance | *** EBITDA, RUB mln** | | 155,050 | 195,597 | **153,023** |
| | Link to strategy | To be the best supplier<br>To be a leader in operational excellence | | | |
| | Measurement | EBITDA is calculated based on operating profit adjusted for the depreciation and loss on disposal of property, plant and equipment (PPE) (deducted), and the share of financial results of the associates, including impairment of investments in the associates (added) | | | |
| | Performance overview | Decrease in EBITDA in 2024 by 22% mainly due to lower production volumes as a result of unfavourable market conditions | | | |
| | Link to capital | Financial capital | | | |
| | *** Free cash flow, RUB mln** | | 72,740 | 30,747 | **35,464** |
| | Link to strategy | To be the best supplier<br>To be a leader in operational excellence | | | |
| | Measurement | Free cash flow is calculated as net cash from operating activities plus interest received, and proceeds from disposal of PPE and intangible assets, net of purchase of PPE and intangible assets | | | |
| | Performance overview | Free cash flow in 2024 is 15% above the 2023 level due to reduced working capital requirements | | | |
| | Link to capital | Financial capital | | | |
| Sales and market share | *** Sales volumes, mt** | | 10.7 | 11.8 | **10.6** |
| | Link to strategy | To be the best supplier | | | |
| | Measurement | The volume of steel products sold within the period | | | |
| | Performance overview | Sales of steel products decreased by 10% compared to 2023 due to overhauls of rolling equipment at the beginning of the year and a slowdown in business activity on the market in H2 2024 | | | |
| | Link to capital | Production capital, social and reputation capital | | | |

Notes:
* The indicators included in the incentive system for MMK senior management.
Such indicators as OTIF, product innovation, $CO_2$ (GHG emissions) are calculated for MMK only. The remaining indicators are calculated for the MMK Group.

| Category | | Key performance indicators | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| | * OTIF, % | | 81 | 85.9 | 87.1 |
| | Link to strategy | To be the best supplier | | | |
| | Measurement | OTIF is calculated as the number of orders fulfilled on time in full (items) in the selected period divided by the total number of orders | | | |
| | Performance overview | OTIF increased by 1.2 p.p. year-on-year and by 6.1 p.p. versus 2022 demonstrating a steady growth and effectiveness of measures taken to increase the share of timely shipping of orders – to improve customer attractiveness | | | |
| | Link to capital | Social and reputational capital | | | |
| | Product innovation, thsd t | | 877 | 300 | 582.5 |
| | Link to strategy | To be the best supplier | | | |
| | Measurement | The indicator is calculated as the total volume of products with additional characteristics and new types of products mastered and shipped to the market | | | |
| | Performance overview | The increase in new products shipments in 2024 was mainly due to development of sheet steel with additional requirements for the pipe industry | | | |
| | Link to capital | Intellectual capital | | | |
| Operational efficiency | Slab cash cost, RUB/t | | 29,809 | 29,502 | 35,804 |
| | Link to strategy | To be a leader in operational excellence | | | |
| | Measurement | The slab cash cost is calculated by dividing the costs[1] incurred in the production process by the volume of basic oxygen furnace (BOF) steel output for the period | | | |
| | Performance overview | The slab cash cost in rouble terms in 2024 is higher by RUB 6,302/t. The increase is due to higher prices for iron ore concentrates, pellets, and coal concentrates | | | |
| | Link to capital | Production capital | | | |

Notes:
* The indicators included in the incentive system for MMK senior management.
Such indicators as OTIF, product innovation, $CO_2$ (GHG emissions) are calculated for MMK only. The remaining indicators are calculated for the MMK Group.

[1] Costs incurred in the production process include raw materials (iron ore, pellets, coking coal, ferroalloys, metal scrap, and other), fuel and power resources, labour, repairs and maintenance of PPE, and other costs.

| Category | Key performance indicators | | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| | **Energy intensity, GJ/t of steel** | | 27.51 | 25.98 | **29.30** |
| | Link to strategy | To be a leader in operational excellence | | | |
| | Measurement | The integral indicator is calculated as the ratio of the MMK Group's total energy consumption to steel production. The MMK Group's total energy consumption is defined as the sum of renewable and non-renewable fuels consumed, purchased electricity, energy for heating, energy in form of steam – net of sold electricity, energy for heating and energy in form of steam | | | |
| | Performance overview | A 12.8% increase in the MMK Group's energy intensity in 2024 versus 2023 was due to a 13.7% decrease in steel production<br>At the same time, the MMK Group's total energy consumption decreased by 2.7% | | | |
| | Link to capital | Production capital | | | |
| | *** Savings resulting from the supply and procurement strategies, RUB mln** | | 1,117 | 572 | **703** |
| | Link to strategy | To be a leader in operational excellence | | | |
| | Measurement | Actual savings resulting from supply and procurement strategies | | | |
| | Performance overview | Savings were achieved through the work carried out to reduce the cost of raw materials; use of alternative materials; price reductions through long-term contracts and consolidation of MMK Group's procurement volumes; expansion of competitive environment, and changes in requirements of technical specifications | | | |
| | Link to capital | Social and reputation capital | | | |
| Sustainable development | *** LTIFR**** | | 0.54 | 0.79 | **0.51** |
| | Link to strategy | To be a responsible and sustainable business | | | |
| | Measurement | LTIFR is calculated as the number of lost-time injuries per million of person-hours worked | | | |
| | Performance overview | The decrease in LTIFR was achieved as a result of measures to improve the safety culture and eliminate the root causes of accidents | | | |
| | Link to capital | Human capital | | | |

Notes:
* The indicators included in the incentive system for MMK senior management.
** Including contractors.
Such indicators as OTIF, product innovation, $CO_2$ (GHG emissions) are calculated for MMK only. The remaining indicators are calculated for the MMK Group.

| Category | Key performance indicators | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| *** Employee engagement, %** | | 77.9 | 76.4 | **66.6** |
| Link to strategy | To be a responsible and sustainable business | | | |
| Measurement | The indicator[1] is calculated by finding the average percentage of engagement in each business unit among the workshops in the focus group through the questionnaires. Positive answers to the questions are used for calculation | | | |
| Performance overview | The employee engagement decreased as compared to the previous year. Employees maintain high salary expectations amid low unemployment in the region and a wide range of offers from other employers | | | |
| Link to capital | Human capital | | | |
| ***$CO_2$ (greenhouse gas emissions), $tCO_2e$/t of crude steel (Scope 1+2)** | | 2.18 | 2.04 | **2.21** |
| Link to strategy | To be a responsible and sustainable business | | | |
| Measurement | GHG emissions are calculated according to the guidelines of the Russian Ministry of Natural Resources and Environment (Order No. 300 dated 30 June 2015), ISO 14064-1:2018 and ISO 14067:2018. Only $CO_2$ emissions are included in the calculation | | | |
| Performance overview | The increase in specific greenhouse gas emissions is due to a reduction in the share of electric-arc-furnace steel in total steel production, an overall reduction in steel production and increase in the share of pig iron production in 2024 versus 2023, in the presence of relatively constant GHG emissions from fuel combustion at generation facilities | | | |
| Link to capital | Social and reputation capital, natural capital | | | |

Notes:
* The indicators included in the incentive system for MMK senior management.
Such indicators as OTIF, product innovation, $CO_2$ (GHG emissions) are calculated for MMK only. The remaining indicators are calculated for the MMK Group.

[1] The indicator is considered medium if the level of engagement is from 50 to 80%, high if it is more than 80%, and low if it is less than 50%.

# Risk management

## Risk Management System (RMS)

Risk management is integrated into all business processes and is realised within making managerial, investment and operational decisions. A uniform procedure has been established for identifying and assessing risks, developing and controlling the implementation of risk mitigation and monitoring measures.

The MMK Group's risk management system complies with international risk management principles and best practices. Every year at MMK, the Internal Audit Department assesses the maturity level of the RMS.

An assessment of the maturity level of the RMS is included in the report on the effectiveness of the RMS and is considered by the Audit Committee and the Board of Directors.

Based on the results of the review of the report, recommendations for further development of the system are implemented.

In 2024, MMK's risk management system was recognised effective.

The Group has approved the Risk Management Policy that determines the main principles and approaches to the risk management arrangements.

The Board of Directors is informed and involved in the activity and:

- approves the Risk Management Policy
- considers and approves the strategy taking into account the risks
- approves and revises the risk appetite
- monitors and analyses the RMS performance

Information on the materialised risks is fairly and objectively disclosed. The approaches to the organisation and performance of risk management are improved to reflect changes in the external and internal environment.

The roles, duties and responsibilities of the RMS participants are governed by internal regulatory documents prepared in accordance with ISO 31000, the Corporate Governance Code and COSO ERM 2017.

## Risk capacity

The risk appetite is determined on the basis of the Group's strategy and is required to ensure that decisions on day-to-day operations are made within the defined boundaries at all management levels. This provides reasonable assurance that the business objectives will be achieved.

The Group's risk appetite statement is a set of indicators consisting of:

- unacceptable events during the realisation of tasks aimed at achieving the goals (zero risk appetite)
- permissible events within certain boundaries

The MMK Group has zero risk appetite for the following events:

- workplace accidents
- equipment downtime due to prohibition to use the units, technical devices, buildings and facilities for violation of legislation
- accidents involving employees that have led to their persistent disability or death of the injured
- unauthorised access to confidential information
- disruption of the continuity of critical business processes due to a cyber-attack
- a strike or other collective actions suspending the Group's operations
- corruption

Decision-making at all management levels is carried out depending on the stated level of the risk appetite.

## Risk Management Culture

General rules and approaches to risk management are recognised in the Risk Management Policy, the Group's Risk Management Standard and detailed in individual regulations and methodologies. All documents are posted on the corporate portal and are available to every employee.

The Risk Management and Internal Control Group provides methodological support on risk management issues on an ongoing basis, organises periodic RMS training for the managers and persons authorised for business process risks, and generates consolidated risk reporting.

In 2024, the following measures were implemented for the purposes of RMS development:

- updating the Group's risk management standard
- continuing work on the implementation of the GRC system[1] within the "Digitalisation of the risk management process and the internal control system" project
- developing an interactive risk management course on MMK's training platform

## Risk management plan and strategy

The risk management strategy is aimed at ensuring the sustainable development of the MMK Group through the adoption of risk-based decisions and is implemented through:

- identification and assessment of risks of the day-to-day operations
- identification and assessment of risks related to the projects and initiatives
- development of the risk mitigation measures
- risks realisation monitoring
- informing the management of the potential and materialised risks

[1] Governance, Risk and Compliance.



# Risk management process

## Risk identification and documentation

Within the MMK Group's risk management framework, risks are identified based on business process objectives. The identified risks are shown in the business-process risk registers, with the most significant risks consolidated in the MMK Group's Risk Map.

## Risk management decision-making

Based on the risk assessment, the Group decides on one of four ways to respond to the risk:

- risk acceptance
- risk mitigation
- risk transfer to a third party
- risk avoidance

The outcomes of risk assessment activities are used to reassess the risk and evaluate the effectiveness of these activities.

## Monitoring and reporting

Twice a year, the Group runs a risk realisation monitoring procedure for key risks shown in the MMK Group's Risk Map.

The monitoring results are used to prepare a document containing the following information:

- risk realisation during the reporting period
- causes of risk realisation
- completed risk mitigation procedures

At the business process level, risk realisation is monitored by business process owners.

The MMK Group's consolidated risk report includes:

- the MMK Group's Risk Map reviewed by the Audit Committee of MMK's Board of Directors and approved by order of the CEO
- risk realisation monitoring for the MMK Group's risks reviewed by the Audit Committee of MMK's Board of Directors

The Board of Directors reviews the RMS performance report prepared by the internal audit department on an annual basis.

## Risk assessment

All identified risks are subject to qualitative assessment in order to rank them in terms of significance.

Quantitative assessment is used to supplement the qualitative assessment of risks and compare the risk magnitude to the cost of its mitigation. If the risk materialises, the quantitative assessment shows the damage from the influence of risk on the Company's EBITDA. We use the approved methods to assess specific significant risks to the Group.

Business-process-specific risk dashboards and the MMK Group's risk map are used to record and track each risk throughout the risk management process.

## Assessment of the level of impact and likelihood of risk realisation

### Level of impact

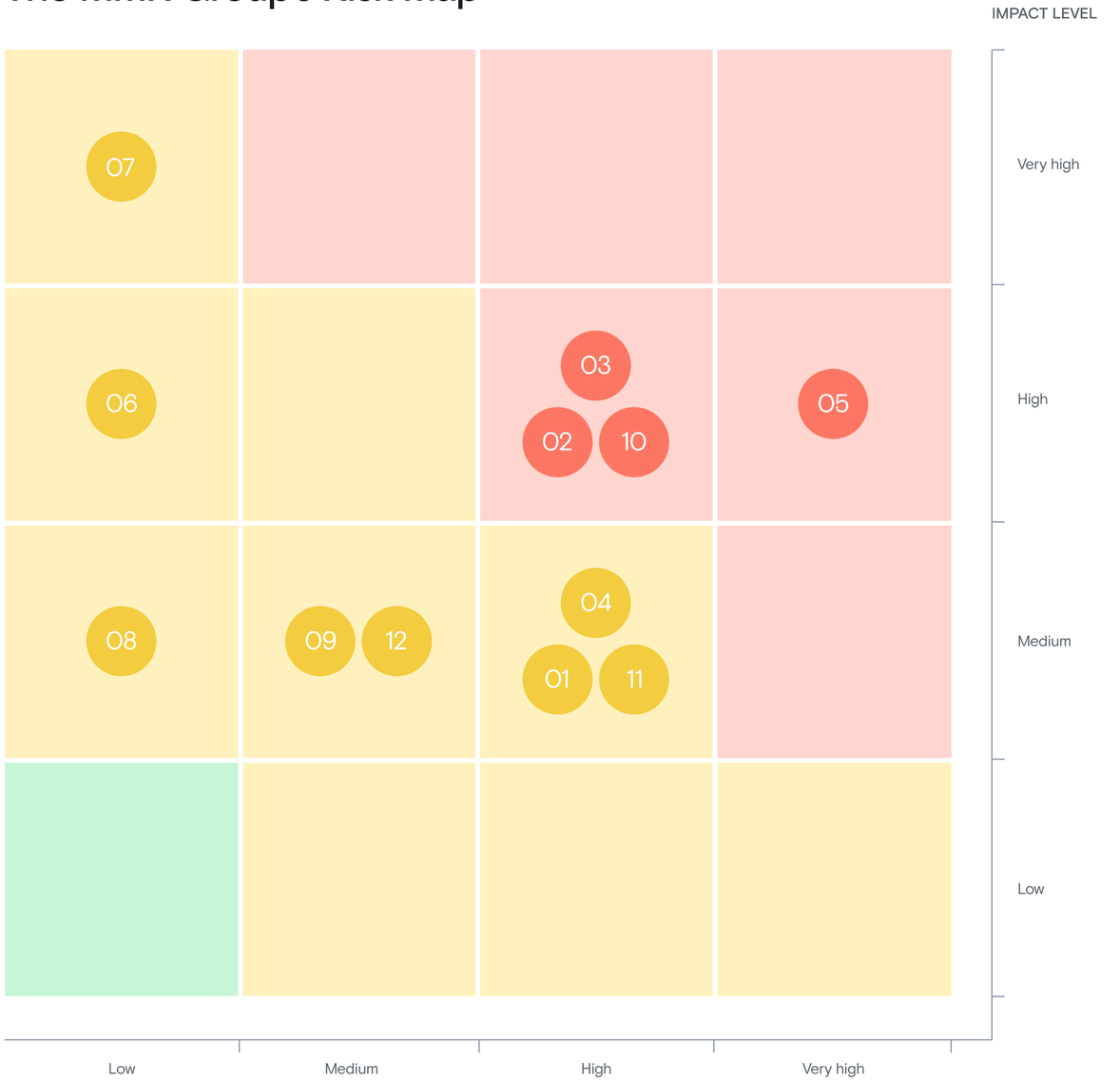
| Qualitative assessment | Low | Medium | High | Very high |
|---|---|---|---|---|
| Quantitative assessment (RUB million) | 10–100 | 100–1,000 | 1,000–10,000 | >10,000 |

### Likelihood of risk realisation

| Qualitative assessment | Low | Medium | High | Very high |
|---|---|---|---|---|
| Quantitative assessment (%) | 10–19.99 | 20–49.99 | 50–89.99 | 90–100 |



# The MMK Group's Risk Map




**01** Industrial accidents and other incidents

**02** Defective products manufacturing

**03** Decrease in the price spread

**04** Non-fulfilment of the obligations by the buyers

**05** Accidents

**06** Environmental risk

**07** Climate risk

**08** Social tension

**09** Personnel shortage

**10** Cyber risk

**11** Corporate fraud

**12** Sanctions for violation of laws

Change in the forecast risk level compared to the previous period

Previous risk level | Growth | Decrease

# Principal risks included in the MMK Group's Risk Map

For each of the principal risks, we have determined the factors giving rise to the risk, the material topics and types of capital covered, and the list of measures to mitigate the risks.

| Risk | Risk factors | Risk impact | The MMK Group's material topics | Impact on capital | Risk mitigation measures |
|---|---|---|---|---|---|
| PRODUCTION RISKS | | | | | |
| **Industrial accidents and other incidents** | • Violation of technical instructions and equipment operation rules<br>• Use of raw materials, supplies and equipment of inadequate quality<br>• Failure to comply with the regulations on repairs<br>• Development of new technologies, steel grades, raw materials | • Disruption of continuous operation of critical equipment<br>• Occurrence of accidents<br>• Equipment restoration costs<br>• Reputational losses | • Air emissions<br>• Occupational health and safety<br>• Economic performance<br>• Responsible supply chain<br>• Corporate governance | • Financial capital<br>• Production capital<br>• Human capital<br>• Social and reputational capital<br>• Natural capital | The Company takes measures to prevent accidents and ensure safe operation of production processes:<br>• monitoring the compliance of raw materials, supplies and equipment delivered to warehouses with the stated requirements and quality specifications<br>• technical audits of suppliers<br>• searching for equivalent raw materials, supplies and equipment<br>• improving the unified system for training and assessing the employees' knowledge<br>• performing regular assessment of the employees' knowledge of technical instructions<br>• training and certifying of all newly hired employees<br>• staff upskilling<br>• performing scheduled repairs, maintenance, upgrade and modernisation of fixed assets on a timely basis<br>• performing unscheduled inspections of buildings and structures, identifying instances of non-compliance with the regulations, drawing up a plan for repair work<br>• studying experience in mastering the technology or material being implemented at other enterprises |

**Risk impact on achieving the MMK Group's strategic goals**

- To be the best supplier
- To be a responsible and sustainable business
- To be a leader in operational excellence

**Risk level**

- High
- Medium
- Low

**Change in the forecast risk level compared to the previous period**

- Growth
- Decrease
- Previous risk level

**The MMK Group's material topics Priority of the topic for stakeholders:**

- Priority 1
- Priority 2
- Priority 3

| Risk | Risk factors | Risk impact | The MMK Group's material topics | Impact on capital | Risk mitigation measures |
|---|---|---|---|---|---|
| **Defective products manufacturing** | • Equipment malfunctions<br>• Violation of technical instructions and equipment operation rules<br>• Use of raw materials, supplies and equipment of inadequate quality | • Loss of the Company's reputation of a reliable supplier of high-quality products<br>• Loss of customers<br>• Decrease in the Group's financial indicators | • Economic performance<br>• Responsible supply chain<br>• Corporate governance | • Financial capital<br>• Social and reputational capital | Customer-centric policy, improvement of the quality management system (QMS), continuous work on improving technological processes and product quality enable the Company to guarantee the high quality of products to its customers.<br>MMK implements the following risk mitigation measures:<br>• installing technology compliance controls at production facilities<br>• ensuring continuous improvement of the personnel competencies<br>• carrying out comprehensive inspections of the technology compliance and multi-level audits across the business units<br>• carrying out internal and external QMS audits<br>• preparing and reviewing the specifications and requirements for raw materials and supplies<br>• monitoring the quality of incoming raw materials, fuel, refractory materials, semi-finished products and other supplies<br>• testing new material resources<br>• carrying out audits of suppliers<br>• searching for equivalent raw materials, supplies and equipment<br>• providing scheduled preventive and corrective maintenance of the production equipment<br>• implementing quality programmes<br>• arranging audits based on a single checklist<br>• investigating the industrial incidents and accidents |
| MARKET RISKS | | | | | |
| **Decrease in the price spread between the average price of rolled steel and the cost of the basic raw materials basket** | • Deterioration of the geopolitical and economic environment<br>• High competition<br>• High volatility in the raw materials market | • Decrease in the Group's financial performance | • Economic performance<br>• Responsible supply chain<br>• Corporate governance | • Financial capital | The Company takes all reasonable steps necessary to mitigate this risk:<br>• planning production activities based on ongoing monitoring of the situation in the industry<br>• diversifying key raw material suppliers, negotiations and attraction of new suppliers<br>• monitoring opportunities for expanding our own raw materials base<br>• offering the alternative terms meeting the customers' needs, flexible pricing policy<br>• providing sales to the domestic market under long-term contracts<br>• improving product quality and promptly responding to quality complaints<br>• increasing the deliveries of new products<br>• developing own sales network and additional services |

**Risk impact on achieving the MMK Group's strategic goals**

- To be the best supplier
- To be a responsible and sustainable business
- To be a leader in operational excellence

**Risk level**

- High
- Medium
- Low

**Change in the forecast risk level compared to the previous period**

- Growth
- Decrease
- Previous risk level

**The MMK Group's material topics Priority of the topic for stakeholders:**

- Priority 1
- Priority 2
- Priority 3

| Risk | Risk factors | Risk impact | The MMK Group's material topics | Impact on capital | Risk mitigation measures |
|---|---|---|---|---|---|
| FINANCIAL RISKS | | | | | |
| **Non-fulfilment of obligations by the buyers** | • Shipment of products under unsecured deferred payment contracts<br>• Unstable financial and economic conditions of the customers | • Decrease in the Group's financial performance | • Economic performance<br>• Corporate governance | • Financial capital | The following measures are taken to minimise the risk:<br>• increasing the share of contracts with bank guarantees, sureties and letters of credit<br>• applying factoring payment arrangements<br>• obtaining accounts receivable insurance<br>• assessing the customers' creditworthiness when shipping the products on credit<br>• setting limits for shipment on credit<br>• monitoring of overdue accounts receivable on a daily basis |
| SUSTAINABILITY RISKS | | | | | |
| **Accidents** | • Underestimating the risks, working in an unsafe manner<br>• Shortcomings in the operational health and safety (OHS) training<br>• Shortcomings in the site and equipment maintenance | • Deterioration of the Group's reputation<br>• Deterioration of the employees' health | • Occupational health and safety<br>• Human rights and equal opportunities<br>• Responsible supply chain<br>• Corporate governance | • Social and reputational capital | The system for managing occupational health and safety is one of the components of the MMK's sustainable development. The Group is constantly working to prevent accidents with a focus on informing and training employees on OHS issues, ensuring safe working conditions and providing the necessary personal protective equipment.<br><br>Risk mitigation measures:<br>• conducting safety awareness trainings<br>• implementing employee self-training in the business units using the terminals installed in workshops<br>• promoting OHS information and receiving feedback from the employees through the social media<br>• visualising safe performance of hazardous technological operations with uploading in the My MMK application<br>• organisation of thematic strategic sessions "Take a Fresh Look at Safety"<br>• improving the efficiency of internal investigation of accidents, microtraumas<br>• developing a safety management system for contracting organisations<br>• implementing video analytics of work areas and robotic automation of hazardous operations<br>• improving the quality of personal protective equipment<br>• arranging safety areas, installing additional fencing, excluding presence of people in high-risk areas<br>• conducting joint monitoring by PJSC MMK and LLC OSK specialists of repair works safe<br>• implementing of comfortable working conditions programme<br>• improving working conditions at workplaces with harmful or hazardous factors |

**Risk impact on achieving the MMK Group's strategic goals**

- To be the best supplier
- To be a responsible and sustainable business
- To be a leader in operational excellence

**Risk level**

- High
- Medium
- Low

**Change in the forecast risk level compared to the previous period**

- Growth
- Decrease
- Previous risk level

**The MMK Group's material topics Priority of the topic for stakeholders:**

- Priority 1
- Priority 2
- Priority 3

| Risk | Risk factors | Risk impact | The MMK Group's material topics | Impact on capital | Risk mitigation measures |
|---|---|---|---|---|---|
| **Environmental risk** | • Obsolete technologies and physical depreciation of environmental protection facilities<br>• Non-compliance with the statutory requirements<br>• Failure to comply with the environmental safety requirements when operating technological equipment and performing maintenance and repair | • Environmental deterioration<br>• Penalties | • Occupational health and safety<br>• Air emissions<br>• Economic performance<br>• Water management<br>• Waste management<br>• Biodiversity<br>• Human rights and equal opportunities<br>• Corporate governance | • Financial capital<br>• Social and reputational capital<br>• Natural capital | The most important elements of the MMK's strategy that ensure the Company's long-term and sustainable development are the constant reduction and prevention of harmful environmental impacts and the implementation of the best available technologies:<br>• upgrading the existing and using modern environmental technologies when constructing new production facilities<br>• providing automation of industrial emissions control systems<br>• implementing a comprehensive action plan to reduce pollutant emissions |
| **Climate risk** | • Long-term negative climate trends<br>• Emergency climate events<br>• Higher prices for fossil fuels<br>• Introduction of the Carbon Border Adjustment Mechanism, potential introduction of GHG emission price in Russia | • Increase in capital expenditures on implementing new technologies<br>• Increase in fuel purchase costs<br>• Disruption of production processes<br>• Environmental damage<br>• Incidents resulting in injuries to the employees<br>• Reputational losses<br>• Additional duties, penalties and sanctions | • GHG emissions and climate change<br>• Air emissions<br>• Occupational health and safety<br>• Economic performance<br>• Water management<br>• Waste management<br>• Energy consumption and efficiency<br>• Biodiversity<br>• Human rights and equal opportunities<br>• Responsible supply chain<br>• Corporate governance | • Financial capital<br>• Production capital<br>• Intellectual capital<br>• Human capital<br>• Social and reputational capital<br>• Natural capital | MMK takes the following measures to mitigate this risk:<br>• assessing and verifying GHG emissions<br>• assessing the carbon intensity of the MMK's production processes and developing measures to reduce emissions under the existing technologies and planned projects<br>• creating an automated system for calculating greenhouse gas emissions |

**Risk impact on achieving the MMK Group's strategic goals**

- To be the best supplier
- To be a responsible and sustainable business
- To be a leader in operational excellence

**Risk level**

- High
- Medium
- Low

**Change in the forecast risk level compared to the previous period**

- Growth
- Decrease
- Previous risk level

**The MMK Group's material topics**
**Priority of the topic for stakeholders:**

- Priority 1
- Priority 2
- Priority 3

| Risk | Risk factors | Risk impact | The MMK Group's material topics | Impact on capital | Risk mitigation measures |
|---|---|---|---|---|---|
| **Social tension** | • Headcount changes<br>• Uneven employee workload and reward<br>• Inconsistency of salary level with the expectations of employees | • Deterioration of social well-being and overall emotional state<br>• Negative impact on the Group's operations efficiency | • Occupational health and safety<br>• Employee engagement<br>• Developing local communities<br>• Human rights and equal opportunities<br>• Corporate governance | • Intellectual capital<br>• Human capital<br>• Social and reputational capital | MMK implements a number of social programmes aimed at creating a favourable environment for resolving all life issues:<br>• treating and preventing diseases<br>• supporting maternity and childhood<br>• implementing preferential mortgage programme<br>In addition, the MMK Group employees' base pay and salaries are adjusted on an annual basis, expansion of service areas and combination of professions are used as supplementary sources of remuneration increases, and additional performance payments and bonus systems are used to enhance financial incentives and commitment of employees |
| **Personnel shortage** | • Reduction in number of unemployed able-bodied population in the Russian Federation<br>• Unattractive working conditions and wages from the employees' point of view | • Reduction in products quality<br>• Negative impact on the Group's operations efficiency | • Economic performance<br>• Employee engagement<br>• Human rights and equal opportunities<br>• Corporate governance | • Financial capital<br>• Intellectual capital<br>• Human capital<br>• Social and reputational capital | Implementation of a comprehensive programme to attract, secure and retain labour resources includes the following aspects:<br>• incentive measures to retain employees<br>• implementing career guidance<br>• promoting MMK as an attractive employer<br>• working with educational institutions<br>• creating HR service |

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| Risk | Risk factors | Risk impact | The MMK Group's material topics | Impact on capital | Risk mitigation measures |
|---|---|---|---|---|---|
| ECONOMIC SECURITY RISKS | | | | | |
| **Cyber risk**  | • Vulnerabilities in the software and hardware of the APCS and information systems<br>• Non-compliance with the statutory requirements on information protection and use of the licensed software<br>• Abuse of authority/ erroneous actions of personnel<br>• Failure of the APCS information infrastructure and information systems key components<br>• Lack of personnel awareness in the area of information security<br>• Exit of most foreign vendors (manufacturers of IT equipment and software) from the Russian informational technologies market | • Disruption of continuous operation of critical equipment<br>• Loss of confidential information<br>• Reputational losses | • Economic performance<br>• Anti-corruption and business ethics<br>• Corporate governance<br>• Human rights and equal opportunities | • Financial capital<br>• Production capital<br>• Intellectual capital<br>• Human capital<br>• Social and reputational capital | MMK takes the following measures to mitigate this risk:<br>• raising the employee awareness about information security issues<br>• implementing a security system to protect critical information infrastructure<br>• security assessment of the key information systems and resources<br>• implementing of technology for enhanced endpoint protection against cyber threats<br>• implementing a set of technical means of personal data protection<br>• implementing a programme of measures to protect IT solutions<br>• automated control over the user access rights for special-purpose information systems<br>• monitoring and managing information security events<br>• building resilient server and telecommunications infrastructure<br>• providing utility infrastructure and power supply at data centres<br>• implementing the import substitution programme for IT equipment, software and IT services<br>• ensuring comprehensive technical support of IT solutions by Russian partners of foreign vendors |

**Risk impact on achieving the MMK Group's strategic goals**

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- Decrease
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| Risk | Risk factors | Risk impact | The MMK Group's material topics | Impact on capital | Risk mitigation measures |
|---|---|---|---|---|---|
| **Corporate fraud** | • Motivation. Pressure from external, primarily financial, circumstances (expenses do not correspond to income, debt burden, need of money for family members; vices and addictions; conflict with colleagues, overtime, unsuccessful career, personal hostility to management, collusion with other persons, etc.)<br>• Opportunity. Lack or insufficiency of controls; lack of regulation and/or formalisation of the process; abuse or misuse of authority; lack of operational discipline; provision of insufficient or distorted information; lack (or insufficiency) of reviews, audits, etc.<br>• The ability to justify one's actions | • Economic damage | • Economic performance<br>• Anti-corruption and business ethics<br>• Corporate governance | • Financial capital<br>• Production capital<br>• Intellectual capital<br>• Human capital<br>• Social and reputational capital | The MMK Group facilitates constant development of the internal environment in order to increase employees' awareness of the control system. To this end, the following measures are being taken:<br>• improving internal control systems<br>• developing and updating control procedures<br>• developing internal regulatory documents (such as the Code of Ethics), policies, procedures and reporting forms for monitoring the Group's activities in order to safeguard its assets<br>• setting up communication channels – hotlines |
| COMPLIANCE RISKS | | | | | |
| **Sanctions for violation of laws** | • Inadequate internal control over compliance with the legal requirements<br>• Ambiguity in government authorities' decisions on the application of sanctions for violation of laws | • Economic damage<br>• Reputational losses | • Economic performance<br>• Corporate governance | • Financial capital<br>• Social and reputational capital | MMK takes the following measures to mitigate this risk:<br>• improving internal control systems for the compliance with the legal requirements<br>• submitting appeals against decisions on the application of sanctions<br>• informing and advising employees on changes in current legislation and law enforcement practice |

**Risk impact on achieving the MMK Group's strategic goals**

- To be the best supplier
- To be a responsible and sustainable business
- To be a leader in operational excellence

**Risk level**

- High
- Medium
- Low

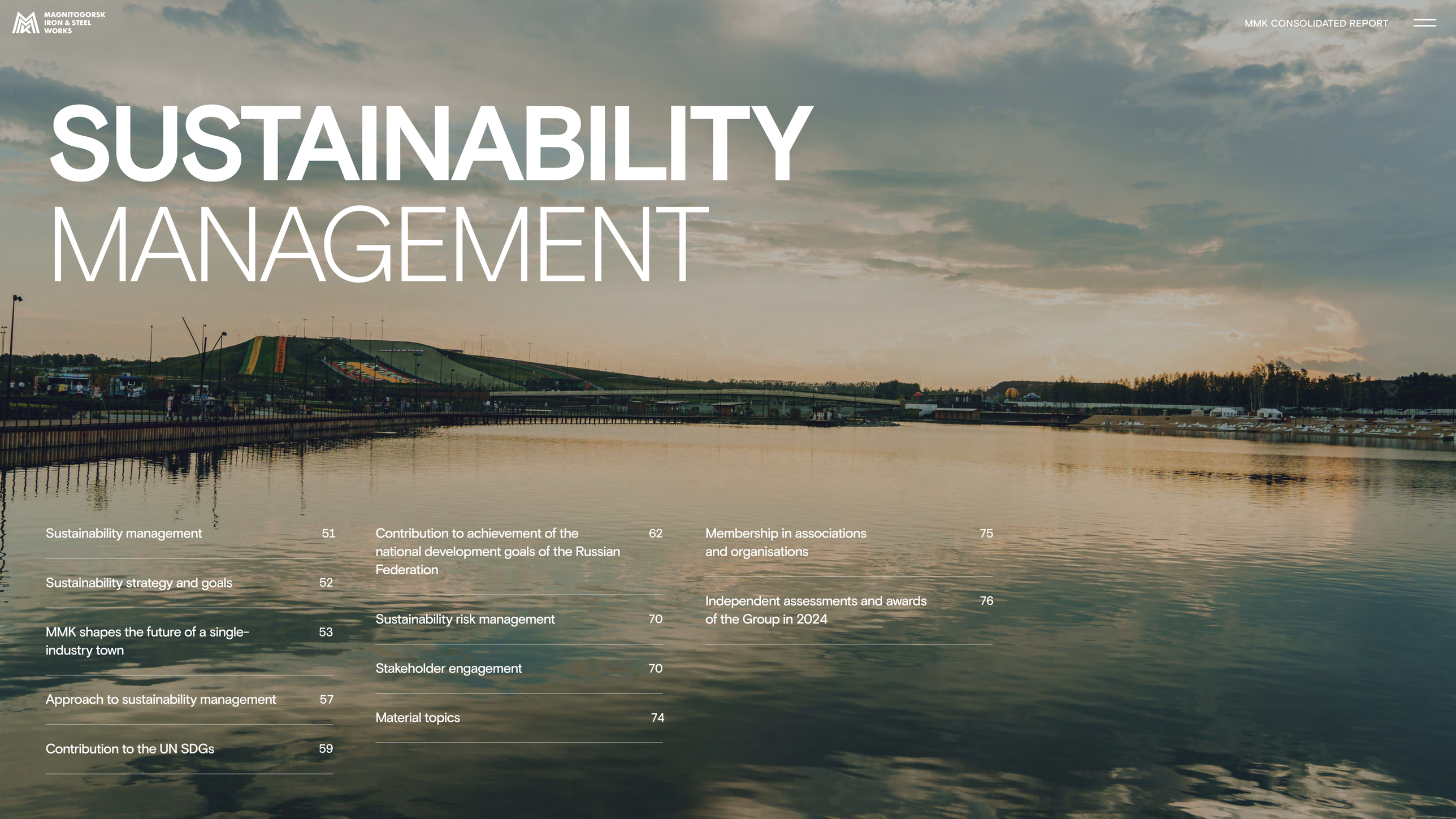
**Change in the forecast risk level compared to the previous period**

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- Decrease
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# SUSTAINABILITY MANAGEMENT



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# Sustainability management

## Approach

### Sustainable development principles are integral to the MMK Group's strategic growth.

Management of environmental protection, industrial safety, employee well-being and health, local community development, and ethical business practices are integrated into all aspects of the Company's operations. The Group continuously improves ESG practices and sets goals to improve its sustainability performance.

The MMK Group views the favourable social, environmental, and economic environment in the regions of presence as a key factor for the successful medium- and long-term development of its business. The Company pays significant attention to environmental protection, health and development of its employees, implements social and charity programmes, and enhances management practices. An example of MMK's successful long-term efforts in the development of the regions of presence is Magnitogorsk, which, as an industrial city, has gained the status of a cultural, educational, social, and tourist centre.

In addition, we improve the quality of disclosure of non-financial information on the MMK Group's activities – to ensure an open and transparent dialogue with the stakeholders. In the reporting period, alongside international standards, the Company also followed national guidelines developed by the Ministry of Economic Development of the Russian Federation for the preparation of sustainability reports.

**Yaroslava Vrubel**

HEAD OF ESG AND IR



# Sustainability strategy and goals

GRI 2-24

In 2024, the MMK Group continued to consistently implement the strategic initiatives announced in the Strategy to 2025, maintaining its priority to be a responsible and sustainably developing Company.

When making management decisions on all aspects of its operations, the Group ensures compliance with sustainability principles. Regularly, activities are carried out to modernise production and implement modern technologies, social projects and programmes, with the aim of contributing to the development of local communities and minimising negative environmental impact.

In the reporting year, a sharp rise in the key interest rate and a slowdown in construction activity led to a decrease in domestic demand for rolled steel in Russia, amid continued external restrictions. In these circumstances, the MMK Group focused on completing important investment projects, enhancing operational efficiency, and implementing information technologies.

In addition, the Company continued the development of the MMK marketplace, as well as expansion of new types of steel products, and increased shipments of rolled steel to the Russian automotive market.

The MMK Group's sustainability management strategy is focused on implementation of three key initiatives.

## Implementation of MMK Group's sustainability strategic initiatives in 2024

| Initiative | Area | Key goals and measures |
|---|---|---|
| Achieving the goal "Zero injuries" | • Elimination of the risk of accidents and injuries during work processes<br>• Creation of safe working conditions<br>• Enhancement of the safety culture of production<br>• Reduction of the number of hazardous actions by employees and contractors within the Group | • Achievement of the goal of reducing LTIFR (Lost Time Injury Frequency Rate) to 0.45 by 2025<br>• Reduction of the number of injury incidents to 0<br>• Use of KPIs for management, expressed through LTIFR<br>• Implementation of automated safety systems<br>• Implementation of projects “Developing Safety Culture in Occupational Health and Safety” and “Improving the Quality of Personal Protective Equipment”<br>• Conducting trainings on conscious safety<br>• Development of the safety culture system for contractor employees, including creating a contractor's personal account |
| Corporate Culture of Opportunities | • Formation of employee engagement culture<br>• Creation of a corporate environment to realise internal and external opportunities through broad involvement of all categories in the decision-making process | • Implementation of employee recruitment and retention programmes<br>• Employee training<br>• Development of the mentorship system |
| Reduction of Environmental Impact and $CO_2$ Emissions | • Reduction of negative impact on environmental components: ambient air, surface and ground waters, soil, flora, and fauna<br>• Improvement of the environmental status of the city of Magnitogorsk | • Reduction of specific greenhouse gas emissions to 1.8 tonnes $CO_2$-eq./t of steel by 2025<br>• Use of KPIs for the management of greenhouse gas emissions reduction and Comprehensive Air Pollution Index (CAPI)[1]<br>• Implementation of the investment project “Construction of Coke Battery Complex No. 12” to reduce greenhouse gas and pollutant emissions<br>• Annual verification of greenhouse gas emissions<br>• Development of the air quality monitoring system and equipping emission sources with automated control systems |

## Investment in sustainability

| Aspect | Investment area | Amount of investment, RUB mln | For details, see section |
|---|---|---|---|
| E | Total environmental costs, incl.: | 17,837 | Environmental responsibility |
| | Investment in fixed assets associated with the environmental protection (environmental costs) | 11,334 | Environmental responsibility |
| S | Total costs on occupational health and safety measures | 2,997 | Occupational health and safety |
| | General employee training costs | 1,681 | Our employees |
| | Investment in social security of employees | 2,538 | Our employees |
| | Investment in local communities and charity | 2,248 | Development of the regions of presence and local communities |
| G | Investment in R & D | 373 | Innovation, research, and digitalisation |

[1] CAPI was included in the list of company-wide indicators in 2024.

# MMK shapes the future of a single-industry town

E S G

The development of Magnitogorsk as a single-industry town is a priority of MMK's sustainable development activities. Therefore, the Company considers shaping the future of Magnitogorsk through MMK's systematic contribution to the development of the town as the central topic of this Report.

This approach implies integration of environmental, social and management practices in the formation of a sustainable single-industry town model that combines industrial potential with a high quality of life.

At the same time, MMK's sustainability projects contribute to achieving the goals set out in the Strategy for Social and Economic Development of Magnitogorsk for the period up to 2035.

TOP 30

(ranking 29) Quality of Life Index from the Financial University under the Government of the Russian Federation

+ 12 ranks as compared to 2023



# Environmental responsibility

MMK strives to ensure a long-term contribution to improving the environmental situation of the single-industry town. Large-scale investments in high-tech production facilities remain part of the MMK's strategy. The Company aims to increase the operating efficiency of the plant while reducing the man-made environmental burden and improving the environmental situation in Magnitogorsk.

For details on the Company's contribution to creating a favourable environment in Magnitogorsk, refer to Environmental responsibility.

E S G

MMK has been implementing large-scale air protection projects for almost a decade. In 2017, the MMK Group joined the Clean Air federal project to improve the environmental condition of major industrial centres, including Magnitogorsk.

MMK won the X Priority 2024 National Industrial Technology Award in the Metallurgy nomination following the construction of Russia's most powerful dry coking coal production complex. The project is of great environmental importance for the single-industry town.

MMK's power grid network connects Magnitogorsk with the unified energy system of the Russian Federation and ensures the reliability and quality of power supply for consumers. MMK also maintains a stable heat supply regime for urban buildings and acts as the main supplier of heat energy to the town.

**× 3.2** FOLD

reduction in the Comprehensive Atmospheric Pollution Index (CAPI)
since 2017

**– 11,350** TONNES PER ANNUM

expected effect of comprehensive modernisation of MMK's production facilities

**65** %

share of heat energy provided by MMK to Magnitogorsk
in the total heat consumed by the town

For details on MMK's contribution to improving the environmental well-being of Magnitogorsk by improving air quality, refer to Air protection.

For more details on how MMK ensures the reliability of energy supply to Magnitogorsk through the rational use of energy resources, refer to Energy consumption and efficiency.



# Social responsibility

MMK implements social and infrastructure projects and develops industrial tourism, transforming a single-industry town into an attractive area for living and thus contributing to its economic prosperity.

A significant part of the local population is employed at the Group's enterprises. The Company strives to ensure decent working conditions, create opportunities for personnel development, and provide social support to employees and their families.

To maintain a favourable social climate in the Chelyabinsk Region, MMK continues to develop socially important facilities in Magnitogorsk, including children's institutions, sports facilities, supplementary education organisations, urban cultural and recreational spaces, transport infrastructure and medical services.

Every year the MMK Group provides comprehensive support to the development of sports, culture and art in the region. The Company also supports charity and volunteering.

The year-round city resort “Prityazhenie” was developed, which has become the most popular tourist attraction and the major recreation place for the citizens, who take an active part in the development of the resort space and its filling.

**56,447** EMPLOYEES

The Group's headcount
as at the end of 2024

**2,248** RUB MILLION

The Group's investment in local communities and charity projects
in 2024

**1,117** RUB MILLION

Total expenses on support of public, non-profit and charitable organisations
in 2024

**> 20** RUB BILLION

Total investments since the start of the project
in 2019

For more information on MMK's contribution to the social and economic development of the single-industry town, refer to Development of the regions of presence and local communities.



# Responsible practices

MMK conducts business in the territory of its presence, demonstrating a high level of control, transparency and efficiency of its processes. The Company actively interacts with local stakeholders, including government, business and public representatives, building long-term partnerships aimed at sustainable development of the territory.

MMK cooperates with local suppliers.

**16%**

The share of suppliers registered in the Chelyabinsk region



# Approach to sustainability management

GRI 2-9 GRI 2-12 GRI 2-13 GRI 2-24

To achieve its strategic goals and sustainability management plans, the MMK Group has integrated the ESG management system into its corporate governance structure. ESG responsibilities are allocated across all organisational levels of the Group.

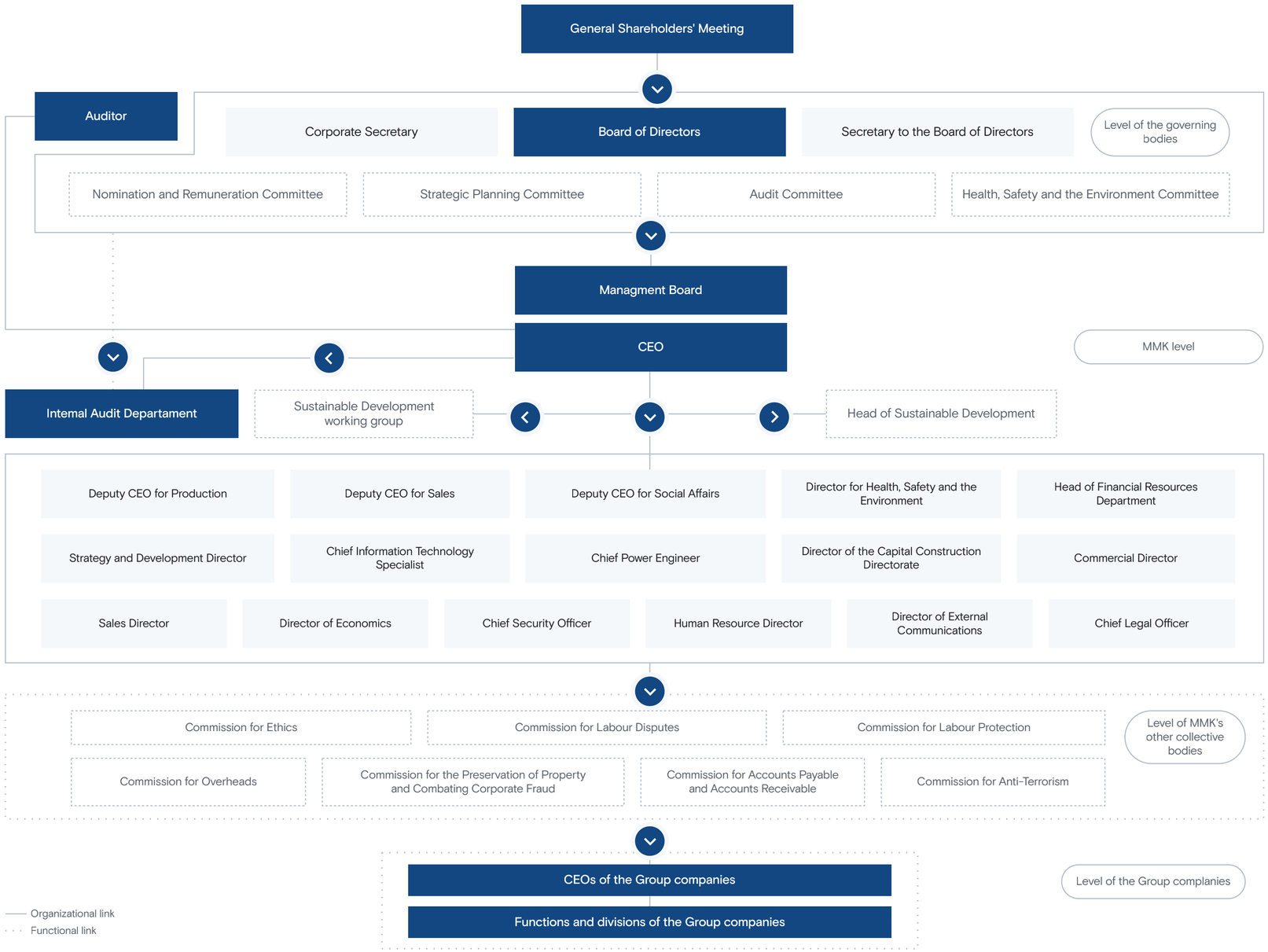
The Board of Directors and its committees play an important role in defining development priorities, assessing risks and monitoring sustainability performance, which enables well-informed decision-making to further enhance the Group's sustainability and social responsibility. The functions of the Board Committees include supporting the Board of Directors in setting and monitoring the achievement of MMK's strategic goals and improving its overall effectiveness.

In 2024, the Board of Directors reviewed the implementation of:

- MMK's environmental programme aimed at reducing pollutant emissions, discharges into water bodies, modernising production and environmental protection equipment, waste management, as well as land reclamation and biodiversity conservation
- the strategic initiative “Zero Injuries”, including eliminating the risk of accidents and injuries to personnel during work processes, as well as enhancing employee competence in occupational health and safety
- the strategic initiative “Corporate Culture of Opportunities” and approval of the key areas of MMK Group's HR policy aimed at securing the Company's workforce, reducing staff turnover, and supporting the implementation of the strategic initiatives “Excellence in Procurement and Supply Chain Management”, “Customer Focus” and “Superior Product Portfolio”
- information technology, digitalisation, cybersecurity and innovation strategies

During the reporting year, the Board of Directors also reviewed the requirements for candidates to the Board of Directors and the criteria for their evaluation, prepared recommendations on remuneration and compensation to be paid to the Board members, and conducted a self-assessment of the performance of the Board of Directors, committees and Board members, as well as evaluated the effectiveness of the integrated risk management and internal control systems.

## Sustainability governance framework of the MMK Group



## Sustainability management at different organisational levels of MMK Group

| Division | Governance function |
|---|---|
| **Level of the governing bodies** | |
| Board of Directors | • Provides strategic guidance on sustainable development, including:<br>  • approving and updating corporate goals<br>  • developing strategies and policies<br>  • reviewing the Group's sustainability reporting at least once a year<br>• Ensures control over the efficiency of implementation of sustainability goals<br>• Carries out a comprehensive assessment of the achievement of sustainability goals and targets |
| Nomination and Remuneration Committee | • Defines criteria for selecting candidates<br>• Responsible for forming a professional composition and succession planning within the Board of Directors. Ensures fair remuneration for management<br>• Ensures integration of KPIs with the developed strategy and performance indicators in occupational health and safety, and environmental protection |
| Strategic Planning Committee | • Monitors the implementation of the MMK Group Development Strategy<br>• Analyses the impact of changes in the economic environment on the implementation of MMK's strategic initiatives<br>• Reviews the areas and planned activities within the investment and innovation activities |
| Audit Committee | • Responsible for improving the principles and approaches to the organisation of internal control systems and effective risk management<br>• Monitors the quality of financial and non-financial reporting<br>• Ensures the independence and objectivity of external and internal audits |
| Health, Safety, and Environment Committee | • Controls the MMK Group's compliance with the safety standards<br>• Considers implementation of measures aimed at improving the OHS management system<br>• Determines vectors of activity in the fields of environmental protection and occupational health |
| **MMK level** | |
| CEO | • Takes decisions and monitors the effectiveness of the MMK Group Development Strategy<br>• Delegates responsibility for managing sustainability matters to directors and heads of business areas |
| Sustainable Development working group | • Responsible for monitoring and implementing the sustainability initiatives<br>• Collects information from the responsible business units<br>• Prepares non-financial reporting |
| **Level of other collective bodies** | |
| Special commissions on specific areas of sustainability | • Undertake a comprehensive examination of matters concerning specific sustainability aspects |
| **Level of subsidiaries** | |
| Business units | • Responsible for sharing the sustainability principles and developing responsible practices within the operations and activities of contractors<br>• Monitor compliance of internal activities with legal requirements and standards<br>• Participate in the preparation of non-financial reporting |

## Internal sustainability documents

GRI 2-23 GRI 2-24 MED(R)-35

The Company has developed a number of internal corporate documents that define the procedures for managing key sustainability issues and establish the responsibilities of the Group's responsible divisions.

Key regulatory documents:

- MMK Group's Development Strategy 2025
- Environmental Policy
- Occupational Health and Safety Policy
- Code of Ethics
- Code of Corporate Governance
- Anti-Corruption Policy
- Social Policy
- HR Policy

The MMK Group regularly reviews and updates its sustainability policies and codes to adapt to changing legislative requirements, international and national standards, as well as to meet public expectations and modern trends.

In 2024, the Company approved a new version of MMK's Anti-Corruption Policy. No amendments were made to other internal corporate documents.

# Contribution to the UN SDGs

The MMK Group adheres to the principles of sustainable development and strives to contribute to the achievement of the United Nations Sustainable Development Goals (UN SDGs). The Group identified seven relevant UN SDGs – four focus and three indirect ones – in which it implements the activities and projects.

| MMK Group's strategic areas and initiatives until 2025 related to the SDGs achieving | | UN SDGs | | Key achievements | 2024 highlights | Section |
|---|---|---|---|---|---|---|
| 2. To be a leader in operational efficiency | 3. To be a responsible and sustainable company | Goals | Objectives | | | |
| | | | | **Focus UN SDGs** | | |
| ✓ | ✓ ✓ | 8 DECENT WORK AND ECONOMIC GROWTH<br>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all | 8.2, 8.3, 8.4, 8.5, 8.6, 8.8, 8.9 | • In the reporting year, MMK began developing and implementing RPA[1] software robots to improve and automate data processing for preparing energy balances<br>• Over the past five years, MMK has become one of the main centres of industrial tourism, with more than 60,000 people visiting MMK tours since 2018<br>• MMK regularly organises industrial internships for students of partner colleges and universities in the plant's workshops<br>• The third phase of the year-round "Prityazhenie" city resort has been opened | **+10 %**<br>Tariff rates were indexed<br>**100 %**<br>of MMK employees are covered by the Collective Bargaining Agreement<br>**2,538 RUB MILLION**<br>Investments in employee social security amounted<br>**2,248 RUB MILLION**<br>Investments in local communities and charity amounted<br>**11 RUB MILLION**<br>was allocated for organising MMK's industrial internship, which was attended by 2.6 thousand students | Our employees<br>Development of the regions of presence and local communities |
| ✓ | ✓ | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE<br>Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation | 9.2, 9.4, 9.5 | • In 2024, MMK put into commercial operation two turbine generators with a total capacity of 40 MW, resulting in cost savings of RUB 135 million<br>• As part of the Digitalisation Strategy 2025, MMK implemented 11 digital transformation projects in the reporting year | **12 R & D CONTRACTS**<br>were signed by MMK with conterparties, including innovative companies and research institutes in metallurgy and innovation<br>**2.2 RUB BILLION**<br>The expected economic effect from the application of advanced IT solutions amounted | Innovation, research, and digitalisation |

✓ The MMK Group's Strategic Initiative 2025 "Efficient Production" (aimed at reducing production costs through continuous improvements)

✓ The MMK Group's Strategic Initiative 2025 "Zero Injuries and Eliminating Fatalities"

✓ The MMK Group's Strategic Initiative 2025 "Corporate Culture of Opportunities" (aimed at enhancing employee engagement)

✓ The MMK Group's Strategic Initiative 2025 "Reduction of Environmental Impact and $CO_2$ Emissions" (aimed at minimising negative environmental impact).

[1] Robotic Process Automation Technology that automates routine tasks with software.

| MMK Group's strategic areas and initiatives until 2025 related to the SDGs achieving | | UN SDGs | | Key achievements | 2024 highlights | Section |
|---|---|---|---|---|---|---|
| 2. To be a leader in operational efficiency | 3. To be a responsible and sustainable company | Goals | Objectives | | | |
| | | | | **Focus UN SDGs** | | |
| ✓ | ✓ |  Ensure sustainable consumption and production patterns | 12.2, 12.4, 12.5 | • The Company uses the electronic application "Energy Management Platform", through which employees submit energy-efficient ideas. In 2024, employees proposed 167 energy-efficient ideas, 56 of which were implemented, with a planned economic effect of RUB 424.9 million<br>• MMK recycles 100% of its own iron-containing wastes | **1.8 MILLION TONNES** of industrial waste were used in the blast furnace sintering process at MMK | Efficient use of resources and waste management |
| | ✓ |  Take urgent action to combat climate change and its impacts | 13.1, 13.2, 13.3 | • The Group identifies and assesses physical climate risks related to natural disasters caused by climate change<br>• The Group quantifies GHG emissions (Scope 1, 2, 3)<br>• MMK was the first in the industry to launch an automated system for calculating GHG emissions, having received international validation<br>• MMK conducts a comprehensive reconstruction of the Coke and Chemical By-Products Plant. In 2024, the outdated coke batteries No. 1, No. 2, No. 13, and No. 14 were decommissioned | **– 900 THSD TONNES OF $CO_2$-EQ** GHG emissions were reduced due to the decommissioning of outdated coke batteries compared to 2023 | Climate Change |

● The MMK Group's Strategic Initiative 2025 "Efficient Production" (aimed at reducing production costs through continuous improvements)

● The MMK Group's Strategic Initiative 2025 "Zero Injuries and Eliminating Fatalities"

● The MMK Group's Strategic Initiative 2025 "Corporate Culture of Opportunities" (aimed at enhancing employee engagement)

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| MMK Group's strategic areas and initiatives until 2025 related to the SDGs achieving | | UN SDGs | | Key achievements | 2024 highlights | Section |
|---|---|---|---|---|---|---|
| 2. To be a leader in operational efficiency | 3. To be a responsible and sustainable company | Goals | Objectives | | | |
| **Indirect UN SDGs** | | | | | | |
| | ✓ ✓ ✓ | 3 GOOD HEALTH AND WELL-BEING<br>Ensure healthy lives and promote well-being for all at all ages | 3.4, 3.7, 3.8, 3.9 | • For several years, the Company has been implementing measures to reduce air pollution, including as part of the federal "Clean Air" programme<br>• The Group provides all employees with corporate voluntary health insurance (VHI), under which they receive a range of medical and preventive services | > 17 THSD MMK EMPLOYEES<br>were sent for sanatorium-resort treatment<br>over 30% of the MMK Group's total number of employees<br>22 RUB THSD<br>was allocated for one-time payments to employees upon the birth of a child.<br>– 4 %<br>The comprehensive air pollution index (CAPI) of Magnitogorsk<br>mpared to 2023 | Our employees<br>Atmospheric Air Protection |
| | ✓ ✓ | 6 CLEAN WATER AND SANITATION<br>Ensure availability and sustainable management of water and sanitation for all | 6.3, 6.6, 6.b | • MMK Group entities operate 32 water treatment facilities<br>• MMK has implemented a closed-loop water supply system, ensuring the reuse of water within the cycle<br>• MMK Metalurji recycles treated effluent water generated during slag cooling back into the production cycle | 118.5 THSD<br>fry were released into the Magnitogorsk Reservoir<br>96.6 %<br>is the share of recycled and reused water in MMK's closed-loop water supply system | Water management<br>Biodiversity conservation |
| ✓ | ✓ ✓ | 7 AFFORDABLE AND CLEAN ENERGY<br>Ensure access to affordable, reliable, sustainable and modern energy for all | 7.3, 7.a | • MMK regularly implements a number of measures to upgrade energy equipment under energy service contracts and low-budget highly efficient Baby Capex projects<br>• In 2024, the Company conducted 22 internal audits of the EMS, resulting in 141 recommendations on improving energy consumption and energy efficiency<br>• MMK Metalurji generates solar energy, which is used for production needs | + 6.8 MW<br>The design renewable energy generation capacity has been increased and 13,617 new solar panels have been commissioned at MMK Metalurji<br>332.6 THSD GJ<br>of total energy savings when implementing low-budget, high-efficiency Baby Capex projects and energy service contracts | Energy consumption and efficiency |

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# Contribution to achievement of the national development goals of the Russian Federation

MMK Group seeks to ensure that its sustainability activities are aligned with the national priorities of the Russian Federation. In planning and developing initiatives, the Company aims to contribute to the achievement of the national goals of the Russian Federation for the period up to 2030 and beyond to 2036[1], taking into account MMK Group's priority strategic areas and sustainability initiatives up to 2025.

During the reporting period, to reflect the Company's contribution to the achievement of the national development goals of the Russian Federation, the MMK Group was guided by Appendix No. 2 of the Draft Sustainability Reporting Standard of the Ministry of Economic Development of the Russian Federation. The results are presented in the Appendix.

НАЦИОНАЛЬНЫЕ ПРОЕКТЫ РОССИИ ПАРТНЕР

MMK has been awarded the status of “Partner of National Projects” by the national award “Our Contribution”,[2] which evaluates the contribution of business and NPOs to achieving Russia's national development goals and national projects.

| MMK Group's strategic areas and initiatives up to 2025 focused on implementation of the national development goals of the Russian Federation | | | National development goals of the Russian Federation until 2030 and beyond to 2036 and targets for their achievement | Key achievements | 2024 highlights | Section |
|---|---|---|---|---|---|---|
| 1. To be the best supplier | 2. To be a leader in operational efficiency | 3. To be a responsible and sustainable company | | | | |
| **Goal 1. Preservation of the population, strengthening health and improving the wellbeing of people, supporting families** | | | | | | |
| | | ✓ | Stimulate fertility | • Implementation of the “Motherhood and Childhood Protection” programme, which provides for registration at the “Motherhood” specialised centre, where female employees receive support in both physical and psychological preparation for childbirth, including the opportunity to visit the swimming pool, and aims to reduce the share of children born with pathologies, child morbidity, and complicated births (by more than 80%)<br>• Implementation of the “Friendly Family” programme for financial support of large families of employees | **107.2** RUB MILLION was allocated to support 2,200 large families of employees raising 6,800 children<br>**–80** % reduction in the share of children born with pathologies and complications during childbirth<br>**> 1,200** WOMEN receive monthly assistance related to childbirth participating in the “Motherhood” programme | Social policy |

[1] Approved by Decree No. 309 of the President of the Russian Federation "On National Development Goals of the Russian Federation for the Period to 2030 and for the Future to 2036" of 07.05.2024.

[2] According to the results of the National Award “Our Contribution”, published in 2024.

- The MMK Group's Strategic Initiative 2025 “Customer focus with continuous improvement of service levels and development of sales to end consumers”.
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| **Goal 1. Preservation of the population, strengthening health and improving the wellbeing of people, supporting families** | | | | | | |
| | | ✓ | Promoting healthy lifestyles, creating conditions for timely disease prevention, and encouraging people to engage in regular physical activities | • Establishment and maintenance of sanatoria and sports complexes for recreation and treatment of MMK Group employees and their families<br>• In 2024, construction of a new 95-room residential building at the "Metallurg" sanatorium began, which will increase sanatorium capacity to 3.7 thousand people per year<br>• Implementation of mentorship projects on promoting healthy lifestyles among MMK employees "Health Leaders"<br>• Inter-shop summer and winter spartakiads at MKK across 25 sports, with over 15 thousand participants<br>• In 2024, programmes for prevention of oncological diseases (colorectal cancer, cervical cancer), chronic obstructive pulmonary disease, and correction of arterial hypertension implemented within the compulsory health insurance (CHI) budget, were launched | **220** PEOPLE<br>participated in the MMK "Health Leaders" project<br>1,100 people over five seasons<br>**5** SANATORIUMS<br>renovation of the room stock was completed<br>**3** NEW HALLS<br>were launched in the athletics arena of the Metallurg-Magnitogorsk sports complex<br>**679** EMPLOYEES<br>participated in the "Prevention of Musculoskeletal System Disorders" programme | Motivation and remuneration<br>Infrastructure development and urban environment<br>Health protection and disease prevention |
| | | ✓ | Accelerated increase of the minimum wage | • Regular indexation of salaries with a focus on lower wage grades<br>• Salaries are not dependent on the employee's gender but are determined by their qualifications, experience, knowledge, and performance | **+27.5 %**<br>the average salary of MMK Group employees compared to 2023<br>**×5.3**<br>the average salary of the Group's employees higher than the regional minimum wage | Motivation and remuneration |

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| MMK Group's strategic areas and initiatives up to 2025 focused on implementation of the national development goals of the Russian Federation | | | National development goals of the Russian Federation until 2030 and beyond to 2036 and targets for their achievement | Key achievements | 2024 highlights | Section |
|---|---|---|---|---|---|---|
| 1. To be the best supplier | 2. To be a leader in operational efficiency | 3. To be a responsible and sustainable company | | | | |
| **Goal 2. Self-fulfilment of each person, unlocking their talents, and educating a patriotic and socially responsible person** | | | | | | |
| | | ✓ | Increase in the proportion of young people participating in projects and programmes aimed at professional, and personal development, as well as patriotic education<br><br>Establishment of a system for identifying, supporting, and developing abilities and talents among children and young people, aimed at self-determination and career guidance | • Cooperation with universities and secondary specialised colleges to promote the development and professional orientation of future personnel in the region of presence<br>• Operation of Russia's first industrial tourism competence centre based at MMK, training specialists in the field of industrial tourism<br>• Opening of MMK's career centre and the "Young Metallurgist" centre at the "Prityazhenie" city resort to inform adults and children about professions in demand at MMK Group and employment opportunities<br>• Implementation of the corporate development programme "New Shift" for talented employees capable of introducing new management tools<br>• Financial support for employees pursuing higher specialised education (payment of average earnings for weekends used by employees to attend study sessions)<br>• In 2024, MMK continued to implement the "MMK Innovators" programme aimed at developing the creative potential of employees<br>• Organisation of industrial internships at the plant's workshops<br>• Launch of a new children's tourist route "The Stories of the MKK Railway", helping schoolchildren make career decisions | **4** SOCIOLOGICAL STUDIES<br>were conducted to analyse the labour market in the Chelyabinsk Region and identify the motivation for working at manufacturing enterprises among various age and social groups<br><br>**160** STUDENTS<br>partnership agreements were signed with two colleges for targeted training<br><br>**322** CAREER<br>organised MMK events for over 10 thousand schoolchildren and prospective applicants<br><br>**7,177** IDEAS<br>of MMK's innovators were considered by the expert commission<br>of which 5,482 (76.4%) were approved for implementation, and 4,428 ideas were successfully implemented | Employee attraction and retention<br><br>Promotion of R & D |
| | | ✓ | Increasing the share of young people involved in volunteer and community activities | • Supporting employee volunteer initiatives aimed at improving the urban environment and the region's ecology<br>• In 2024, cleaning of the Ural River water area was carried out, and named alleys at the "Prityazhenie" city resort were planted<br>• MMK corporate volunteers participated in 12 city events (including those dedicated to Victory Day) | **4,264** PEOPLE<br>participated in 12 city events (including those dedicated to Victory Day) | |

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| MMK Group's strategic areas and initiatives up to 2025 focused on implementation of the national development goals of the Russian Federation | | | National development goals of the Russian Federation until 2030 and beyond to 2036 and targets for their achievement | Key achievements | 2024 highlights | Section |
|---|---|---|---|---|---|---|
| 1. To be the best supplier | 2. To be a leader in operational efficiency | 3. To be a responsible and sustainable company | | | | |
| **Goal 3. Comfortable and safe living environment** | | | | | | |
| | | ✓ | Increasing housing affordability | • Implementation of the “Preferential Mortgage” programme, providing a 50% compensation of the mortgage interest rate (up to RUB 20,000 per month) for employees willing to stay and live in Magnitogorsk. In 2024, the programme became available to all employees with up to one year of service, regardless of age<br>• Provision of subsidies for housing purchase or mortgage repayment to young employees who are winners of professional skills competitions<br>• Construction of residential complexes for employees and local residents | **109.12** RUB MLN<br>was the total amount of compensation provided under the ‘Preferential Mortgage’ programme<br>the programme covers 2,300 employees<br>**136** FAMILIES<br>received the keys to new flats in the Klyuchevoy residential complex, most of them are MMK employees<br>**× 2**<br>Housing purchase or mortgage repayment subsidies were doubled (from RUB 250,000 to RUR 500,000) | Social policy |
| | | ✓ | Improvement of public spaces | • Creation of the year-round “Prityazhenie” city resort, which became the most popular tourist destination and the main recreation area for residents, who actively participate in the development and enrichment of the resort's spaces | **TOP 30**<br>29th place of the Quality of Life Index by the Financial University under the Government of the Russian Federation<br>+12 positions compared to 2023<br>**> 100** THSD GUESTS<br>attended mass entertainment events at the “Prityazhenie” city resort | Infrastructure development and urban environment |
| | ✓ | ✓ | Ensuring growth of energy efficiency in industrial construction | • The Company implements initiatives under energy service contracts and initiatives to optimise purchased electricity consumption<br>• Introduction of a specialised electronic Energy Management Platform (EMP) for monitoring equipment energy use, controlling energy efficiency, and supporting employee initiatives on energy efficiency | **678.7** RUB MLN<br>was allocated for the implementation of energy efficiency projects<br>**442.6** RUB MLN<br>was the effect of implementing price-dependent energy consumption management projects | Energy management system |

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| **Goal 3. Comfortable and safe living environment** | | | | | | |
| | ✓ | ✓ | Increase in the share of roads meeting regulatory requirements | • Implementation of an investment programme for the reconstruction of buildings, roads, and energy networks at the MMK Industrial Park<br>• In 2024, the road capacity from Profsoyuznaya Street to Kirov Street in Magnitogorsk was increased. Availability of free car parking for drivers was ensured<br>• In the reporting year, the preparation phase of the overhaul of the Northern bridge started | **183.5** RUB MLN was invested by MMK-Industrial Park in the reconstruction of buildings and energy and transport infrastructure facilities | Infrastructure development and urban environment |
| **Goal 4. Ecological well-being** | | | | | | |
| | ✓ | ✓ | Involvement of production and consumption waste in economic circulation as secondary resources and raw materials | • MMK implements the practice of returning waste to economic circulation at all main production sites<br>• The Company recycles 100% of its own iron-containing wastes | **76** % is the share of solid industrial waste returned to MMK's production cycle<br>**422.5** THSD TONNES MMK returned of generated tailings to economic circulation | Measures to increase the share of waste returned to economic circulation |
| | | ✓ | Reduction of hazardous emissions | • The Company implements large-scale projects to modernise production and gas purification equipment<br>• Machine vision technologies have been introduced in the oxygen converter and electric steelmaking shops of the steelmaking production, the blast furnace shop, and the coke-chemical production shops of MMK to ensure the technological modes of equipment operation and to reduce the amount of fugitive emissions<br>• Implementation of MMK's environmental dispatching complex (EDC), equipped with automated emission monitoring systems (AMS), to control emission sources and analyse data on pollutant emissions | **– 7.7** THSD TONNES pollutant emissions decreased as a result of decommissioning of obsolete coke batteries<br>**22** UNITS of AMS systems were installed | Measures to modernise gas purification equipment and complexes<br>Emissions control and monitoring of air quality |

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| **Goal 4. Ecological well-being** | | | | | | |
| | | ✓ | Elimination of hazardous sites with accumulated environmental damage | • The Company continues to implement the project for processing slag dumps that have been accumulated over the period of MMK's operations up to 2000 | **736** THSD TONNES of slag accumulated in dumps was processed | Disposal of waste at specialised facilities |
| | ✓ | ✓ | Reduction of untreated wastewater discharged into main water bodies | • The Group regularly implements measures to modernise wastewater treatment systems<br>• The Group does not discharge untreated wastewater into water bodies | **96.6** % is the share of recycled and reused water in MMK's closed-loop water supply system | Improving wasteware quality |
| | | ✓ | Biodiversity conservation | • MMK Group implements measures to preserve biodiversity during the implementation of investment projects for the construction and reconstruction of facilities, as well as within the framework of the biodiversity enhancement programme for the Chelyabinsk Region<br>• In 2024, the Company cleared part of the water area of the Magnitogorsk Reservoir near the Lukomorye Park | **118.5** THSD fry of silver carp, white amur, and grass carp were released into the Magnitogorsk Reservoir<br>**20** THSD fry of silver carp and grass carp were released into an artificial water body at the "Prityazhenie" city resort<br>**7,128** SAPLINGS were planted in Magnitogorsk and on the MMK territory<br>**10** SAKER FALCONS were released into the wild in the Arkaim nature reserve | Biodiversity conservation |
| **Goal 5. Stable and dynamic economy** | | | | | | |
| | | | Reduction of the share of imported goods and services | • Creation of MMK-Industrial Park complex with developed engineering infrastructure and railway network, enabling the rapid launch of new production<br>• The MMK Industrial Park and its residents support the operation of systemically important enterprises from various industries, contributing to import substitution and demonstrating steady economic growth<br>• Development of the import-substituting steel products production project based at the Industrial Park and the new workshop of the Magnitogorsk Plant of Rolling Rolls | **47** ENTERPRISES operate at the Industrial Park site 26 of which specialise in industrial production<br>**3** NEW import-substituting production facilities have been opened at the MMK Industrial Park. Many of the products they produce will be used in MMK's technological chains | Industrial tourism |

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| **Goal 6. Technological leadership** | | | | | | |
| ✓ | ✓ | | Ensuring technological independence in the following areas: production tools and automation, digital transformation, artificial intelligence, and new energy technologies | • Implementation of AI systems to improve the efficiency of warehousing processes, equipment maintenance and repair, production technology quality analysis, and customer services<br>• Implementation of MMK's corporate marketplace. In 2024, the first mobile application in the industry and payment via SBP were launched, integration was carried out with the electronic trading platform of one of the largest banks in the Russian Federation, and online financial tools such as lending and bank guarantees were made available to customers<br>• Introduction of an automated system for calculating greenhouse gas emissions in industrial operations | **49** TECHNICAL MEASURES<br>out of 86 measures have been implemented as part of the "Equipment Efficiency Improvement" initiative<br>**150** TONNES<br>of products were sold through MMK's marketplace | Projects in innovation transformation<br>Climate change<br>Market and sales channels |
| ✓ | ✓ | | Russia's entry into the top 10 leading countries in the world by the volume of scientific research and development | • Implementation of the contractual R & D Programme aimed at the development and implementation of new production technologies for various types of production<br>• The operation of the Scientific and Technical Centre (STC) focused on projects aimed at reducing production costs, improving product quality, ensuring customer satisfaction, introducing modern resource-supplying equipment, and developing innovative product types. In addition to enhancing production efficiency, the centre's work is also aimed at improving the environmental conditions in Magnitogorsk<br>• In 2024, digital solutions based on artificial intelligence were implemented to manage oxygen supply to the blast furnace and optimise furnace operation during pig iron production. An automated system was launched to check the characteristics of rolled steel using machine vision technology | **12** R & D PROJECTS<br>were completed by the STC in collaboration with MMK's services interested in R & D | R & D |

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| **Goal 6. Technological leadership** | | | | | | |
| ✓ | ✓ | | Increase in internal research and development costs | • The Company allocates funds to R & D projects that are in high demand from potential customers and yield economic results | **372.8** RUB MILLION<br>total investments in R & D amounted | R & D |
| **Goal 7. Digital transformation of state and municipal administration, economy, and social sphere** | | | | | | |
| ✓ | ✓ | ✓ | Transition to the use of domestic basic and application software<br><br>Establishment of an effective system to counter crimes committed using information and communication technologies | • In 2024, an artificial intelligence (AI)-based employee safety system was implemented in the blast furnace shop of MMK<br>• In 2024, the project management system “Evolution” based on the Russian “Visary Project” platform was put into operation<br>• In the reporting year, a project was launched to develop an idea support module within the “Evolution” system, which will create an integrated project management system from concept to implementation and analysis of investment efficiency after completion<br>• In 2024, the development of an updated corporate portal for MMK employees was completed, which will improve communication among more than 50 thousand employees<br>• MMK is actively implementing an import substitution programme in IT and information security<br>• The Company closely collaborates with the “Metallurgy” Industrial Competence Centre and relevant ministries, monitors, and implements promising domestic developments | ЦИФРОВАЯ ПРОГРАММА НАЦИОНАЛЬНЫЕ ПРОЕКТЫ РОССИИ<br>**2.2** RUB BILLION<br>is the economic impact of advanced IT solutions<br><br>**11** PROJECTS<br>digital transformation were implemented by MMK in the reporting year | Digitalisation and innovation<br><br>Prevention of occupational injuries |

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# Sustainability risk management

The MMK Group's sustainability risks are related to environmental, economic, social, and governance aspects of its operations.

The Company regularly reviews the relevant sustainability risks. The sustainability risk management cycle includes identification, assessment, management and systematic monitoring. These processes are governed by the provisions of the MMK Group's Risk Management Policy, as well as the requirements of Russian legislation and international standards:

- ISO 14001:2015 Environmental Management Systems
- ISO 45001:2018 Occupational Health and Safety Management Systems
- ISO 50001:2023 Energy Management Systems

The MMK Group identifies the following events that lead to the realisation of risks to business and affect its sustainability, demonstrates zero tolerance and increased attention to them:

- corruption
- work-related accidents
- equipment downtime due to prohibition to operate units for violation of environmental legislation
- accidents resulting in serious health consequences or fatalities
- loss of confidential information, equipment downtime due to cyberattack
- strikes, civil unrest

In 2024, key sustainability risks of the Group remained unchanged.

## Key sustainability risks of the Group

| Risk | Risk level | Information on risk management measures (sections of the Report) |
|---|---|---|
| Industrial accidents and other incidents | ! | Occupational health and safety |
| Accidents | ! | Occupational health and safety<br>Innovation, research, and digitalisation |
| Environmental risk | ! | Environmental responsibility |
| Climate risk | ! | Environmental responsibility |
| Social tension | ! | Our employees<br>Development of the regions of presence and local communities |
| Personnel shortage | ! | Our employees |
| Cyber risk | ! | Information security and cyber risks |
| Corporate fraud | ! | Business ethics, anti-corruption, and feedback mechanisms |

! High ! Medium



# Stakeholder engagement

GRI 2-29

Being aware of stakeholder opinions and its impact on the environmental, economic, and social aspects is important for the Company.

The MMK Group actively interacts with the stakeholders, takes into account their opinion and needs, and maintains an open dialogue. Communication is supported through the events and meetings, social networks, contacts of responsible persons and divisions, through the client information support centre and MMK's help desk.

Regular publications in corporate channels and on MMK's website ensure transparency and accessibility of information on current projects and strategic areas of the Group on environmental, social, and economic aspects.

Collecting feedback from stakeholders enables the MMK Group to promptly respond to changes in stakeholder opinions and maintain its status as a socially responsible company.

## MMK participates in educational initiatives in sustainability

In 2024, students from the Higher School of Business at the National Research University Higher School of Economics, studying the "Business Informatics" programme, analysed MMK's sustainability data as part of an educational project on ESG-dashboard development.

Students of the National Research University Higher School of Economics worked on the project for a month, applying their skills in digital big data analytics and sustainability. During the project, the students gained an understanding of the specifics of comparing ESG data across different countries and acquired valuable analytical and practical experience. The project presentation and ESG-dashboards demonstration took place in the presence of business representatives.

# Stakeholder engagement

| | Employees | Investors |
|---|---|---|
| Material topics | 7 9 10 16 | 1 3 4 5 6 7 11 12 13 14 15 16 |
| 2024 highlights | Respondent number increased from 897 in 2023 to 5,717 in 2024 in sociological studies, based on which **the level of satisfaction among MKK's employees is 71.3%, and level of engagement is 66.6%**<br><br>The HR Department has been abolished and replaced by the Personnel Motivation Department, and the position of Chief Specialist for Change Management has been introduced<br><br>**Indexation** of tariff rates by 10% in January 2024 | MMK representatives took part in **3 conferences** organised for institutional investors<br><br>**2 NDR-format[2] trips** were organised, including meetings and introductions with investors, involving the CEO and top management<br><br>3 visits to the MMK's production site were organised for the personal managers of banking divisions, investment companies, and HNWI-clients[3] |
| Key engagement results in 2024 | • **93 person-hours** of training per employee per year<br>• **20,818 person-courses** completed by the MMK Group employees for training in various areas<br>• **60,499 MMK Group employees** trained in OHS<br>• **0.51** — LTIFR[1] among the MMK's employees<br>• **100% of the MMK's employees** covered by the Collective Bargaining Agreement | • **>140 meeting and calls** were held with institutional investors<br>• The share of long-term investors remained unchanged (**64%**), reflecting retail investors' confidence in the fundamental value of MMK's shares |
| Stakeholder interests and expectations | • Compliance with the Labour Code of the Russian Federation, Collective Bargaining Agreement, MMK internal regulations and policies<br>• Decent salary and regular indexation of salary<br>• Voluntary medical insurance and social support<br>• Career growth and development opportunities<br>• Safe working conditions<br>• Ensuring OHS of production (technological) processes | • Regular share price growth and stable dividend income<br>• Financial and operational performance<br>• Effcient business process management practices<br>• Implementation of the corporate development strategy<br>• Prevention of environmental, social, and economic impacts<br>• Implementation and certification of the OHSMS,[4] EMS,[5] and QMS[6] to provide compliance with the ISO requirements<br>• Preparation and disclosure of financial and non-financial statements |
| Engagement mechanisms and tools | • My MMK corporate app<br>• Social media<br>• Safety Director hotline, e-mails of managers<br>• Ethics hotline, Ethics post office box<br>• Contests and conferences | • Social media, news blogs and the events plan on the Company's official website<br>• Annual General Shareholders' Meetings<br>• Online Status. Shareholder's Account information online service for the shareholders<br>• Site visit for investors and analysts<br>• Annual Investor Day<br>• NDR-format trips<br>• Industry conferences for investors |

Material topics

1 — Energy consumption and energy efficiency
2 — Biodiversity
3 — Use of resources and waste management
4 — GHG emissions and climate change
5 — Air emissions
6 — Water management
7 — Occupational health and safety
8 — Local community development
9 — Human rights and equal opportunities
10 — Employee engagement
11 — Corporate governance
12 — Anti-corruption and business ethics
13 — Responsible supply chain
14 — Economic performance
15 — Innovation and digitalisation
16 — Information security

[1] Indicator for the MMK Group excluding the Turkish asset MMK Metalurji. The combined indicator includes data on contracting organisations.
[2] Non-deal roadshow.
[3] High Net Worth Individuals – wealthy clients with minimum capital threshold of RUB 100 million.
[4] Occupational Health and Safety Management System.
[5] Environmental Management System.
[6] Quality Management System.

# Stakeholder engagement

| | Customers | Suppliers and contractors |
|---|---|---|
| Material topics | 1 3 4 5 6 7 13 14 15 16 | 7 12 13 14 16 |
| 2024 highlights | Expansion of the functionality of MMK's online marketplace platform: launch of the industry's first mobile application and payment via SBP, and integration with the electronic trading platform of one of the largest banks in the Russian Federation. | In 2024, the MMK's procurement and supply chain management regulations included environmental protection and anti-corruption compliance requirements for suppliers<br><br>MMK improved the reporting forms and analytical process of the procurement department, and expanded the description of business processes, which enhanced the transparency of the operational chain. |
| Key engagement results in 2024 | • **1.52%** — composite quality indicator<br>• **9.14 points out of 10** — customer satisfaction<br>• **87.1%** — OTIF (share of deliveries performed on time in full) | • **382,154 RUB million** — total purchases from the Russian suppliers<br>• **98%** — share of purchases from the Russian suppliers<br>• **22%** — share of purchases from suppliers registered in the Chelyabinsk Region<br>• **18.8 RUB million** — total annual effect from procurement robot process automation (RPA)<br>• **2.4 RUB billion** — economic effect from category-based approach (from 2022 to 2024)<br>• **0.4** — LTIFR of general contractor |
| Stakeholder interests and expectations | • High-quality products and customer-oriented approach<br>• Timely completion and delivery of the order<br>• Expansion of the product line<br>• Integration of sustainability principles into production, packaging, storage, and transportation processes | • Transparency of procurement procedures<br>• Delivery on contractual obligations<br>• Business ethics and anti-corruption<br>• OHS support |
| Engagement mechanisms and tools | • Certification of quality management systems at MMK and the Group entities<br>• Operation of the unified information system for managing corrective measures based on claim settlement work<br>• Annual surveys to collect feedback and determine the customer satisfaction level<br>• MMK iClient mobile app | • Unified tender procurement procedures<br>• Electronic trading platform<br>• Open Days and supplier conferences<br>• MMK Supplier mobile app<br>• Electronic Job Order computerised system |

Material topics

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13 — Responsible supply chain
14 — Economic performance
15 — Innovation and digitalisation
16 — Information security

# Stakeholder engagement

| | Local communities | Government authorities |
|---|---|---|
| Material topics | 2 5 6 7 8 12 14 15 16 | 2 3 4 5 6 7 8 12 14 16 |
| 2024 highlights | Opening of the third-stage facilities of the “Prityazhenie” city resort on the Metallurgist’s Day<br>RUB 5 million increase in the total grant fund for social projects<br>Opening of three new import-substituting production facilities at MMK Industrial Park<br>Launch of a new children's tourist route “The Stories of the MKK Railway” | Monthly meetings with the administration of Magnitogorsk on the improvement of the urban landscape and achievement of the Company's social programme goals<br>Interaction with the Ministry of Industry, New Technologies and Natural Resources of the Chelyabinsk Region regarding changes to the distance criterion for land plots within MMK's Industrial Park |
| Key engagement results in 2024 | • **4.8** — Comprehensive Air Pollution Index (CAPI) in Magnitogorsk<br>• **2,248 RUB million** — investment in local communities and charity<br>• **49%** — share of subsidiaries implementing community engagement programmes<br>• **18 projects** — winners of the Alloy of Kindness and Action grant contest for social projects<br>• **1,136 people** — average number of employees of MMK Industrial Park residents | • The distance criterion for land plots within MMK's Industrial Park was changed from **2 to 10 kilometres** |
| Stakeholder interests and expectations | • Investments in regional development<br>• Implementation of social projects<br>• Creation of additional jobs<br>• Available and transparent disclosures<br>• Improving the quality of life | • High economic performance and market competitiveness<br>• Compliance with the laws of the Russian Federation<br>• Social and economic development of the region and jobs for the residents<br>• Timely payment of taxes in full |
| Engagement mechanisms and tools | • The Magnitogorsk Metal newspaper, local TV programmes and radio stations<br>• Phone calls and letters to the corporate media offices<br>• Official website and social media<br>• Work of the MMK Industrial Park<br>• Public hearings | • Entering into agreements on social and economic cooperation<br>• Regular meetings with representatives of the Magnitogorsk administration<br>• Implementing external social programmes and projects aimed at developing MMK’s regions of presence |

Material topics

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# Material topics

GRI 3-1 GRI 3-2

The Company identifies material topics to define the content, reporting structure, and disclosure metrics, as well as to focus its attention and resources on key areas of sustainability.

In addition, the material topics identification process enables the Company to take into account the opinions and expectations of stakeholders.

The Company's material topics identification process is divided into four stages.

## Material topics identification process

**01**

At the first stage, the Company identifies its positive and negative impacts on economic, environmental, and social aspects.

To do this, it relies on:

- requirements of GRI, SASB, and TCFD industry standards, as well as guidelines on sustainability reporting by the Ministry of Economic Development of the Russian Federation, ESG analysts, and organisations representing business interests in the context of sustainability
- publicly available information on peer companies
- the Group's annual reporting, including risk disclosures
- press releases, articles, and media coverage
- feedback from stakeholders

**02**

At the second stage, the Company identifies the most significant positive and negative impacts by surveying MMK's top management representatives. During this stage, the Company also conducts online surveys among external stakeholders and MMK Group employees to assess the significance of the Company's impact, using a three-point scale (low, medium, high).

In 2024, as part of the material topics identification process, the Company surveyed 107 stakeholders: 43 internal stakeholders (4 top managers, 39 employees) and 64 external stakeholders (37 shareholders and investors, 16 customers, 4 suppliers and contractors, 4 local community representatives, 3 sustainability developments experts).

**03**

At the third stage, the Company determines the final weighted average score for each topic, determines the threshold to exclude less material topics, and ranks material topics by their priority for each of the sustainability aspects.

**04**

At the fourth stage, the Company approves the final list of material topics.

## Material topics

| Aspect | E-aspect | S-aspect | G-aspect |
|---|---|---|---|
| Priority 1 | Air emissions<br><br>Energy consumption and energy efficiency<br><br>GHG emissions and climate change | Occupational health and safety | Product quality and safety |
| Priority 2 | Biodiversity<br><br>Use of resources and waste management<br><br>Water management | Employee engagement | Anti-corruption and business ethics<br><br>Information security<br><br>Economic performance<br><br>Innovation and digitalisation |
| Priority 3 | | Human rights and equal opportunities<br><br>Local community development | Corporate governance<br><br>Responsible supply chain |



# Membership in associations and organisations

GRI 2-28

The MMK Group regularly interacts with industry organisations and associations – to exchange knowledge and experience and enhance the status of Russian business at both national and international levels.

In addition, participation in industry associations and organisations aims to improve business contacts and develop standards that promote industrial and social responsibility.

## The MMK Group's main list of associations includes:

- Russian Union of Industrialists and Entrepreneurs (RSPP)
- Russian Steel Association
- Association of Industrialists of the Mining-Metallurgical Complex of Russia (AMROS)
- Union of Industrialists and Entrepreneurs Chelyabinsk Regional Public Organisation
- Institute of Internal Auditors
- Union of Construction Companies of the Urals and Siberia (UCCUS)
- Social Charter of Russian Business



# Independent assessments[1] and awards of the Group in 2024

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## SUSTAINABILITY ASPECT

**Highest ESG-reporting rating**

**Leader in ESG transparency**

**Highest ESG index**

"Responsibility and openness" and "Sustainability Vector"

## ENVIRONMENTAL ASPECT

**International validation**

of the automated system for calculating GHG emissions

**Diploma in the "For Environmentally Responsible Business" category**

All-Russian contest "Business Flagships: Dynamics, Responsibility, Sustainability – 2023"

**Award winner[2]**

for the construction of environmental protection facilities

## GOVERNANCE ASPECT

**Status of partner of national projects**

of the "Our Contribution" national award, which evaluates the contribution of business and NPOs to achieving the goals of Russia's national projects

**Diploma in the "Import Substitution Project" nomination**

All-Russian contest "Business Flagships: Dynamics, Responsibility, Sustainability – 2023"

**Award winner**

in the "Time of Opportunities" category for significant efforts in production modernisation and import substitution

**2 gold and 2 silver medals**

3 for rolled steel production technologies

**18th place by business development investment**

among the 70 largest companies in Russia

**Award in the "Digital Twins: Project of the Year" category**

for the project on implementing business process analytics using Task Mining technology

**Recognition as "The Main Event of the Year in the Russian Metallurgy"**

for MMK's coke battery construction

**Grand Prix of the industry competition**

for the best online project among metallurgical and metal trading companies in Russia and the CIS, and the marketplace mobile application

**Three gold medals**

for high-tech developments created in partnership with leading industrial research organisations of the country

**Award winner**

In the "Metallurgy" category

**Award winner**

in the "Corporate Digital Solutions" category

**Award winner**

in the "Internal Innovation of the Year" category

**Winning in the "Advertising and Marketing Communications" category**

for Welcome-centre and Young Metallurgist Centre of MMK

## SOCIAL ASPECT

**Winning in the "For the Workforce Development" category**

and diplomas in the "For Achievements in Occupational health and Safety" and "Support for Employees with Family Responsibilities, Family, Motherhood and Childhood" categories

**Metallurg Foundation in the top 10**

charity organisations in Russia

**One of the leaders in regional development**

among Russian industrial companies

**Leader of industrial tourism ranking in Russia**

of the "Production Management" business portal

**Honorary benefactor status**

based on the results of the regional competition by the Legislative Assembly of the Chelyabinsk Region

**Victory of MMK top management**

at the national award of the Ministry of Construction and Housing and Utilities of the Russian Federation

**"Prityazhenie" City Resort Award**

for social infrastructure development

**Highest ranking in the employer rating**

for creating the most comfortable working conditions for employees

**Golden status**

among the country's top employers

**Tourism Award**

for the "Prityazhenie" city resort

**Magnitogorsk in the top-30**

Russian cities for high quality of life

[1] Positions of the Group in ESG ratings, rankings and indices.

[2] The award is supported by the Ministry of Natural Resources and Ecology of the Russian Federation, the Chamber of Commerce and Industry of the Russian Federation, and the Public Chamber of the Russian Federation.

# ENVIRONMENTAL RESPONSIBILITY

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# Environmental protection

## Approach

One of the MMK Group's strategic development priorities is to create a comfortable and favourable environment for the life and health of the population in the regions where it operates. Almost all of the Company's main assets are concentrated within the city of Magnitogorsk, therefore the improvement of the city's environmental situation is a key focus for the Company.

Air pollution is one of the most significant environmental aspects of the MMK Group's operations. MMK is implementing major investment projects to modernise production and introduce modern technological and environmental protection equipment.

The Company implements measures to improve energy efficiency, protect water resources, reclaim disturbed land, preserve biodiversity and improve waste recycling practices.

## Contribution towards SDGs




## Contribution to achievement of the national development goals of the Russian Federation

- Comfortable and safe living environment
- Ecological well-being
- Technological leadership

## Sustainability risks

- Environmental risk
- Climate risk

## Material topics

- Air emissions
- Energy consumption and energy efficiency
- Greenhouse gas emissions and climate change
- Use of resources and waste management
- Biodiversity
- Water management
- Responsible supply chain

## 2024 key highlights

**17.8** RUB BLN

The MMK Group's total environmental costs

**4.8** UNITS

Comprehensive Air Pollution Index (CAPI) of Magnitogorsk

↓4% as compared to 2023

**822** KG/TONNE OF STEEL

specific waste generation of the MMK Group per tonne of steel produced

↓18% as compared to 2023

**59.4** RUB MLN

The MMK Group's costs on biodiversity improvement and conservation measures

↑130% as compared to 2023

**13.3** THSD TONNES

The MMK Group's consumption of recycled materials

↑33% as compared to 2023

**9.8** MLN TONNES

volume of processing of MMK's current and accumulated slags

↑13% as compared to 2023




[1] According to the report on the implementation of measures of the federal Clean Air project.

[2] The project's planned completion date is 2026.

[3] Technical stage of reclamation.

The Company recognises the significant impact of its production on the environment of Magnitogorsk. Over a long period of time, the MMK Group has implemented measures that, in the medium and long term, contribute to a favourable ecological environment of the single-industry town.

For the period 2019–2024, the Company invested RUB 102.9 billion in reducing the technogenic load on the environment. The MMK Group's environmental protection measures are aimed at reducing the impact on environmental components – atmospheric air, water and land resources, flora and fauna.

# The Company's contribution to the creation of a favourable environment in Magnitogorsk

| Direction of environmental protection by component | Milestone events for the period 2019–2024 | Environmental effect for the period 2019–2024 | Investments by direction for the period 2019–2024 | Key measures implemented in 2024 |
|---|---|---|---|---|
| | Launch of MMK's recirculating water supply system | BY 1.4 TIMES<br>pollutant discharge | 5.5 RUB BLN | • Modernisation of water treatment facilities |
| | Modernisation of equipment as a part of Clean Air federal programme, including the construction of:<br>• Coke-Oven Battery Complex No. 12[2]<br>• Sinter plant No. 5<br>• Dust suppression systems for fugitive sources | BY 48.8 THSD TONNES<br>of pollutant emissions[1]<br>BY 900 THSD TONNES<br>of $CO_2$-eq. emissions | 61 RUB BLN | • Decommissioning of obsolete coke-oven batteries No. 1, No. 2, No. 13, and No. 14 |
| | Recycling of slag dumps and reclamation of disturbed lands in the area of Magnitnaya Mountain | 39.6 MLN TONNES<br>processing of accumulated slags | 7.0 RUB BLN | • Processing of 6.8 thousand tonnes of slag dumps<br>• Rehabilitation of 14.7 hectares of disturbed land[3] |
| | Stocking of the Magnitogorsk Reservoir | 1 MILLION JUVENILE FISH<br>released | 10.5 RUB BLN | • Release of 118.5 thousand juveniles into the Magnitogorsk Reservoir<br>• Release of 10 saker falcons in the Arkaim Nature Reserve |
| | Expansion of green areas | 55 THSD<br>tree and shrub seedlings were planted | 279 RUB BLN | • Planting of 7 thousand seedlings |

# Climate change

## Approach to climate change

GRI 3-3 SASB EM-IS-110A.2

The MMK Group recognises its responsibility to contribute to climate change and sets a global goal of reducing greenhouse gas emissions into the atmosphere. MMK's Environmental Policy sets out the Company's commitments to manage climate risks and opportunities, reduce the carbon footprint of production and maximise the utilisation of secondary energy resources.

The Group's climate change impact management is integrated into the general environmental management system (EMS). The Company is guided by the requirements for greenhouse gas emissions management contained in STO EMS MMK EPL-08 Environmental Management System. Environmental Management Planning standard.

To reduce its impact on climate change, the Company sets a short-term annual target to reduce MMK's greenhouse gas emissions based on a forecast of production volumes and structure. At the beginning of the reporting year, the Company set a target of 2.13 tonnes of $CO_2$ per tonne of steel.

The MMK Group also sets a medium-term target for greenhouse gas emissions based on the carbon intensity of production processes and the potential to reduce greenhouse gas emissions. The Company has set a medium-term target to 2025 to reduce MMK's greenhouse gas emissions to 1.8 tonnes of $CO_2$-eq per tonne of steel[1] as compared to a 2019 baseline. The Company implements a set of measures in various areas to achieve the set goals and commitments.

[1] MMK's specific GHG emissions, including GHG emissions targets, were calculated using the ISO 14064:2018 methodology that includes GHG emissions related to technological processes (Scope 1), generation (Scope 1), and purchase of electricity (Scope 2), and excludes indirect GHG emissions related to supply chain (Scope 3) and GHG emissions produced by power generation for the third-party consumers (Scope 1).

[2] Implementation of an investment project to build a new Coke-Oven Battery No. 12.

[3] The BoD committees develop the recommendations for the BoD and do not make independent decisions.

[4] The Director's functions also include interaction with the climate change organisations and communities (SBTi1, etc.)

### Climate change management at the level of organisational and structural units of the MMK Group

| Organisational unit | Role in climate change management | | | | | | |
|---|---|---|---|---|---|---|---|
| | Develop strategic activities | Analyse and monitor achievement of target indicators | Assess, verify, and monitor GHG emissions | Implement and control KPI achievement | Assess and manage climate risks | Develop measures and prepare carbon reporting | EMS operation control and functional management |
| MMK GROUP LEVEL | | | | | | | |
| Board of Directors (BoD) and BoD committees[3] | ✓ | ✓ | ✓ | ✓ | ✓ | | |
| Management Board | | ✓ | | | | | |
| CEO | | | | | ✓ | | ✓ |
| Special Working Group on Climate | | ✓ | | | ✓ | | ✓ |
| MMK LEVEL | | | | | | | |
| Director for Health, Safety and Environment | | | ✓ | | | ✓ | |
| Director for Strategy and Development[4] | ✓ | | | | ✓ | ✓ | |
| MMK GROUP SUBSIDIARIES LEVEL | | | | | | | |
| Dedicated specialists of the enterprises | | | | | | ✓ | ✓ |

### The MMK Group's key focus areas in climate change management

**01.** Improvement of process energy efficiency and upgrading of equipment

**02.** Managing climate risks and opportunities

**03.** Improving of the GHG emission accounting system

**04.** Interaction with the professional community and the state authorities on climate change issues

The Group's senior executives are involved in managing climate challenges.

Responsible employees at various levels of the Company's organisational structure also contribute to the management of greenhouse gas emissions.

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The Company contributes to the reduction of greenhouse gas emissions largely through the implementation of major investment projects, as well as measures to improve the energy efficiency of production processes and equipment. In the reporting year, the Company allocated RUB 3.2 billion to projects that have an effect on reducing greenhouse gas emissions.[2]

To assess the effectiveness of measures to reduce greenhouse gas emissions, MMK sets a key performance indicator (KPI) "Specific $CO_2$ emissions" for top management. In 2024, the actual value of this KPI was 2.21 t $CO_2$/t steel, which exceeded the established KPI of 2.13 t $CO_2$/t steel by 3.8% due to an increase in the share of pig iron used in steel production and a decrease in the total volume of steel production.

# Climate risks

GRI 3-3

The MMK Group considers the realisation of climate risks as a factor that may directly affect the Group's financial performance and production activity in the long term.

Climate risk management is integrated into the general corporate risk management structure. Climate risks are included in the business process risk panels and MMK Group's Risk Map.

The Company performs scenario analysis of the impact of physical climate risks on its production assets under the following scenarios:[1]

- SSP1–2.6 "Sustainability", scenario under the Paris Agreement (+1.8°C by 2100)
- SSP2–4.5 "Middle of the Road", interim scenario (+2.8°C by 2100)
- SSP5–8.5 "Fossil-fueled Development", the worst possible climate change scenario (+4.4°C by 2100)

[1] The analysis was performed according to the scenarios stipulated by the interactive atlas of climate change. The interactive atlas of climate change was developed by the UN Intergovernmental Panel on Climate Change (IPCC).

[2] Task Force on Climate-Related Financial Disclosures.

## Changes in acute and chronic risk factors relevant for MMK

| Risk factor | Significance for the current reporting period | Changes in risk factors under scenarios by 2050 relative to 2014 baseline | | | Measurement |
|---|---|---|---|---|---|
| Change in precipitation | ! | 10 | 11 | 12 | Change in average annual precipitation, % of baseline |
| Extreme heat | ! | 7.4 | 8.6 | 11.1 | Change in the number of days above 35°C relative to baseline |
| Abnormal wind | ! | −0.9 | −1.1 | −1 | Change in wind speed, % of baseline |
| Snowfall | ! | −0.4 | −0.4 | −0.6 | Change in snowfall intensity relative to baseline, mm/day |
| Higher annual average temperatures | ! | 1.8 | 2.2 | 3 | Change in average annual temperature relative to baseline, °C |

The Company conducts a comprehensive analysis and assessment of climate risks, considers the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD[2]) and the requirements of IFRS S2 Climate-Related Disclosures. The analysis involves both qualitative and quantitative climate risk assessment.

## Stakeholder engagement on climate change issues

The current climate agenda covers not only environmental but also social aspects, addressing the impact of climate change on human rights and society. The MMK Group recognises the importance of developing adaptation and mitigation measures for climate change, as well as taking into account the potential socio-economic risks associated with these changes.

In 2024, the Company participated in an event dedicated to the UN COP29 Climate Conference, held in Baku. A visiting meeting of the Sustainability and ESG Committee of the Managers Association was held there. The Committee is the leading expert platform on social responsibility of business in Russia. A representative of MMK's management acted as a moderator of the meeting.

At the meeting, representatives of business and the expert community discussed Russia's current climate agenda, including the issues of carbon pricing, carbon footprint compensation, and ways of effective interaction between business and government on climate change-related issues. Experts also noted the importance of participation of commercial companies in global climate change initiatives and cooperation with various stakeholders.

In the reporting year, the Company also participated in the 21st Metallurgical Summit "Russian Steel: Growth Strategy" with the support of the Russian Steel Association, where it shared experience in improving the efficiency of production activities in the field of environmental protection, including the aspect of greenhouse gas emissions management.

## Climate risk identification and assessment process[1]

| Risk identification | Qualitative risk assessment | Quantitative risk assessment |
|---|---|---|
| • identification of key climate risk factors and selection of the assessment horizon<br>• definition and analysis of: production processes and facilities sensitive to climate risk factors and their impact (for physical risks); information context in GHG emissions management[2] and climate agenda development trends at the national and international levels (for transitional risks) | • analysis of climate risk factors at the location of production assets<br>• assessment of the probability (in %) and the level of consequences from the realisation of climate risks ("low," "medium" or "high")<br>• assessing the significance of risks | • statistical data analysis<br>• calculation of financial damage from risk realisation based on selected indicators[3]<br>• updating the significance of climate risks based on the results of the quantitative assessment |

Upon completion of the climate risk assessment procedure, the Company prioritises climate risks and prepares a list of the most significant risks.

The results of assessing physical and transition climate risks are included in the MMK's register of climate risks. The Company also determines target performance indicators for measures and monitors their implementation.

## MMK Group's climate risk group[4], their potential impact on the Group's operations and key risk mitigation measures

| Climate rick categories | Climate rick groups | Potential impact on the Group's operations risks are reallced |
|---|---|---|
| **Physical risks** associated with adverse weather events | • equipment failure and malfunctioning<br>• disruption in supplies of material resources, raw materials, fuel<br>• increased operating expenses | • disruption of production processes<br>• last profit from goods that were not produced<br>• impaired quality of the environment<br>• incidents resulting in injuries to employees<br>• reputational losses<br>• fines and penalties |
| **Transition risks** associated with the transition to a low-carbon economy | • increased costs of implementing low-carbon and energy-efficient technologies due to stricter legislation | Capital expenditures on implementing new technologies:<br>• carbon capture<br>• injection of hydrogen during smelting in a blast fumace |

Key risk mitigation measures:
- upgrading of equipment and transition to low-carbon technologies
- implementation of energy efficiency measures

The Company uses the results of the assessment of the carbon intensity of MMK's production processes to develop measures to reduce greenhouse gas emissions under existing technologies and planned projects.

In 2024, MMK conducted another cycle of assessing the carbon intensity of production processes.

**The MMK Group is evaluating the possibility of issuing carbon units to manage transition climate risks**

MMK is considering the possibility of building a new Coke-Oven Battery No. 12 as a climate project. It will enable the Company to issue and credit carbon units used to reduce the carbon footprint.

In the current reporting period, the Company considered options for drafting a climate project, including an assessment of the required resources.

[1] MMK assesses physical climate risks only as part of a qualitative assessment.

[2] The information context in emissions management includes requirements and recommendations of carbon regulations, international standards and initiatives, ESG rating criteria, information on the best available technologies in the industry, climate strategies of competing companies and customer behaviour, requirements of investors and financial institutions.

[3] For example, CAPEX of projects, production volumes, emissions.

[4] A full list of physical climate risks is provided in MMK Sustainability Report 2022.

# Measurement of GHG emissions

GRI 3-3

The Company maintains and improves the GHG emission accounting system. In 2024, the scope for measurement of GHG emissions covered 12 key production enterprises of the Group.

The Company determines GHG emissions for all categories of direct emissions (Scope 1), in accordance with the Order of the Ministry of Natural Resources and Environment of Russia No. 371 dated 27 May 2022 "On Approving Methods for Quantifying GHG Emissions and GHG Removals." In this case, the method of direct calculation of burnt fuel is used (in case of stationary and mobile combustion), as well as the method of material and raw material balance of production and structural units producing the main products – within their technological processes.

To quantify indirect energy emissions (Scope 2) and other indirect GHG emissions (Scope 3), the Company uses factors published in open sources.

The GHG emissions calculated by the Company are verified by independent organisations on an annual basis. In 2024, the calculation results were verified by the Russian representative office of TÜV AUSTRIA international group.

## The MMK Group improves GHG emissions management efficiency by implementing an automated GHG emissions measurement system

In the reporting year, the Company was the pioneer in the industry in launching an automated GHG emissions measurement system (AEMS). The system will enable the Company to provide MMK Group management and stakeholders with complete and objective information on GHG emissions control and management.

The AEMS incorporates international, national, and industry standards and is a virtual interface integrated into MMK's unified information system. The system consolidates data from various MMK divisions, which enables quantitative assessment of greenhouse gas emissions, calculation of the carbon footprint of products, and modelling of changes in these indicators when initial inputs change.

The AEMS functionality and calculation methodology have received international validation from independent audit company TÜV AUSTRIA Standards & Compliance.
The Company's plans for the medium term include expanding the system's capabilities in terms of creating a simplified modelling scheme, including additional reporting forms and expanding dashboards with specific emission indicators by division.

The system uses modular solutions, so it can be adapted to various needs of the Company and subsequently scaled to the Group's subsidiaries. The system is equipped with the following modules:

01.

**Data collection and verification**

Automatic download of 80% of data from MMK's IT systems and monitoring of data relevance

02.

**Caloulation GHG emissions and Darbon footprint**

Use of a validated calculation model

03.

**Business Intelligence analytics and reporting**

Processing and structuring of data based on specified parameters, possibility of factor analysis of changes

04.

**Data modelling related to GHG emissionc**

Assessment of decarbonisation potential, forecasting of GHG emissions in case of changes in production programmes and technologies

05.

**Carbon load calculation**

Estimation of the carbon burden of potential product exports

06.

**Directories**

Integration with corporate directories

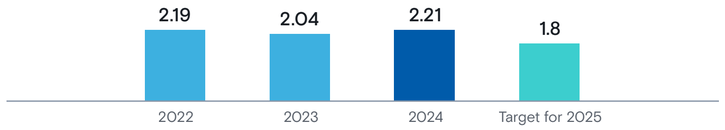
[1] TÜV AUSTRIA Standards & Compliance LLC.

# Results of greenhouse gas emissions reduction

In 2024, MMK's specific greenhouse gas emissions per tonne of steel produced increased by 8% as compared to 2023 to 2.21 tonnes of $CO_2$-eq per tonne of steel. The dynamics of the indicator is associated with a decrease in production and an increase in the share of pig iron used in steel smelting in the reporting period.

## MMK's specific GHG emissions per volume of steel produced,[1] tonnes of $CO_2$-eq per tonne of steel

GRI 305-4

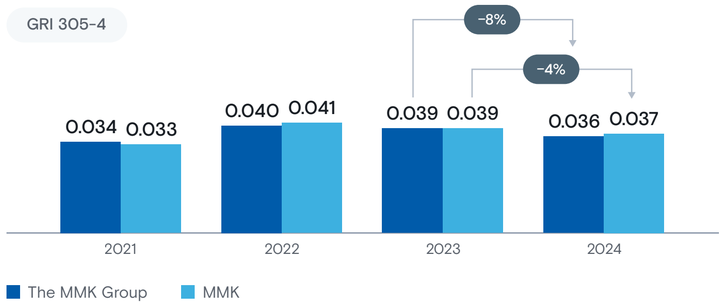



Specific GHG emissions per revenue for MMK Group and for MMK in the reporting year were 0.036 and 0.037 tonnes of $CO_2$-eq per thousand roubles of revenue, decreasing by 8% and 4%, respectively, compared to the 2023 level. The decrease in indicators is due to a 14% decrease in production volume, while revenue decreased by 1% in the reporting period.

## Specific GHG emissions per revenue,[2]

tonne $CO_2$-eq per RUB thsd of revenue

GRI 305-4




[1] When calculating the specific indicator, the numerator is MMK's total Scope 1 GHG emissions (excluding emissions related to heat release to third-party consumers), and Scope 2.

[2] When calculating the specific indicator, the numerator is the MMK Group and MMK's total Scope 1 GHG emissions (excluding emissions related to heat release to third-party consumers), and Scope 2.

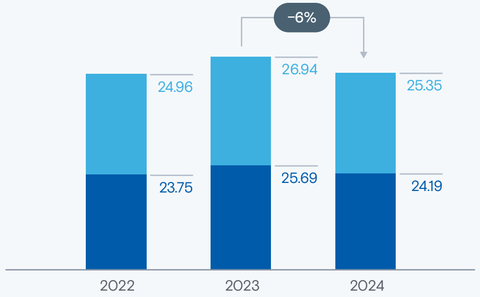
MMK's gross GHG emissions in the reporting year totalled 24.19 million tonnes of $CO_2$-eq (excluding emissions related to heat release to third-party consumers), which is 6% lower than in 2023.

The MMK Group's gross GHG emissions in 2024 are estimated at 42.94 million tonnes of $CO_2$-eq, which also decreased by 11% as compared to 2023.

The decrease is due to a decrease in production in the reporting period.

## MMK's gross GHG emissions,[4] million tonnes of $CO_2$-eq

GRI 305-1 GRI 305-2 SASB EM-IS-110A.1

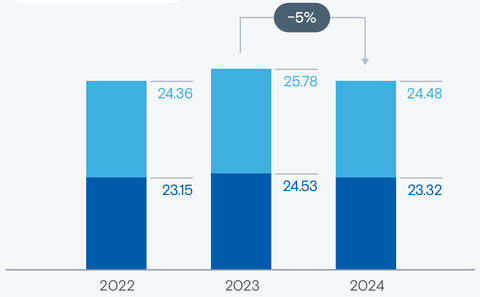



MMK's gross GHG emissions produced by power generation for third-party consumers, million tonnes of $CO_2$-eq

MMK's gross emissions, million tonnes of $CO_2$-eq

## MMK's direct gross GHG emissions (Scope 1), million tonnes of $CO_2$-eq

GRI 305-1 GRI 305-2 GRI 305-3 SASB EM-IS-110A.1

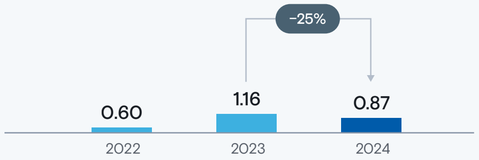



MMK's direct gross GHG emissions (Scope 1) produced by power generation for third-party consumers, million tonnes of $CO_2$-eq

MMK's direct gross GHG emissions (Scope 1), million tonnes of $CO_2$-eq

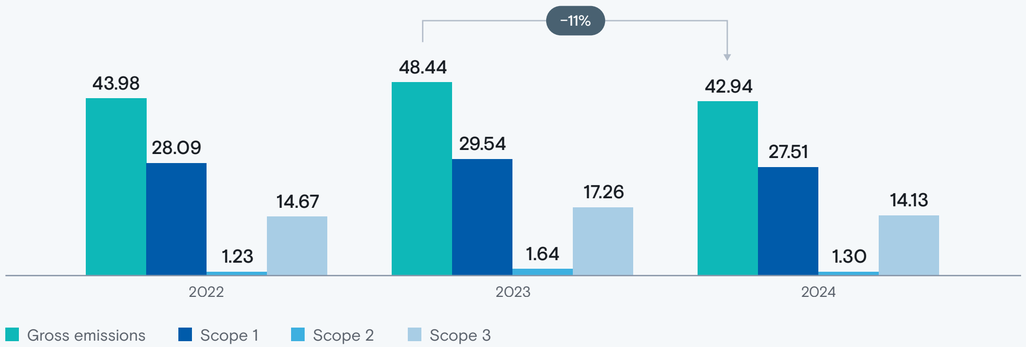
## MMK's indirect gross GHG emissions (Scope 2), million tonnes of $CO_2$-eq

GRI 305-2




## The MMK Group's gross GHG emissions, million tonnes of $CO_2$-eq

GRI 305-1 GRI 305-2 GRI 305-3 SASB EM-IS-110A.1 MED(R)-20




GRI 305-5

In 2024, after decommissioning obsolete Coke-Oven Batteries No. 1, No. 2, No. 13 and No. 14 within coke and chemical production reconstruction, the Company managed to reduce GHG emissions by 900 thousand tonnes of $CO_2$-eq.

[3] The Company supplies heat to third-party consumers for heating in Magnitogorsk (the respective emissions in the air are deducted from MMK's gross emissions).

[4] Total Scope 1 and Scope 2 GHG emissions.

# Plans for 2025 and the medium term

In 2025 and in the medium term, the MMK Group plans to implement the following key measures in the area of climate change management:

01. Expansion of the functionality of the automated GHG emissions measurement system in terms of:
- generating a simplified modelling scheme
- inclusion of additional reporting forms
- expansion of dashboards with specific emission indicators by subdivisions

02. Consideration of climate change management issues in updating MMK's development strategy



# Energy consumption and efficiency

GRI 3-3

The MMK Group sets goals of rational use of energy resources and reduction of energy costs in the cost of production, and these goals are set forth in the MMK's Energy Policy and Environmental Policy of PJSC MMK. Comprehensive energy management also helps the Group minimise greenhouse gas emissions, thereby reducing the negative impact on accelerating climate change.

As part of the energy consumption and energy efficiency management, the Group implements measures in a number of key areas.

## Key areas of the Company's activities in energy consumption and energy efficiency management[1]

01. Improving the energy management system (EMS), including internal documents and the energy management platform

02. Enhancing employee engagement, their knowledge, and competencies

03. Developing information technologies to set the rate of, forecast and control energy consumption

04. Implementing the energy-efficient solutions when upgrading equipment

05. Implementing the energy saving programmes and measures under the energy service contracts

06. Increasingly using secondary energy

[1] Energy management system.



## Energy management system

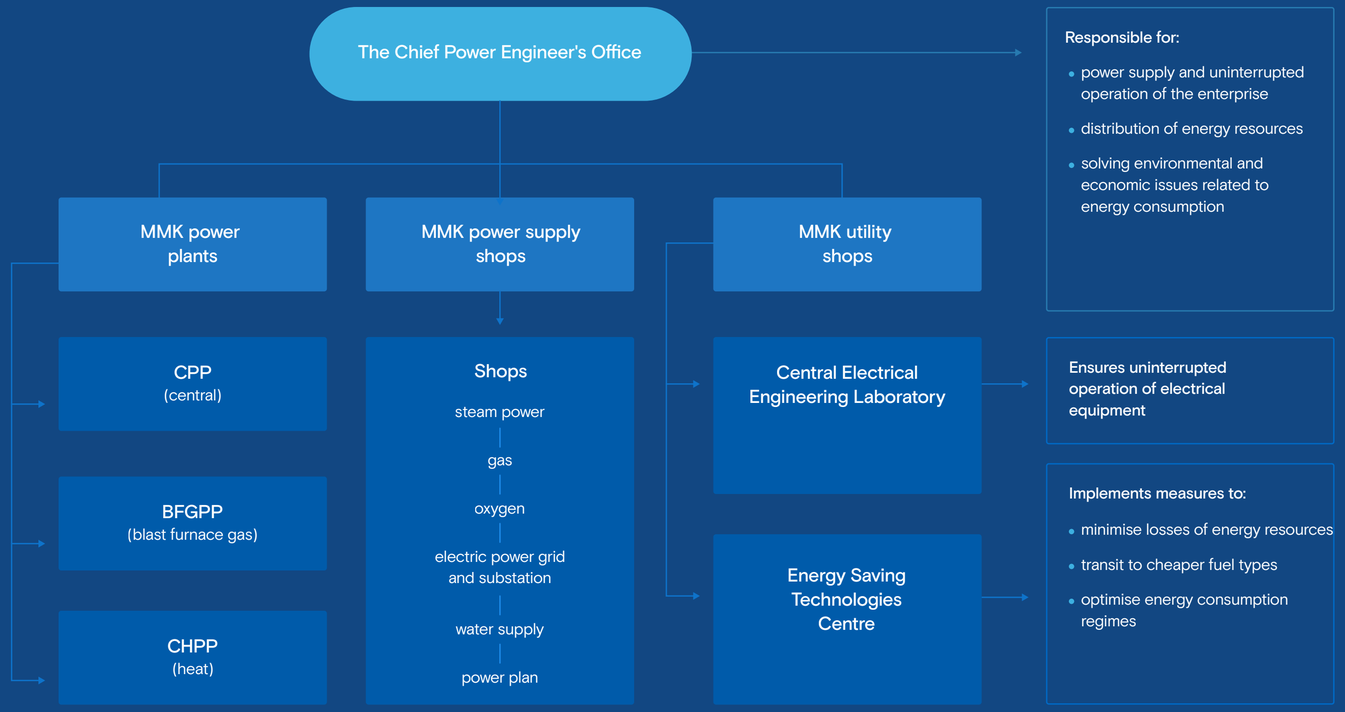
Since 2016, MMK has implemented the energy management system (EMS) that makes it possible to effectively manage energy consumption and energy efficiency.

The operation of the EMS allows to:

- keep regular records of energy consumption
- ensure compliance of activities with the national legislation, GOST R ISO 50001 standard2 and internal energy consumption requirements
- monitor the implementation of planned energy efficiency measures
- assess the effectiveness of energy saving and energy efficiency initiatives
- monitor and control energy consumption indicators of the Group's companies

## MMK's energy outfit structure

The key structural element in the EMS is the Chief Power Engineer's Office, MMK's energy outfit.




[2] GOST R ISO 50001-2023 Energy Management Systems. Requirements with Guidance for Use. The compliance certificate is available on the corporate website.

In order to maintain and develop the EMS, MMK conducts annual internal audits of the EMS in business units based on the programme approved by the MMK's CEO. In 2024, 21 internal audits were conducted, resulting in identification of 98 non-compliances and development of 145 recommendations to eliminate these non-compliances. The results of internal audits help MMK to be prepared for witness or certification audits for compliance with the requirements of GOST R ISO 50001-2023 and to identify areas for further improvement of the EMS.

## MMK confirms the efficiency of the energy management system

In 2024, MMK was the subject of a witness audit for compliance with the national standard GOST R ISO 50001-2023 under the guidance of certification organisation RusTechSert. The audit covered divisions of MMK's Chief Power Engineer's Office and shops at all of MMK's key production facilities: mining and processing, steelmaking, coke and by-products, and rolling. Based on the results of the audit, the Committee assessed MMK's EMS as efficient and compliant with the standard requirements, without any non-compliances or deviations. The EMS efficiency is also confirmed by the assessment of the economic effect:

**1.3** RUB BLN

Cost savings from the use of EMS tools in 2024

The EMS is based on the MMK's Energy Policy, Energy Management System Manual and internal applicable documents. In 2024, the Company updated a number of such documents.

### EMS documents updated in 2024

| Title and purpose of the document | Modifications |
|---|---|
| Provision on the procedure for formation and control of implementation of organisational and technical measures of the annual energy saving and energy efficiency improvement programme | The procedure was clarified:<br>• Determination of those responsible for organising measures by division<br>• Implementation of organisational measures in the divisions |
| Regulation on the procedure for heat energy metering in heat supply systems | • Updating of hot water consumption norms for a number of production facilities<br>• Clarification of the temperature schedule of heat energy quality regulation from MMK's heat supply sources |
| Procedure for working with energy efficient ideas | • Clarification of the interface between the energy efficient ideas support systems of the Energy Management Platform and the PMIS Evolution<br>• Additional description of an incentive to avoid deadline violations in the work with energy efficient ideas<br>• Reduced timelines for reviewing ideas from employees at the site level<br>• Identification of normative documents used during planning of energy service project financing<br>• Clarification of the procedure for working with project documentation |



As part of the EMS, MMK also identifies risks associated with failure to fulfil its energy saving and energy efficiency management obligations.

The MMK Group uses a specialised electronic tool, the Energy Management Platform (EMP), for comprehensive energy consumption management and energy efficiency improvement. MMK's energy management platform is a specialised electronic module that combines sub-systems of various target areas:

01. Support employees' energy efficiency suggestions

03. Analytics (energy efficiency control)

02. Monitor energy consumption by equipment

04. Modelling and improving energy consumption

# The EMP functionality and key results of 2024

## Subsystem 'Support employees energy efficiency suggestions'

**Effect from the use of the EMP subsystem**

- Increase in the share of ideas implemented
- Acceleration of the implementation timelines for ideas
- Possibility to automatically calculate the impact of energy efficiency measures on $CO_2$ emission reductions

**Key results 2024**

**1,107 IDEAS** were submitted by employees

**553 PROJECTS** were implemented to improve energy efficiency[1] (out of the total number of ideas submitted)

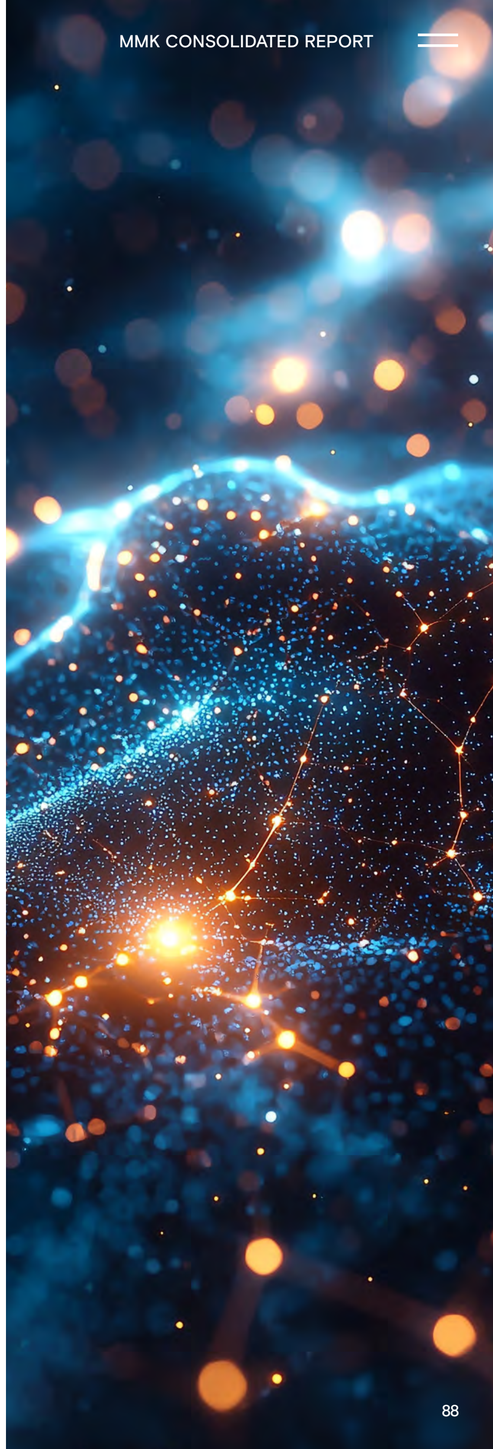
**424.9 RUB MLN** is the expected effect from the implementation of energy efficient ideas

## Subsystem 'Analytics (energy efficiency control)'

- Operational analysis and adjustment of FER[2] consumption using the energy efficiency map[3]
- Improvement of control, visualisation and analysis of energy efficiency by sites and units of the Plant's production divisions
- Reduction of energy procurement costs through the use of the information and analytical module of operational reporting on the energy consumption efficiency in daily price zones

- Daily automatic mailings on the efficiency of electricity consumption management measures in the price zones
- Improvement of electric energy metering in MMK's grids in terms of centralisation of hourly metering and balance in a unified software package
- Development and implementation of RPA[4] software robots to improve and automate data processing for energy balancing

[1] At the end of 2024, there were also 41 employees' ideas for energy efficiency improvements under consideration by shop committees.
[2] Fuel and energy resources.
[3] The map covers all MMK divisions, the Group's subsidiaries and third-party organisations that receive fuel and energy resources from the MMK's networks under the power supply contracts.
[4] The technology of Robotic Process Automation, which allows routine tasks to be automated by software.



# Improving competencies of employees and their involvement in energy efficiency management

The MMK Group regularly improves the competences of responsible employees in the area of energy consumption management and energy efficiency. The Company provides courses ‘Energy Management System’ and ‘Workshop Energy Efficiency Management’ to familiarise employees with key concepts in the field of energy efficiency and how to create highly cost-effective energy supply systems. The Company's employees also participate in events for sharing expert experience in energy efficiency management.

## MMK employees exchange experience in energy efficiency management

In 2024, MMK participated in the IX Seymartec Energy international forum on energy supply and energy efficiency in mining, metallurgy, mechanical engineering, energy and oil and gas industries. The topics discussed at the forum were strategic directions for the development of energy-saving policy at production facilities, energy management in the mining and metallurgy industries, and highly efficient energy-saving technologies and equipment.

In addition, in the reporting period MMK representatives participated in a seminar-meeting organised by the information and analytical company Corporation of Ferrous Metals Producers. The seminar united managers and specialists of energy management divisions of mining and metallurgical enterprises, which discussed topical issues of energy management at metallurgical enterprises and best practices in energy efficiency, equipment maintenance and operation.

Involvement of the MMK Group employees in the energy saving management process has a significant impact on the improvement of corporate energy efficiency.

## MMK celebrates employees' success in proposing energy-efficient ideas

In 2024, as part of the traditional contest ‘The Best Innovation Proposal of PJSC MMK’ in the Energy Efficiency category, the Company recognised the proposal submitted by Energy Saving Technologies Centre's specialists as the winner.

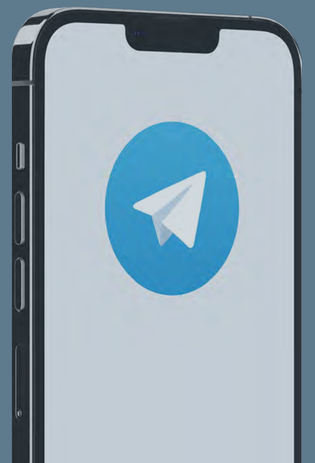
The proposal is aimed at reducing coke-oven gas emissions through the operational management of coke-oven gas distribution to consumers on the basis of daily planning and analysing the output and consumption volumes on the basis of product production.

In addition to collecting energy-efficient ideas, the Group involves employees in energy saving management through monitoring possible losses of energy resources, including FER. On a monthly basis, employees of the MMK Group's structural divisions responsible for the operation of energy equipment participate in meetings dedicated to these issues.

## Reduction of FER losses by involving employees in the energy saving process

In 2022, in order to save energy costs and involve personnel in the energy saving process, the MMK Group launched the Registration of Fuel and Energy Losses chatbot in Telegram for mobile devices. The initiative is aimed at identifying by the Company's employees’ cases of improper use of fuel and energy resources (for example, leaks, drains, water discharge onto surface, ice built-up on pipelines) and eliminating them by transferring information to the Energy Saving Technologies Centre. The Company has developed step-by-step instructions for the employees, how to register cases of FER losses and how to work in the chatbot.

In 2023, the Company implemented a mechanism for transferring information on recorded cases of FER losses to EMP energy-efficient ideas support unit. The information on energy losses received by the EMP is further reviewed by the Company's shop commissions who will develop the remediation measures.



In 2024, the Company reported the following results:

**3.18** RUB MLN

savings of eliminating the cases of improper use of fuel and energy resources identified with the Telegram chatbot

**173** CASES

of improper use of fuel and energy resources recorded with the Telegram chatbot

**678** EMPLOYEES

are registered users of chatbot in Telegram

## Energy efficiency improvement measures

The Group annually develops the targets for saving key consumed energy resources and a programme of energy saving and energy efficiency improvement measures for the enterprises. MMK's CEO approves the established energy efficiency targets and programmes.

The Company implements energy saving and energy efficiency measures as follows:

- low-budget, high-efficiency projects (baby-capex) characterised by a low cost component and a quick payback period (on average just over a year)
- energy service contracts, involving the distribution of the achieved economic effect between the contractor and the customer
- initiatives to optimise the consumption of purchased electricity

**513.3** RUB MLN

Company invested in energy efficiency projects in 2024

## Total costs of implementing energy efficiency projects in 2024, RUB mln

| Indicator | Value |
|---|---|
| Total costs of implementing energy efficiency projects, including costs for: | 513.3 |
| Energy saving and energy efficiency measures | 354.4 |
| Development and modernisation of infrastructure for energy generation from renewable energy sources and low-carbon fuels | 158.9 |

## Results of implementing the Group's energy saving and energy efficiency improvement programme in 2024

GRI 302-4

In the reporting year, the Company minimised consumption of energy resources as a result of implementing energy saving and energy efficiency measures:

**129** THSD GJ

Total energy saved

**43** THSD GJ

Thermal power saved

**4.34** THSD M³

Air separation products saved

**63** THSD GJ

Energy saved

**17** THSD GJ

Fuel saved

**0.01** THSD M³

Drinking water saved



## Approach to energy saving and energy efficiency measures evaluation

Setting an energy saving target → Analyse on a monthly basis the results of energy savings achieved → Systematise the data received by MMK divisions and types of energy resources → Form the MMK Energy Performance Register

## Production and equipment upgrade in 2024

GRI 302-4

| | Implemented measures | Total energy costs savings (energy) per year |
|---|---|---|
| Power equipment upgrade under low-budget highly efficient baby capex projects | • Modernisation of air centrifugal compressor K-1500 at oxygen plant No.4 | 24.6 RUB MLN 53.9 THSD GJ |
| | • Replacement of the rear screen on TP-200 boiler at plant No.6 of the central power plant | 3.9 RUB MLN |
| | • Replacement of steam superheater at TP-200 boiler, plant No.8 of the central power plant | 2.7 RUB MLN |
| Upgrading of energy equipment under energy service contracts | • Installation of supply voltage frequency regulators for drive electric motors of feed electric pumps of steam boilers at MMK TPP | 17.4 RUB MLN 17.5 THSD GJ |
| | • Upgrading of lighting fixtures in general lighting systems of process workshops (III and IV turn) | 251.2 RUB MLN 261.2 THSD GJ |
| Modernisation of power equipment at the MMK Chief Power Engineer's Office | • Erection of a new boiler unit 12-BIS with a capacity of 260 tonnes per hour at MMK's central power plant – to replace two obsolete boiler units | The launch of the new equipment is scheduled for 2025. |

## MMK keeps cutting costs of purchased electricity

In 2024, the Company carried out pre-project work to implement a day-ahead hourly electricity consumption forecasting model using neural network information processing methods. As part of this initiative, the Company has developed LSTM models[1] for four significant divisions.

The created models showed improvement of forecasting accuracy and reduction of hourly deviations from day-ahead forecasts by up to 15%. The above effect will reduce the cost of electricity in terms of payment for such deviations.

In addition, the Company continuously implements measures to manage price-dependent energy consumption, among which are the following:

- regulation of power generation by own power plants
- repairs of power plant equipment during hours of a minimum electricity cost
- reduced electric power consumption by units during hours of a maximum electricity cost

**442.6 RUB MLN**

The effect of implementing projects to manage price-dependent energy consumption

[1] LSTM (long short-term memory) models are a variation of recurrent neural network architecture. Such networks use feedback in processing and analysing information, allowing information to be accumulated and linked to the solution of the current problem.

## Key energy consumption and energy efficiency indicators

SASB EM-IS-130A.1 | MED(R)-22

In 2024, the MMK Group's total energy consumption was 327.95 million GJ, 2.7% less than in 2023. The decrease was due to a 13.8% reduction in the Group's steel production. The share of purchased electricity in the reporting year was 4.15%, also decreasing by 0.3% compared to 2023. The share of renewable energy consumption in 2024 was 0.002%.

## Total energy consumption by the MMK Group, million GJ[1]

GRI 302-1 | SASB EM-IS-130A.1 | SASB EM-IS-130A.2 | MED(R)-22

| Indicator | 2022 | 2023 | 2024 |
|---|---|---|---|
| Renewable energy consumption[2] | 0.0007 | 0.0072 | 0.0068 |
| Consumption of non-renewable fuel and energy resources | 313.50 | 329.51 | 321.72 |
| Purchased energy consumption | 14.81 | 15.60 | 14.22 |
| electricity | 14.23 | 15.00 | 13.61 |
| heat power in hot water | 0.43 | 0.41 | 0.44 |
| heat power in steam | 0.16 | 0.18 | 0.16 |
| Energy sold (or transferred) to the third-party consumers, including: | 8.13 | 7.98 | 8.00 |
| electricity | 0.09 | 0.10 | 0.09 |
| heat power in hot water | 7.73 | 7.45 | 7.59 |
| heat power in steam | 0.31 | 0.43 | 0.31 |
| Total energy consumption[3] | 320.18 | 337.14 | 327.95 |

[1] When converting consumed fuel and energy resources from natural units to GJ, fuel values from the following sources are used: verified reporting data provided by MMK units, reports of the Group's subsidiaries and Instructions No. 15-p of the Ministry of Natural Resources and the Environment of the Russian Federation dated 16 April 2015. Conversion of heat power from Gcal to GJ is made at the rate of 4.1868 GJ/Gcal. A standard rate of 0.0036 GJ/kWh is used to convert electricity consumed by MMK and subsidiaries.

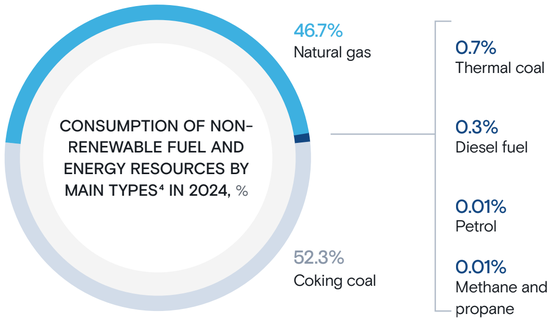
[2] Renewable energy (solar power) is consumed by MMK Metalurji, a Turkish asset of the Group.

[3] According to GRI 302-1, the indicator is calculated as the sum of renewable energy consumption, non-renewable fuel and energy purchased less the value of energy sold to third parties.

SASB EM-IS-130A.2

The Company mainly uses coking coal and natural gas as fuel and energy resources. In the reporting year, they accounted for 52.3% and 46.7%, respectively, of the total energy consumption.

In the reporting year, the MMK Group's energy consumption per tonne of steel produced was 29.29 GJ per tonne, while MMK's specific energy consumption per tonne was 28.37 GJ per tonne, which is 12.8% and 12.4% more than in 2023. The increase in the specific indicator was due to a 14% decrease in steel production in the reporting year.

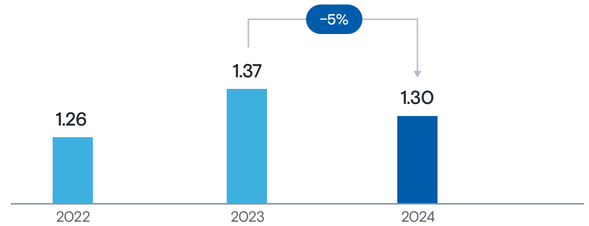



Specific energy consumption per revenue[5] in the reporting year for the MMK Group amounted to 0.43 GJ per thousand roubles, for MMK - 0.47 GJ per thousand roubles. Compared to 2023, the indicators decreased by 3% and by 1% for the MMK Group and MMK, respectively.

MMK GroupThe Group's energy consumption per net added value in 2024 was 1.30 GJ per thousand roubles, a 5% decrease as compared to 2023.

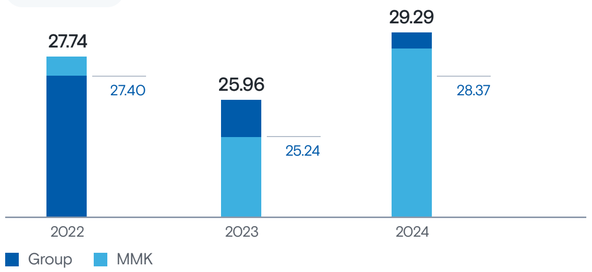
## Specific energy consumption for the MMK Group, GJ per thsd roubles of net added value

GRI 302-3 | MED(R)-23



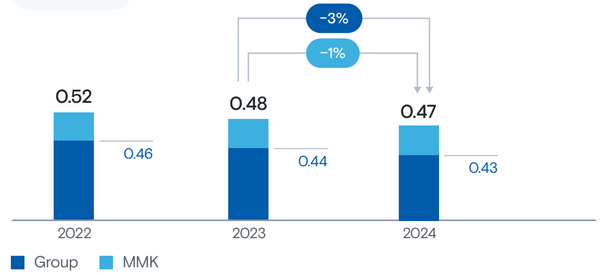

## Specific energy consumption, GJ per tonne of steel produced

GRI 302-3




## Specific energy consumption, GJ per thsd roubles of revenue

GRI 302-3




[4] The consumption of kerosene is not included in the figure due to its insignificant share.

[5] The indicator is calculated as the ratio of the total energy consumption in accordance with GRI 302-1 (which is the sum of renewable energy consumption, non-renewable fuel and energy and purchased energy less the value of energy sold to third parties) to the revenue of the MMK Group for the reporting period.

## Use of secondary resources and own power generation

The MMK Group has traditionally paid great attention to measures aimed at increasing the share of energy resources generated in-house and at the gradual transition to full utilisation of secondary energy resources.

### MMK ensures the reliability of power supply to Magnitogorsk through the practice of rational use of energy resources

MMK's power grid complex connects Magnitogorsk with the unified energy system of the Russian Federation and ensures the reliability and quality of power supply for consumers.

MMK also maintains a stable heat supply regime for urban buildings and is the main supplier of heat power to the city:

**65 %**

The share of heat energy provided by MMK to Magnitogorsk in the total heat consumed by the city



When providing Magnitogorsk with energy, MMK implements an approach to the rational use of resources and reducing the negative impact on the city's environment. For example, MMK uses secondary gases as an alternative to fuel combustion, and the heat generated by combined heat and power generationis[1] used to heat the city instead of utilising it in cooling systems.

MMK sells heat generated by combined heat and power generation at tariffs set by the Ministry of Tariff Regulation of the Chelyabinsk Region.

[1] Implies simultaneous generation of electricity and heat in a single energy generation process. The conversion of mechanical energy into electrical energy by generators involves the release of heat energy, which is reused.



## Use of secondary energy resources and development of own power generation in 2024

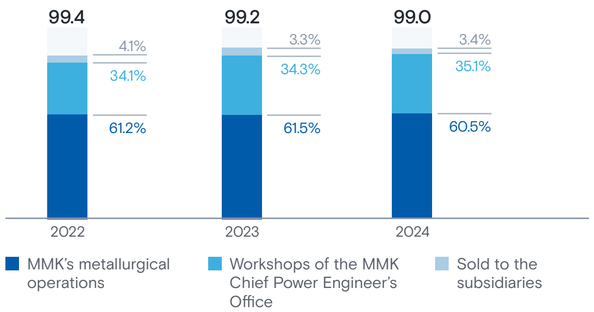
| | Measures taken | Results |
|---|---|---|
| Generation of own energy as part of the project to erect Coke Battery Complex No.12 | In the reporting year, MMK started commercial operation of two turbine generators, having performed:<br>• construction of a power building<br>• installation and commissioning of turbine equipment | • Steam generation through utilisation of flue gas heat from dry coke quenching units, which provides for 40 MW of electricity generation<br>• Electricity generation in the Q4 2024 in the amount of 137.4 thousand GJ<br>• Savings in the Q4 2024: 135 RUB MLN |
| Construction of the oxygen unit | In 2024, as part of the project to erect an oxygen unit at the Chief Power Engineer's Office, MMK continued the construction of the AKAp-60/60 air separation plant complex by supplying, designing and partially installing the main equipment (96% complete) | The unit is designed to generate technical oxygen, nitrogen and argon used in MMK's production processes. The design generation capacity for oxygen and nitrogen is 60 thousand nm³/h², and 2.35 thousand nm³/h for argon |

Maximising the use of secondary gases in the fuel balance enables MMK to replace purchased natural gas. In 2024, secondary gases converted to natural gas equivalent accounted for 38% of the fuel balance structure, 1% higher than in the previous reporting period.

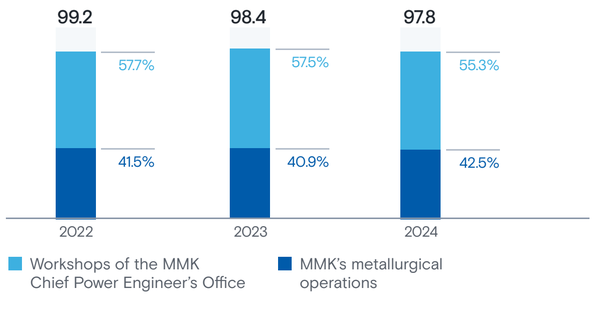
In 2024, the energy recycling rate was 97.8% for blast furnace gas and 99.0% for coke gas, which is 0.6% and 0.2% lower than in 2023. The decrease was due to a 4% increase in blast furnace gas output in the reporting year and an 8% decrease in coke gas consumption due to the decommissioning of obsolete coke batteries and a decrease in production.

### Use of secondary energy resources by the MMK Group, %

Coke gas




Blast furnace gas




[2] nm3 (normal cubic metre) is the unit of measurement of the amount of a substance that in a gaseous state takes one cubic metre at a pressure of 760mm Hg (101,325Pa) and a temperature of 0 °C.

## Renewable energy sources

The MMK Group's Turkish asset MMK Metalurji is located in a region with climatic conditions that enable considering the use of renewable energy sources as a promising area. The remaining MMK Group assets are located away from major rivers, with the climate characterised by low winds and few sunny days. Therefore, in relation to these assets the Company is only considering the possibility of purchasing electricity from renewable sources.

### The Group generates solar energy at MMK Metalurji plant in Dertyol, Turkey

The plant of the MMK Group's Turkish asset, located in Dertyol, generates solar energy, which is used for production needs. MMK Metalurji engineers operate the new solar power generation plant remotely, and the processing of plant operation data is integrated into the asset's existing energy consumption and energy efficiency monitoring system.

MMK Metalurji uses highly efficient modern equipment at the power plant, which will ensure its long-term operation, and when installing new capacities, the plant uses materials of its own production.

In the reporting year, the asset acquired a robot cleaner that cleans solar panels of dust and sand. Dust settling on the surface of solar panels significantly reduces their efficiency. The robot moves along the surface of the panels independently and removes pollution using a dry brush. The use of the robot reduces additional labour costs and saves water resources that would be required when dusting with hydraulic brushes.

In 2024, MMK Metalurji continued the phased commissioning of additional solar power generation capacity at the plant and installed 13,617 new panels, increasing the projected power generation capacity to 6.8 MW (peak panel capacity of 9 MW).

Once the additional capacity installation is completed, MMK Metalurji's solar power plants will provide:

01. generation of solar energy of 10 GWh per annum

02. reduction in $CO_2$ emissions 55.5 tonnes

03. energy consumption of the cold complex of the Dertyol plant 14%

In the reporting year, MMK Metalurji also continued to develop initiatives to expand solar generation.

| Focus of the initiative | Measures taken in 2024 |
|---|---|
| Solar generation development at an industrial site in Istanbul | • Preparation of documents for approval of the project implementation in the industrial zone by official institutions<br>• Preparation of the project financial plan for 2025 |
| Organisation of an additional solar power plant of own generation based on photovoltaic panels in Dertyol | • Selection of a site taking into account the optimal level of insolation and minimum dust exposure<br>• Evaluation of contractor proposals for the construction of the power plant, taking into account current investment and financial plans<br>• Training of all specialists involved in electrical equipment maintenance<br>• Completion of construction works and commencement of commercial operation of the power plant |

## Plans for 2025 and the medium term

In 2025 and in the medium term, the MMK Group plans to:

01 Implement energy saving and efficiency improvement programme

02 Launch oxygen unit

03 Start-up the 12-BIS boiler at the central power plant

04 Install modern equipment at solar power generation stations and organise an additional solar power plant at MMK Metalurji



# Approach to environmental management

GRI 3-3

The MMK Group is improving its environmental impact management practices in order to create a comfortable and favourable environment for the life and health of the population in the areas where its assets are located.

In carrying out its operations, the Company is guided by the environmental safety principles at all stages of raw material extraction and production, as well as by choice of the best available technologies. The MMK Group's environmental obligations are set forth in the PJSC MMK Environmental Policy.

The Company aims to rationally use energy, raw materials and water resources and to achieve minimum levels of environmental impact, for which purpose it implements measures to improve the environmental efficiency of its operations. MMK Group ensures compliance with the requirements stipulated by the environmental and sanitary-epidemiological legislation of the Russian Federation and relies on international best practices and recommendations on environmental protection.

## MMK received a certificate of compliance with the regional environmental standard

In 2024, MMK received a certificate of compliance with the Regional Environmental Standard of the Chelyabinsk Region.

The standard is designed to further stimulate the environmental protection activities of industrial enterprises, since the creation of a favourable environment in a region with a historically high level of technogenic load on the environment requires special focused efforts. MMK was an active participant in the development of the standard and is one of the first to declare its adherence to it.

The regional environmental standard of the Chelyabinsk Region contains more stringent requirements with regard to environmental quality standards than the requirements of federal environmental legislation, as well as additional requirements to the norms of the current law of the Russian Federation on environmental protection – for example, insurance of environmental risks associated with accidental pollution of the environment.

## Environmental management system

To effectively manage environmental aspects, the MMK Group is developing an environmental management system (EMS) covering all production activities and most organisational processes.

The EMS covers MMK and 10 subsidiaries of the Group. The main processes regulated by the EMS include raw material mining, producing finished products, energy generation, sales of finished products, product acceptance and quality control.[1]

MMK's Environmental Protection Laboratory establishes uniform requirements for EMS operation; MMK's Council on Quality, Occupational Health, and Environment improves the EMS, and the heads of production structural units ensure that the requirements for operations related to environmental aspects are complied with.

The main EMS documents are the Guidelines on the Environmental Management System, as well as a series of standards establishing requirements for managing operations and environmental aspects and assessing the Company's environmental performance. In 2024, the Company updated a number of EMS documents.

MMK's EMS and 7 subsidiaries of the MMK Group are certified for compliance with GOST R ISO 14001 'Environmental Management Systems'.[2]

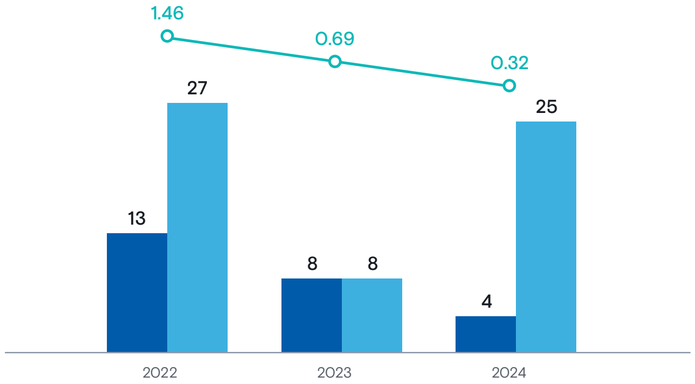
In order to ensure compliance with GOST R ISO 14001, identify areas for EMS development and improve its efficiency, the Company performs internal EMS audits. To assess the degree of compliance with the EMS requirements, the Group established a standard equal to 81%. In the reporting year, the Company carried out 44 internal audits at MMK's divisions and 4 at the Group's subsidiaries; the average assessment of EMS requirements fulfilment at MMK's divisions was 81.5%. In 2024, MMK and 9 subsidiaries of the MMK Group were audited by external EMS audits with the confirmation of the certificate of compliance without any identified inconsistencies.

In addition to EMS audits, the MMK Group companies monitor compliance with internal and external environmental protection rules in production processes and in operation of environmental equipment as part of the industrial environmental control (IEC) and technical audit.

The production activities of the MMK Group companies are also subject to state environmental control. In the reporting year, the Company did not receive any prescriptions for identified environmental violations. Two of the 12 violations identified at MMK during a scheduled inspection by the Urals Interdepartmental Directorate of the Federal Service for Supervision of Natural Resources in 2023 were cancelled by a court ruling, while five violations were eliminated. For the remaining five violations, the elimination period was extended based on the satisfaction of a petition filed by the Company. As at the end of 2024, MMK continued its efforts to eliminate these violations.[3]

## Violations of environmental laws and fines paid by the MMK Group[4]

GRI 2-27 MED(NG)-3.9




MED(NG)-3.10

To prevent and minimise the negative environmental impact in the event of emergency situations, MMK Group assesses the relevant nvironmental risks and approves emergency response plans. In 2024, there were no accidents and incidents resulting in environmental damage, including oil spills, at the MMK Group companies.

[1] Processes of product acceptance and quality control are included in the scope of EMS regulation at MMK.

[2] The certificate of compliance is available on the corporate website.

[3] In order to eliminate violations recorded as a result of the audit in 2023, the Company planned to adjust the inventory of pollutant emission sources, the deadline for the measure is 2026.

[4] In 2024, the number of received orders to eliminate violations of environmental legislation decreased compared to 2023 as a result of a reduction in the number of audits by authorised state bodies. The number of environmental law violations for which fines were charged in the reporting year increased compared to the previous reporting period due to the restrictions on inspections in the middle of 2022.

# Management structure

The MMK Group manages environmental protection at all levels of the organisational structure, senior management included.

## Environmental protection management

| Organisational unit[1] | Role in the field of environmental protection: Approve strategic goals and priorities | Analyse environmental performance | Monitor implementation | Report to the top management level | Organisational management[2] and development of measures | Functional management[3] |
|---|---|---|---|---|---|---|
| **THE TOP MANAGEMENT BODIES OF THE MMK GROUP** | | | | | | |
| Board of Directors (frequency of involvement: annually) | ✓ | ✓ | ✓ | | | |
| HSE Committee[4] (frequency of involvement: quarterly) | | ✓ | ✓ | ✓ | ✓ | ✓ |
| CEO (frequency of involvement: annually) | | ✓ | ✓ | | | |
| **MMK LEVEL** | | | | | | |
| Council on Quality, Occupational Health, and Environment | | ✓ in terms of EMS | ✓ | | ✓ organisational management in terms of EMS | |
| Director for Health, Safety, and Environment | | ✓ | ✓ | ✓ | ✓ | |
| Environmental Protection Laboratory | | ✓ | | ✓ | ✓ in terms of EMS and IEC | |
| Heads of production units | | ✓ | ✓ | | ✓ | |
| Responsible employees[5] in production units | | | | | ✓ in terms of development of measures | ✓ |
| **MMK GROUP SUBSIDIARIES** | | | | | | |
| Specialists of enterprises | | | | | | ✓ |

The MMK Group assesses the efficiency of environmental management using key performance indicators (KPIs). The Company establishes KPIs for the Group's top management in terms of specific carbon dioxide emissions and KPI "Environmental Safety Performance" for MMK managers at the level of chief specialists, heads of production units, heads of shops. In 2024, the KPI for the Group's top management achieved 99%.

The KPI "Environmental Safety Performance" is comprehensive and can include several indicators targeting specific environmental factors which can be influenced by chiefs. In 2024, KPIs were established for 43 MMK chiefs.

[1] For a detailed description of the environmental management roles and the frequency of involvement of the organisational and business units, see the Governance Structure subsection of the Environmental Responsibility section of MMK Sustainability Report 2022.

[2] Implies general coordination of activities, including the activities of employees in charge of functional management, including allocation of resources to carry out activities and decision-making.

[3] Implies performance of certain functions as part of direct implementation of environmental protection measures.

[4] Health, Safety, and Environment Committee.

[5] Including operating dust and gas collection units, water treatment facilities, accounting for and managing waste, maintaining the EMS documents.

## KPI 'Environmental Safety Performance' of MMK managers in 2024

| Position | % KPI achievement in 2024 |
|---|---|
| Chief specialists (metallurgist, rolling mill worker, power engineer) | 100 |
| Chief of the Mining and Processing Operations | 100 |
| Chief of Coke and By-Product Process | 87 |
| All the shop chiefs, except for: | 100 |
| Chief of Blast Furnace Shop | 87 |
| Chief of Coke-Oven Shop | 90 |
| Chief of Chemical products recovery and Processing Shop | 75 |
| Chief of Water Wupply | 95 |

The MMK Group provides mandatory environmental safety and EMS training for its employees. New employees of the Company are trained in programmes on EMS principles, waste management rules and environmental risk management.

In 2024, MMK provided training for employees, specialists and management under the following programmes:

- ISO 14001:2015 Environmental Management System – 20 persons (newly appointed responsible for EMS documents, responsible for EMS)
- Environmental Safety of General Management Systems – 60 persons
- Environmental Safety when Managing Waste of Hazard Classes I–IV – 60 persons
- Up-to-date requirements for wastewater treatment, disinfection and disposal – 1 person
- Wastewater treatment facilities. Requirements for operation – 1 person
- Industrial environmental control organisation and implementation at PJSC MMK – 60 persons
- Environmental Management System. Integrated environmental permit. Environmental Impact Assessment. BAT – 1 employee
- Dust and Gas Recovery Plant Operation and Maintenance – 20 persons

# Environmental targets

MMK sets separate environmental targets as it has the greatest environmental impact among the Group's enterprises. The Company adopted the key environmental impact indicators in 2017 and set goals to reduce impacts by 2025 inclusive.

## MMK's 2025 targets: achievement status in 2024

| Indicator (versus 2017) | 2024 results | Achieved as at the end of 2024 |
|---|---|---|
| At least 20% reduction of pollutant emissions (or reduction by 40.4 thousand tonnes) | Emissions reduced by 54.6 thousand tonnes in 2017-2024 | 135% |
| Reduction of emissions of hazard class I and II substances[1] tenfold (or by 90%) | In 2024, benz(a)pyrene emissions were 0.041 tonnes and formaldehyde emissions were 0.242 tonnes, down 68.7% and 52.6% from the 2017 levels, respectively (0.131 tonnes and 0.510 tonnes) | 68.7% and 52.6% [2] for benz(a)pyrene and formaldehyde, respectively |
| Reduce pollutant discharge into water bodies by 37.5 thousand tonnes | Discharge reduced by 45.4 thousand tonnes in 2017-2024 | 121% |
| Recycle at least 2.3 million tonnes of waste in own production each year | 2.4 million tonnes of waste recycled in 2024 | 104% |
| Reclaim at least 6 hectares of the abandoned quarries annually | 6.3 hectares reclaimed in 2024 | 105% |
| Plant 11 thsd seedlings of trees and shrubs under the Magnitogorsk greening programme | 23,548 tree and shrub seedlings planted in 2017-2024 | 214% |
| At least RUB 4.35 billion invested into the environmental activities on an annual basis | Investments in MMK's Environmental Programme amounted to RUB 15.56 billion[3] | 358% |

In 2024, MMK achieved most of the targets set for this period.

To achieve the medium-term environmental targets to 2025, the Company also sets annual environmental targets and monitors the status of their achievement.

[1] As per national legislation, harmful substances are divided into four hazard classes according to the degree of impact on the organism, where class I is the most hazardous and class IV is the least hazardous.

[2] The key progress in achieving the target is expected with the commissioning of the new coke-oven battery No. 12 and decommissioning of obsolete batteries.

[3] Including investments in environmental protection facilities of Coke-Oven Battery No. 12.

## Achievement of MMK's 2024 environmental targets

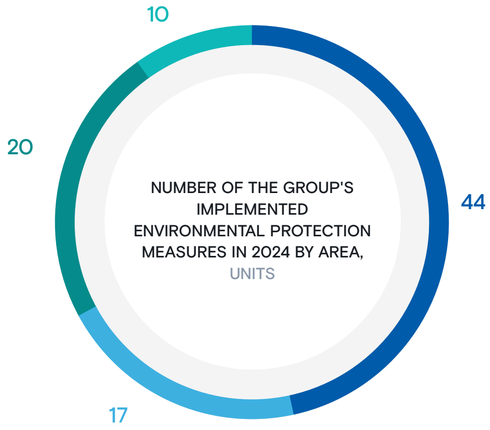
| Target indicator | Plan | Actual | Status |
|---|---|---|---|
| **Air** | | | |
| CAPI[1] in Magnitogorsk, units | 5.3 | 4.8 | 110% |
| Gross air emissions of pollutants, thousand tonnes | 158.0 | 144.6 | 109% |
| Specific air emissions of pollutants:[2] | | | |
| Dust,[3] kg/tonne of steel | 0.66 | 0.64 | 103% |
| Sulphur dioxide, kg/tonne of steel | 0.26 | 0.28 | 93% |
| Nitrogen oxides, kg/tonne of steel | 0.55 | 0.60 | 92% |
| MMK's specific GHG emissions (Scope 1, 2), kg/tonne of steel | 2.19 | 2.23 | 98% |
| **Water resources** | | | |
| Gross discharge of pollutants into water bodies, thousand tonnes | 17.7 | 17.7 | 100% |
| Water withdrawal from the Magnitogorsk Reservoir, million m³ | 103.0 | 89.0 | 116% |
| **Waste** | | | |
| Recycling of generated and accumulated slags, million tonnes | 9.3 | 9.6 | 103% |
| Use of waste as secondary material resources in sinter charge, million tonnes | 1.67 | 1.80 | 108% |
| **Biodiversity and reclamation** | | | |
| Technical stage of damaged land reclamation of the Western Quarry in Magnitnaya Mountain, ha | 6.0 | 6.3 | 105% |
| Planting seedlings under the Magnitogorsk greening programme, thousand pieces | 1,000 | 1,473 | 147% |
| Planting seedlings for landscaping at MMK, thousand pieces | 1,146 | 5,655 | 493% |
| Release of silver carp fry into the Magnitogorsk Reservoir, thousand pieces | 115 | 115 | 100% |
| Release of grass carp fry into the Magnitogorsk Reservoir, thousand pieces | 3.5 | 3.5 | 100% |

[1] Comprehensive Air Pollution Index used to assess the reduction of air pollution in Magnitogorsk. The index is calculated based on a sum of five marker pollutants (suspended particles, carbon monoxide, nitrogen dioxide, formaldehyde and benz(a)pyrene) with the absolute values of substances converted to maximum permissible limits (MPL). The CAPI shows how many times the total level of air pollution exceeds the permissible value for the considered set of pollutants as a whole.

[2] For the following MMK divisions: Sinter Shop, Blast Furnace Shop, Coke and Chemical By-Products Plant, Electric Arc Furnace Shop, and Oxygen Converter Shop.

[3] Dust refers to suspended solids in emissions.

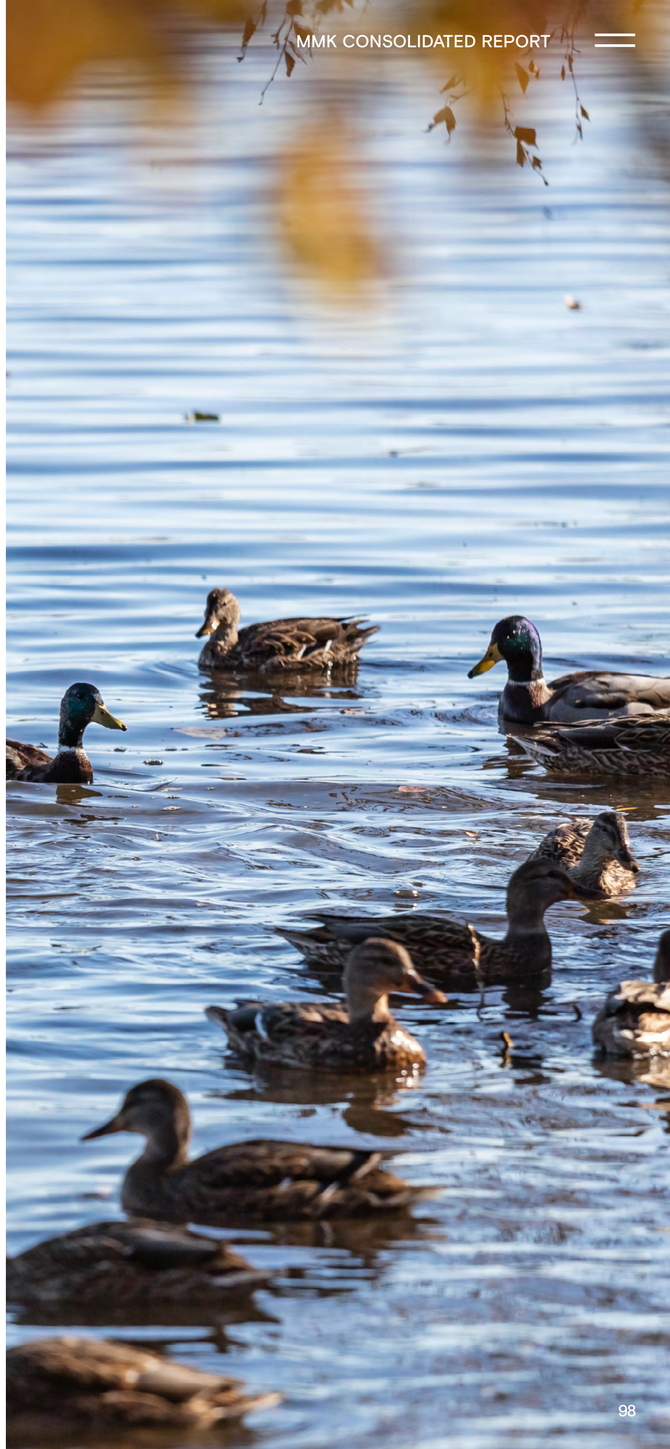
The MMK Group implements environmental protection measures with different target orientations. In 2024, the Group implemented 91 environmental measures, with 48% of the measures dedicated to air protection.




MED(R)-21 MED(NG)-3.8 MED(NG)-4.1

In 2024, the MMK Group invested RUB 17.84 billion for environmental protection activities, with 64% of investments in fixed assets related to environmental protection (RUB 11.33 billion). Costs for the implementation of environmental protection measures accounted for 79% of the Company's total management expenses.

In the reporting period, the Company paid RUB 563.17 million (RUB 50.24 million in 2023) for negative environmental impact, of which RUB 75.54 million, or 13%, were fees for excess emissions, discharges of pollutants, and excess waste disposal. The increase of fees for negative impact in 2024 as compared to 2023 is related to the receipt of the IEP identification of new emission sources and changes in their characteristics during the new inventory of emission sources in the Group's coal mining and processing subsidiary, as well as the introduction of new tariffs for emissions and discharges of pollutants.



## Costs for environmental protection by areas in 2024[1]

MED(R)-21

| Environmental protection measures | Costs, RUB mln | Share in total environmental costs, % |
|---|---|---|
| Protection of atmospheric air and mitigation of climate change[2] | 2,771.5 | 50.8 |
| Reduce consumption and efficient use of water | 1,533.7 | 28.1 |
| Reduction of pollutant discharges into water | 291.4 | 5.3 |
| Waste management, including | 52.7 | 1.0 |
| for waste recycling and disposal | 25.1 | 0.5 |
| Conservation of biodiversity and natural areas | 59.4 | 1.1 |
| Protection and rational use of lands, rehabilitation of lands | 675.7 | 12.4 |
| Protection against noise, vibration and other physical effects | 3.7 | 0.1 |
| Radiation safety assurance | 1.1 | 0.02 |
| Other directions | 71.1 | 1.3 |
| **Total environmental protection costs (excluding capital construction costs)** | **5,485.4** | **100** |

The MMK Group's contribution to improving the environmental well-being of the region contributes to the realisation of Priority No. 1 'Improvement and Ecology' the Social and Economic Development Strategy of Magnitogorsk to 2035.



[1] Excluding capital expenditures.

[2] In terms of pollutant and greenhouse gas emissions reduction.

# Engagement with stakeholders on environmental protection issues

Interaction with stakeholders on environmental issues allows the Company to make decisions taking into account the actual needs of society and the state, and contribute to development of the region.

## Main types of interaction between the MMK Group and stakeholders in the field of environmental protection

| | |
|---|---|
| State authorities[3] | • Participating in standard-setting activities<br>• Maintaining a dialog on current environmental issues |
| Professional communities and associations, public organisations | • Sharing experience during congresses, forums<br>• Participating in ratings and contests<br>• Arranging working visits to the enterprise |
| Residents and employees | • Holding campaigns to raise involvement and environmental literacy<br>• Holding public hearings on major investment and environmental projects[4]<br>• Processing complaints from the resident |

In 2024, in order to share experience with stakeholders in the field of environmental protection, the Company:

- made general presentations at the session 'Clean Breath of Cities' of the conference 'Environmental Data and Reality' organised by Kommersant Publishing House
- discussed achievements in water protection at the 21st metallurgical summit 'Russian Steel: Growth Strategy' at the Chelyabinsk open forum on ecology and water conservation issues
- discussed achievements in the framework of obtaining comprehensive environmental permits at the XV International Forum 'Ecology' held in Moscow
- shared its achievements on the project for the construction of Coke-Oven Battery No. 12 at the EcotechLeader forum held in Moscow

[3] The Public Chamber of Magnitogorsk, the Ministry of Ecology of Chelyabinsk Region, the Coordination Council under the Governor of Chelyabinsk Region.

[4] In 2023, the Group held public hearings on two disturbed land reclamation projects and a waste disposal site construction project (for details, see the Waste Storage at Specialised Facilities and Rehabilitation of Disturbed Land subsections of the Efficient Use of Resources and Waste Management section).

## MMK was a partner of the All-Russian Children's Environmental Forum

In 2024, MMK was the general partner of the II All-Russian Children's Environmental Forum, which is a platform for sharing experience in developing and implementing environmental projects for schoolchildren.

The platform provides an opportunity for children to present their projects for expert evaluation and engage in an interesting dialogue with environmental professionals. Participation in the Children's Environmental Forum projects also assists schoolchildren in developing their creative potential and guiding them in choosing their future profession.

MMK supports the Children's Environmental Forum since its inception. The Company considers its participation in the Forum as a contribution to the development of a culture of conscious and responsible attitude to the environment among the region's younger generation.

## Public inspectors visited MMK's environmental protection facilities

In the reporting year, public environmental inspectors visited MMK's industrial sites twice.

Public inspectors represent the interests of Magnitogorsk residents on issues related to the environmental protection from urban industrial pollution. MMK considers such visits as a tool to receive feedback from stakeholders and take their opinions into account when implementing its environmental protection measures.

A public inspector representing the Russian Ecological Society visited MMK to review the status of measures implemented under the Clean Air federal project and the regional environmental standard of the Chelyabinsk Region. The inspector visited mobile air monitoring laboratories, oxygen-converter shop production and the construction complex of coke-oven battery No. 12, as well as held a meeting with MMK management.

The inspector verified that the Combine applies modern management and technological solutions when implementing production modernisation projects, and noted the management's commitment to environmental safety and responsible attitude to the environment.

For the public environmental inspectors of Magnitogorsk, authorised by the Urals Interregional Department of the Federal Service for Environmental Protection to check compliance with the environmental laws at the industrial enterprises, MMK carried out a tour of the industrial site of the Plant and the Western Quarry of Magnitnaya Mountain. The inspectors learnt about MMK's progress in reclamation of disturbed lands and improvement of the environmental situation in the city.

In 2024, MMK Group received a number of awards for environmental achievements:

- Laureate diploma of the Environmental Technology Award 'ECOTECH-Leader 2024' and victory in the X National Industrial Technology Award 'Priority 2024' in the Metallurgy nomination – project 'Construction of Coke-Oven Battery Complex No. 12'
- Winning in the category 'The Most Mass Sports Events' of the campaign "Choose Clean Air" – the best communication support
- Award in the category 'For Environmentally Responsible Business' of the All-Russian RSPP competition 'Business Flagships: Dynamics, Responsibility, Sustainability – 2023 Results'

In the reporting period, MMK Group did not receive any complaints on the environmental issues from the public.

## Environmental responsibility of suppliers and contractors

MMK Group selects suppliers and contractors based on their level of environmental responsibility. The Company cooperates with organisations that comply with environmental protection requirements in their operations, and gives preference to the companies certified for compliance with GOST R ISO 14001. The contractors providing services at MMK facilities must organise their works taking into account the environmental protection rules and control the compliance by their employees.

The Group regulates the activities of the suppliers and contractors in the field of environmental protection based on provisions of the Management of Business Processes (part thereof), Products, and Services Supplied by the External Suppliers standard. Environmental safety requirements imposed on suppliers and contractors are included in standard contract forms.

The Group reserves the right to conduct audits of suppliers and further take into account the results of audits when deciding whether to continue contractual relationship.



# Atmospheric Air Protection

GRI 3-3

The main focus of environmental protection for the MMK Group is reduction of atmospheric air pollution. The Company's goals are to eliminate excess air pollution and achieve specific indicators in line with the best industry global practices within the framework of the MMK's Environmental Policy.

The Company's main production processes involve the emission of a significant amount of pollutants, to reduce which MMK Group implements a complex of measures in various areas.

## Main sources of impact on air and measures for its protection




The Company includes measures to protect air quality in plans and programmes designed for implementation on an annual basis, as well as in the medium and long term.

[1] Best available technologies.

[2] Oxides NO and $NO_2$.

[3] These substances are not significant contributors to the Company's gross emissions, but are highlighted in the scheme due to the high level of their potential negative impact on the environment and human health. In addition, the Company focuses on implementing measures to reduce emissions of these hazardous substances as part of its environmental programmes.

[4] Hereinafter, the term “dust” refers to weighted solids in emissions.

## Contribution to increasing Magnitogorsk's environmental status by improving atmospheric air quality

Over almost a decade, MMK Group has been implementing a number of programmes to reduce its impact on the atmospheric air. In 2015, MMK launched the Clean City internal strategic initiative, the main focus of which was to radically improve the quality of Magnitogorsk's atmospheric air.

In 2017, MMK Group joined the federal project 'Clean Air' aimed at improving the environmental condition of cities with large industrial centres, which included Magnitogorsk. As a part of these initiatives, by 2026 the Company planned to reduce by 10 times the emissions of hazard class 1 and 2 substances categorised as "extremely hazardous" and "highly hazardous" in accordance with national legislation – benz(a)pyrene and formaldehyde – and by 20% the total emissions of pollutants.

In the next few years, the Company plans to make a significant contribution to the reduction of pollutant emissions into the atmospheric air of Magnitogorsk, including benz(a)pyrene and formaldehyde, due to the completion of the project for the construction of MMK's new Coke-Oven Battery No. 12 complex, which involves decommissioning of five old coke batteries.

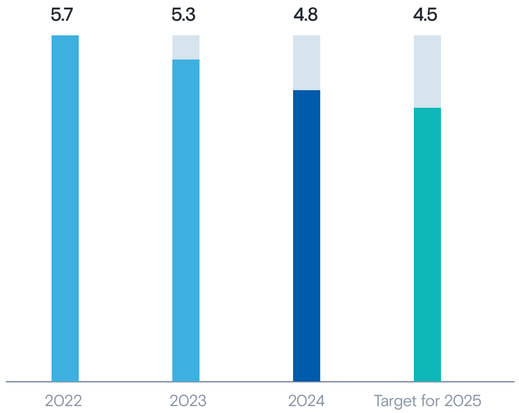
The results of MMK Group's long-standing operations have already made a positive impact on the quality of Magnitogorsk's atmospheric air. This is confirmed by the positive dynamics of CAPI – the Comprehensive Air Pollution Index – used as part of the federal project 'Clean Air'. CAPI allows taking into account the contribution to air pollution of various industrial enterprises of the city.

In 2024, CAPI decreased compared to the 2023 level and resulted in a value of 4.8. In the reporting period, the Company completed the implementation of 3 measures and continued the implementation of 5 measures of the Comprehensive Plan to Reduce Emissions of Magnitogorsk under the Clean Air Project (out of 13 measures planned for MMK for the period 2024-2026).

**The key measures implemented by the Company as part of its initiatives to reduce air pollution were as follows:**

- in mining and processing operations – the launch of three sulphur-filtration units at Sinter Shop No. 2 and construction of a new Sinter Shop No. 5 with the decommissioning Sinter Shop No. 4
- in steel production – the construction of gas cleaning facilities
- in blast furnace facilities – the launch of eight aspiration systems for blast furnaces
- in coke and by-products production – the implementation of a closed cycle of coke-oven gas cooling, which eliminated emissions at cooling towers due to their decommissioning

### CAPI dynamics, units




[1] For details on progress in achieving the above targets by 2024, see the sub-section 'Approach to Environmental Management'.



The marked improvement of Magnitogorsk's atmospheric air quality is also evidenced by the state monitoring data from 2017 to 2023 performed by Rosgidromet. Since the beginning of the Company's active work to improve Magnitogorsk's air quality in 2017, the following results are achieved:

**×4.2** benz(a)pyrene concentrations decreased

**×4.1** suspended particles (dust) concentrations decreased

**×2** carbon monoxide concentrations decreased

**×1.4** formaldehyde concentrations decreased

**×4** manganese concentrations decreased

**×3.2** Comprehensive Air Pollution Index (CAPI) decreased

The Company estimates that the continuing active work on air protection and the current achievements in this direction will allow Magnitogorsk to receive the status of 'Clean City' by 2026.



# Measures to upgrade gas treatment equipment and facilities

The Company achieves a step-by-step improvement in air quality by improving equipment and increasing the efficiency of treatment facilities.

## Implementation of the MMK Group measures to upgrade gas treatment equipment and facilities in 2024

| Shop | Activity | Environmental effect | Progress |
|---|---|---|---|
| MMK'S STEELMAKING OPERATIONS | | | |
| Electric Arc-Furnace Shop | Construction of gas treatment units of two Mixing Units, No. 1 and No. 5 | Reduction in dust emissions by **250 tonnes/year** | Facility design<br>To be completed in 2027 |
| | Reconstruction of the gas treatment unit from the ladle refining furnace and the steel ladle drying station | Reduction in dust emissions by **200 tonnes/year** | Facility design<br>To be completed in 2027 |
| Oxygen converter plant | Reconstruction of aspiration systems for fugitive emissions from roof cowls of oxygen converter plant | Reduction in dust emissions by **300 tonnes/year** | Facility design<br>To be completed in 2026 |
| MMK'S MINING AND PROCESSING OPERATIONS | | | |
| Crushing and roasting shop | Reconstruction of gas treatment plants | Reduction in dust emissions by **520 tonnes/year** | Reconstruction of the plants was started<br>To be completed in 2026 |
| OTHER MMK'S PRODUCTION FACILITIES | | | |
| Blast Furnace Shop | Reconstruction of air heaters of blast furnace No. 7 | Reduction of emissions by **1,350 tonnes/year** | ✓ |
| | Reconstruction of air heaters of blast furnace No. 9 and No. 10 | Reduction of emissions by **2,100 tonnes/year** | Part of the reconstruction work is completed<br>To be completed in 2026 |
| Sinter Shop | Replacement of five sinter blasts at sinter shops No. 2 and No. 3 | Reduction of emissions by **6,140 tonnes/year** | To be completed in 2026 |



# MMK continues to implement a comprehensive project for the reconstruction of Coke-Oven Battery No. 12 and Chemical By-Products Plant

The project on the construction of a new Coke-Oven Battery No. 12 at MMK, which was included in the programme for the reconstruction of the Chemical By-Products Plant, has a significant place in the measures to improve the air quality.

The new battery construction project involves equipping it with modern environmental protection equipment, including desulphurisation and denitrification units for heating system emissions and 28 aspiration systems.

In addition, the new battery will be equipped with a dry coke quenching unit to utilise the heat generated during its operation to generate electricity and steam, as well as a biochemical water treatment unit and a closed-loop water recirculation[1] system.

In 2024, as part of the continued construction and phased commissioning of the Battery No. 12 facilities, the Company implemented a number of important measures.

Also, in the reporting year, as part of the reconstruction of coke production facilities, the Company decommissioned Coke-Oven Batteries No. 1, No. 2, No. 13, and No. 14, put Coke-Oven Battery No. 4[2] into a hot shutdown and re-layed the heating walls of Coke-Oven Batteries No. 3, No. 7, and No. 8.

Effect from the reconstruction of the Company's coke-chemical production facilities:

**11.3** MLN TONNES
reduction of gross pollutant emissions

**7.7** MLN TONNES
including as a result of decommissioning of Coke-Oven Batteries No. 1, No. 2, No. 4, No. 13, and No. 14 implemented in 2024

**2.2** MLN TONNES
reduction of $CO_2$ emissions

[1] For details on progress on implementing a biochemical plant in 2024, see the sub-section on 'Water Management'.

[2] Operation of the coke battery in the hot preservation mode eliminates emissions of pollutants into the air.

## Modernisation of MMK's Sinter Shop

MMK is implementing a comprehensive modernisation of the Sinter Shop at the Mining and Processing Division over the past decades. The shop sintered ore to produce sinter, which the plant then uses in blast furnaces to smelt metal. Currently, the Company has completed the global reconstruction of sulphur-filtration units (SFU) and also completed the reconstruction of four sinter machines at Sinter Shop No. 3. This allows MMK to withdraw the entire volume of sinter gas to the absorption systems of SFU-3.

In 2024, MMK launched the dismantling of the first and second SFU of Sinter Shop No. 3, which after the reconstruction remained unutilised. The Shop also reconstructed sinter machines No. 9 and No. 10 at Sinter Shop No. 3.

The Company plans to complete the Sinter Shop modernisation project in 2026. The environmental effect of the project is recognised in the following parameters:

**> 95 %**

degree of sulphur dioxide capture at the SFUs by irrigation with lime milk solution (as per the best available technology)

**6.1 THSD TONNES/YEAR**

reduction of air pollutant emissions

**280 TONNES/YEAR**

including reduction of dust emissions

## The Group launched a new green production facility at the Refractory Plant

In 2024, the Company's refractory and refractory materials subsidiary launched a new section for the production of fractional aggregates and fine ground fractions, which will increase the volume of finished goods.

The important goal of the project was to reduce the impact on atmospheric air. Due to the use of modern technological equipment, mainly developed by domestic specialists, the Group intends:

**188 TONNES/YEAR**

to reduce gross air emissions at the Company's subsidiary

**99.9 %**

to ensure the efficiency of pollutants treatment in flue gases

## Utilisation of environmentally friendly fuels to reduce air pollutant load

The Company is developing the use of liquefied natural gas (LNG) for road transport vehicles. LNG use allows reducing the volume of harmful emissions from fuel combustion, and the pollutant composition of such emissions has a lower negative impact on the environment.

Since 2020, the Company's road transport subsidiary has commissioned vehicles converted to use LNG and purchased new LNG-powered vehicles. In 2024, the number of such vehicles at MMK totalled 58 units – from cars to trucks.

In the city there is a plant for the preparation and liquefaction of natural gas, which the Company uses as NGV fuel, as well as the only stationary fuelling station for liquefied natural gas in Magnitogorsk. Personnel of the Company's subsidiary motor transport company are trained in the specifics of servicing LNG-powered vehicles at external educational centres and under the Company's own training programmes.

In the reporting year, MMK together with one of Russia's largest gas production companies, held a conference on gas-fuelled vehicles, with representatives of automotive plants and industrial enterprises in attendance. The participants discussed the experience of MMK's motor transport division in operating vehicles using liquefied natural gas, as well as in organising service and deliveries of LNG-powered vehicles.



# Dust suppression systems and reduction in secondary dust losses

GRI 3-3

MMK's production processes involve the generation of significant amounts of dust. The Company controls this issue by applying dust suppression technologies and implementing a number of other necessary measures.

## MMK's production processes that generate dust emissions and technical equipping with dust suppression systems

| Location of processes | Name of processes | Measures and technologies used |
|---|---|---|
| Blast Furnace Shop | Unloading of raw materials into receiving hoppers of blast furnaces | Dust suppression systems on hoppers, involving high-pressure water atomisation through nozzles and generating a fine water mixture to settle dust particles |
| Mining and processing operations | Transfer of materials to the storage warehouse, sinter production | • Localisation of dust within the warehouse borders due to the operation of nozzle systems when unloading materials from a gallery about 20 m high<br>• Snowing or watering of warehouses by turbines<br>• Cleaning of flue gases of sinter plants from sites where motor transport and special machinery traffic takes place |
| Coke and chemical by-products, mining and processing, rolling production | Pouring of raw materials in production processes, metal squeezing in rolling processes | • Localisation of dust within the borders of the production lines due to water supply through nozzles |
| Territory of an industrial site of the plant | Secondary dust entrainment from sites where vehicular and special equipment traffic takes place | • Watering of roads<br>• Asphalting of the territories to organise their mechanized cleaning by special vehicles<br>• Treating and collecting road dust using vacuum sweepers, and its recycling in production in the sinter shop[1] |

[1] The dust is characterised by a high iron content (up to 50%).

# The Company continues to reduce dust emissions from unorganised sources as part of the federal programme 'Clean Air'

MMK launched active work to improve dust suppression systems from fugitive source of emissions from 2019 as part of the 'Clean Air' federal project programme of measures aimed at improving the environmental status of the city of Magnitogorsk.

During this period, MMK commissioned 26 dust suppression systems in the mining and processing, coke and by-products and rolling operations, and in the blast furnace shop.

In 2024, MMK installed dust suppression systems at the bunker racks of Blast Furnaces No. 6 and No. 9 in the Blast Furnace Shop, at the pellet shipment path from the closed warehouse, at the transshipments from the temporary warehouse of the Sinter Preparation Shop and at the open warehouses of the Ore Processing Plant. Work on the construction of dust suppression systems at the first production facilities will continue until 2026.

**The environmental effect from the implementation of measures in the reporting year was expressed in the following:**

**350** TONNES/YEAR

reduction of dust emissions

**> 80 %**

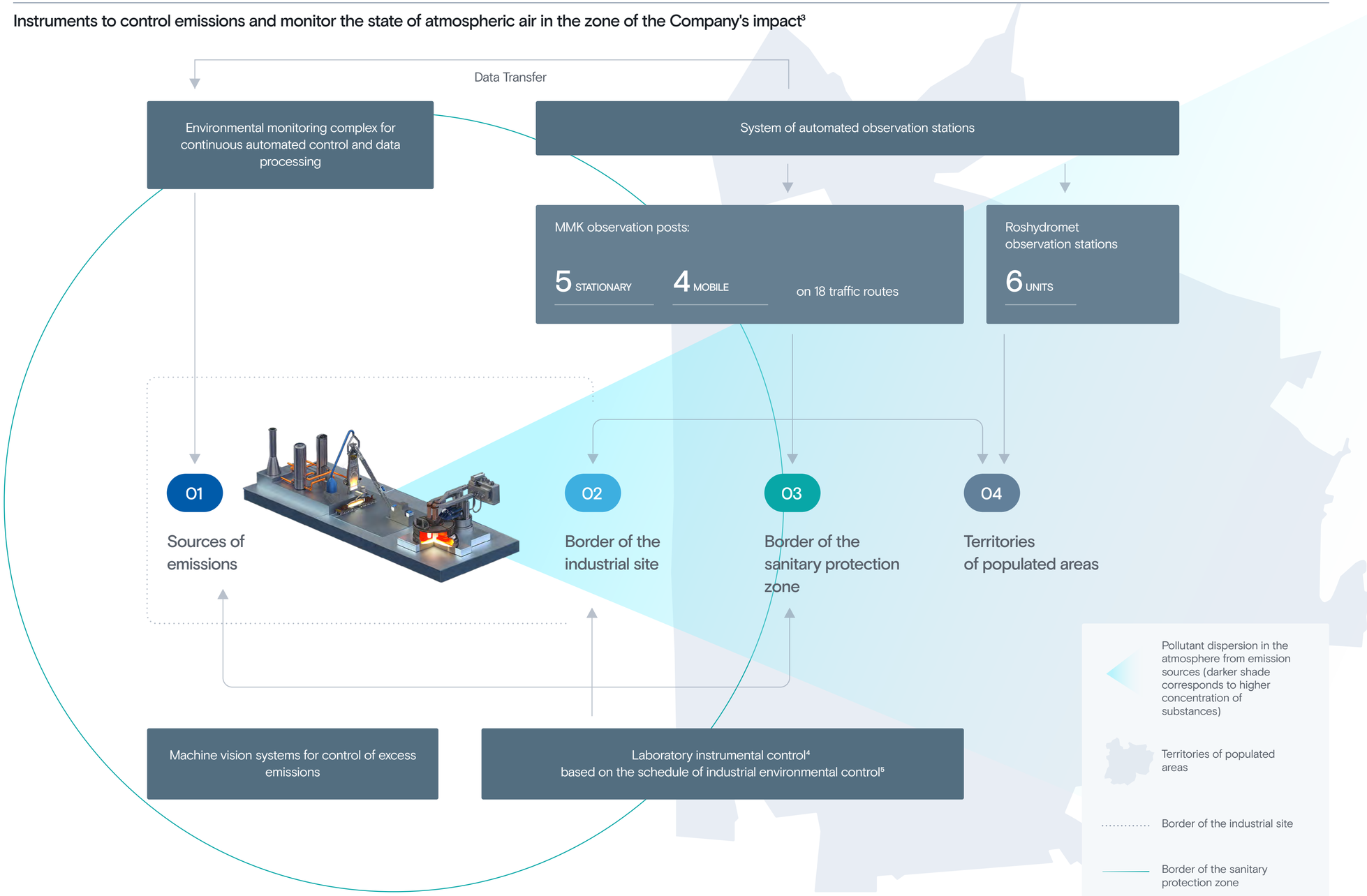
dust suppression efficiency



# Emission control and air quality monitoring

The Company ensures the air quality and compliance with the permissible level of air pollutant concentrations[1] by implementing measures for continuous emission control and air monitoring. The Company performs control measures at various locations: at the industrial site boundary, at the boundary of the sanitary protection zone (SPZ[2]), on the territory of the city, as well as directly at emission sources.

## Instruments to control emissions and monitor the state of atmospheric air in the zone of the Company's impact[3]




[1] Determined by state regulation in the field of environmental protection.

[2] A sanitary protection zone is an area around an industrial facility with a special use regime established to limit the negative impact on the air and public health.

[3] The figure schematically depicts the control points of pollutant concentration and air dispersion of pollutants emanating from emission sources. For ease of review, the figure is presented in a truncated form. The Company monitors the air condition in the area of its impact in all directions (sides of the world).

[4] Implemented by in-house or outsourced accredited laboratories at specified intervals.

[5] The programme of industrial environmental control is developed in accordance with the environmental legislation requirements and approved by the state authorities.

# MMK's environmental monitoring complex

MMK's environmental monitoring complex is a real-time instrument of the plant's production control at emission sources.

The environmental monitoring complex includes automated emission control systems (ACS), i.e. devices for measuring air flow, temperature, pressure, humidity, dust meters, and gas analysers installed in MMK's main shops and at MMK's environmental protection facilities. A total of 50 ASCs has been installed at MMK, 32 of which are required by law. The Complex also includes an environmental control room, which allows to:

- consolidate information from ASCs located at emission sources
- recognise accidental and excess emissions using machine vision technology and promptly take corrective actions
- automatically generate reports and send them to MMK's responsible divisions
- analyse pollutant dispersion in atmospheric air using a mathematical model
- forecast changes in the level of technogenic impact depending on equipment operation modes

The Environmental Monitoring Complex also allows to consolidate and analyse data from stationary air monitoring posts on the territory of Magnitogorsk and on the border of the sanitary protection zone.

**MMK increased the coverage of ASC emissions equipment in 2024:**

**72%**

emission sources covered by the automated control systems[1]

**22**

newly installed ASC systems

**The system of automated observation stations in populated areas affected by MMK includes:**

- stationary monitoring stations: 5 MMK stations (3 on the territory of Magnitogorsk and 2 on the SPZ border) and 6 Rosgidromet stations in Magnitogorsk
- 4 MMK mobile laboratories monitoring at 18 route stations[2] at the border of MMK's SPZ and in Magnitogorsk

MMK's laboratory continuously performs about 3,000 measurements of concentrations[3] of 20 pollutants per day at the border of the SPZ and the territory of the industrial site of the enterprise, thus controlling 50 points.

In 2024, the Company retrofitted 5 stationary stations and 2 mobile air monitoring stations with ozone analysers.

The Company informs the public about the air quality at the SPZ border on MMK's website in online mode. Data from 4 monitoring stations contain information on air pollutant concentrations, which are updated 4 times a day – at 1, 7, 13 and 19 hours. The Company assessed the impact on atmospheric air based on the monitoring results for 2024 as insignificant.

[1] MMK's Annual Report for 2023 erroneously stated the value of emission sources covered by ASCs as 70%. This value refers to the coverage of emissions equipped with ASCs in 2023. In 2024, the same indicator was expressed as 72%.

[2] At route stations, sampling is performed by an automobile laboratory at a specific local point. Among the route posts on the border of the SPZ of the Company are posts in the villages of Bruskovy, Klementnikov and Novostroika.

[3] Sulphur dioxide ($SO_2$), nitrogen dioxide ($NO_2$), carbon monoxide (CO), hydrogen sulphide ($H_2S$), nitric oxide (NO), and ammonia ($NH_3$).

# Machine vision technologies improve MMK's air protection efficiency

The Company implements machine vision technologies in order to comply with the technological modes of equipment operation, as well as to reduce the amount of excess emissions.

The technology allows to continuously identify excess emissions through the use of video monitoring of the equipment.

The system processes the received video data using a neural network, analyses possible deviations and, if necessary, generates a message to the responsible divisions for making operational decisions.

In 2024, the Company launched an automated system for recognising excess emissions using the machine vision method: it operates in the oxygen-converter and electric steelmaking shops of steelmaking production, the blast furnace shop and MMK's coke and by-products shops.

**The work carried out in the current and previous reporting periods to implement the technology allowed to:**

**61%**

reduce the number of recorded gas attacks

**Reduce fugitive emissions:**

**48%**

from blast furnaces
as compared to 2017

**75%**

in the oxygen converter shop
as compared to 2023

**100%**

in the electric steelmaking shop
not including oxide $N_2O$



# Results in the field of air protection

In 2024, MMK Group's gross pollutant emissions totalled 219,420 tonnes, 12% lower than in the previous year. For MMK, the same indicator was 144,644 tonnes, 13% lower than the 2023 level. In the reporting year, the reduction in air emissions resulted from the implementation of measures included in the Comprehensive Plan to Reduce Emissions of Magnitogorsk, the most significant contribution of which was the decommissioning of obsolete Coke-Oven Batteries.

## Air pollutant emissions, 2022–2024, tonnes

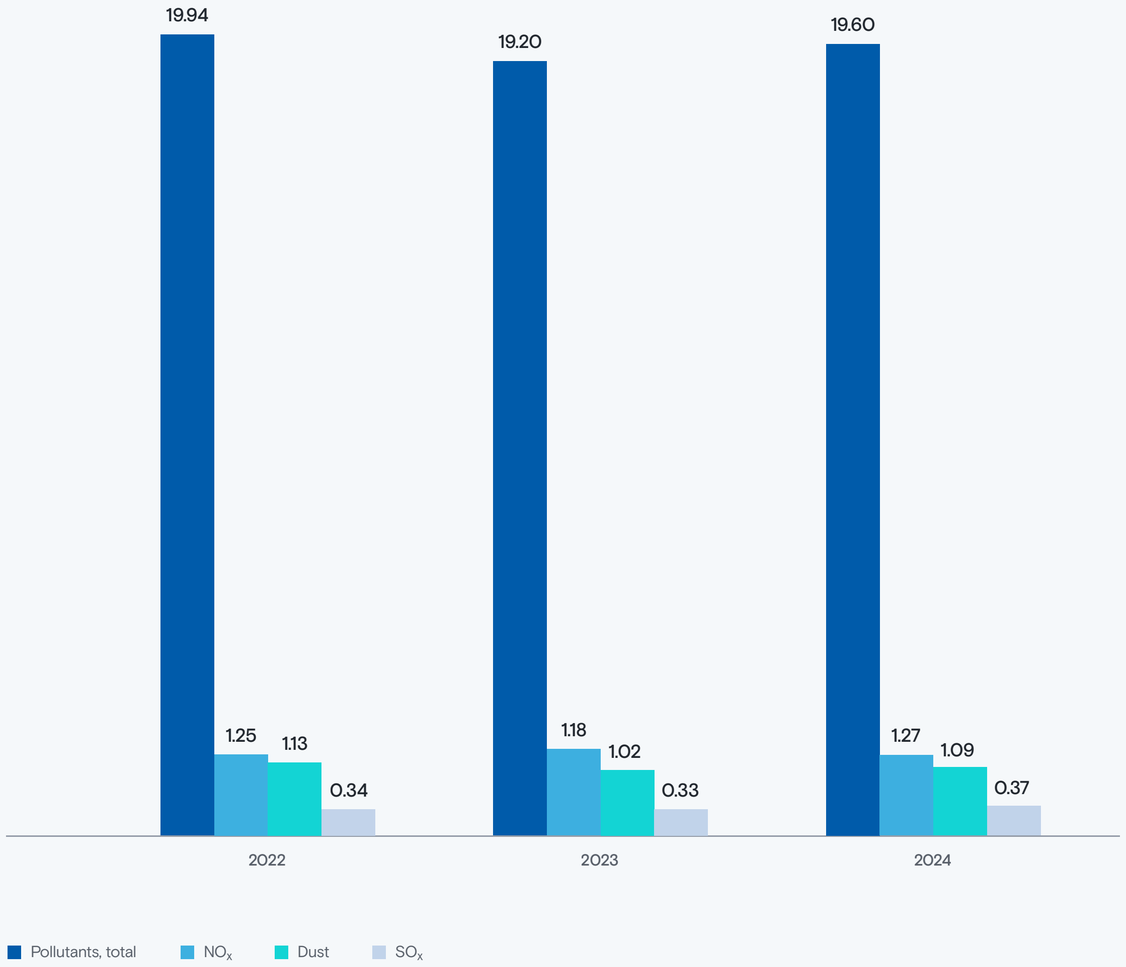
GRI 305-7 | SASB EM-IS-120A.1 | MED(R)-19

| Index | MMK Group | | | MMK | | |
|---|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2022 | 2023 | 2024 |
| Nitrogen oxides ($NO_x$)[1] | 14,597 | 15,284 | 14,269 | 14,046 | 14,203 | 13,197 |
| Sulphur oxides ($SO_x$) | 4,031 | 4,257 | 4,113 | 3,744 | 3,948 | 3,783 |
| Particulate matter (dust) | 13,242 | 13,261 | 12,168 | 11,455 | 11,413 | 10,310 |
| Volatile organic compounds (VOCs) | 2,870 | 3,584 | 3,642 | 1,425 | 1,401 | 1,345 |
| Polycyclic aromatic hydrocarbons (PAHs) | 0 | 0 | 0 | 0 | 0 | 0 |
| Hazardous air pollutants (HAP), including: | 114 | 111 | 89 | 113 | 109 | 88 |
| manganese and its compounds (in terms of manganese (IV) oxide) | 54 | 51 | 40 | 54 | 51 | 40 |
| lead and its inorganic compounds (in terms of lead) | 0.038 | 0.115 | 0 | 0.023 | 0.022 | 0.023 |
| Polycyclic aromatic hydrocarbons (PAHs) | 47 | 46 | 38 | 46 | 46 | 37 |
| phenol | 13 | 13 | 11 | 13 | 13 | 11 |
| Carbon oxide (CO) | 127,645 | 136,706 | 117,192 | 125,872 | 135,146 | 115,545 |
| Other pollutants | 70,576 | 76,143 | 67,938 | 406 | 442 | 376 |
| Gross pollutant emissions | 233,074 | 249,346 | 219,411 | 157,062 | 166,662 | 144,644 |

[1] Not including oxide $N_2O$.

In the reporting year, the decline in steel production volumes was reflected in the dynamics of specific emission indexes, despite a simultaneous reduction in gross emissions. For example, MMK Group's specific emissions per volume of steel produced in 2024 totalled 19.60 kg/tonne, or 2% higher than in the previous year. Specific emissions of nitrogen oxide, sulphur and dust were 1.27, 0.37 and 1.09 kg tonne of steel, respectively, exceeding the 2023 values by 8%, 12%, and 6%.

## MMK Group's specific emission indicators, kg/tonne of steel



# Water management

GRI 3-3 GRI 303-1 GRI 303-2

The MMK Group committed to rational use of water resources through the development of responsible water consumption and water management systems.

Each year, to meet its commitments, the Company sets water use targets – including volumes of water withdrawal and the discharge of pollutants with wastewater – based on the parameters specified in water use agreements (for water withdrawal) and permits for the use of water bodies (for wastewater discharge).[1] At the same time, the Company takes into account the volumes of water supply required for its subsidiaries,[2] as well as the expected effect from the implementation of measures aimed at reducing or eliminating wastewater discharge.

In terms of water use, the Company's enterprises are governed by the requirements stipulated by the key internal document of the environmental management system in the field of water resources protection STO EMS MMK EPL-02 Environmental Management System. Operational Planning and Operation Management. Standardisation and Accounting for Negative Environmental Impact.

The Company carries out responsible water resource management across a wide range of areas.

## Company's water protection activities

| | |
|---|---|
| Increase in the share of water recycling | • Construction and reconstruction of local water recycling systems<br>• Eliminating the impact of water treatment facility maintenance on the recycling system |
| Reduction of water withdrawal volume | • Control of stable level and/or reduction of water withdrawal from the Magnitogorsk Reservoir during the reconstruction, modernisation of equipment, and commissioning of new facilities<br>• Implementation of automated monitoring of water withdrawal volumes |
| Improvement of wastewater treatment | • Modernisation of wastewater treatment equipment<br>• Monitoring of water bodies and wastewater quality<br>• Emplementation of automated monitoring of discharge quality |

## MMK's units responsible for water resources management

### Management level

| | |
|---|---|
| MMK HSE Directorate | Setting water consumption targets |
| Office of the Chief Power Engineer | Accounting for water consumption |

### Specialised units level

| | |
|---|---|
| MMK environmental protection laboratory | Wastewater quality management |

### Production business units level

| | |
|---|---|
| Heads of production business units | Compliance with water resources protection requirements in operations |
| Employees responsible for water treatment facilities operation | Compliance with the operating regime of treatment facilities |

[1] The specified documents are concluded with the authorised public bodies.

[2] Namely, four key production enterprises and one transport entity.

# Engagement with stakeholders on water resources protection

The MMK Group is improving the regulatory and legal framework for water resource management and sharing expertise in this area.

MMK's authorised specialist is a member of the interdepartmental working group of the Federal Water Resources Agency. The working group considers the issues of regulating the operating regimes of the Magnitogorsk and Verkhneuralsk Reservoirs on the Ural River of the Chelyabinsk Region. In accordance with the schedule, in 2024 the working group discussed the operation regime of water reservoirs, hydrometeorological conditions in the Ural River basin, and measures for the safe discharge of spring floodwaters.

In the analytical study by the RAEX agency for the reporting year, the Group was recognised among the leaders in efficient use of water resources.

# Structure of water withdrawal, consumption and wastewater disposal

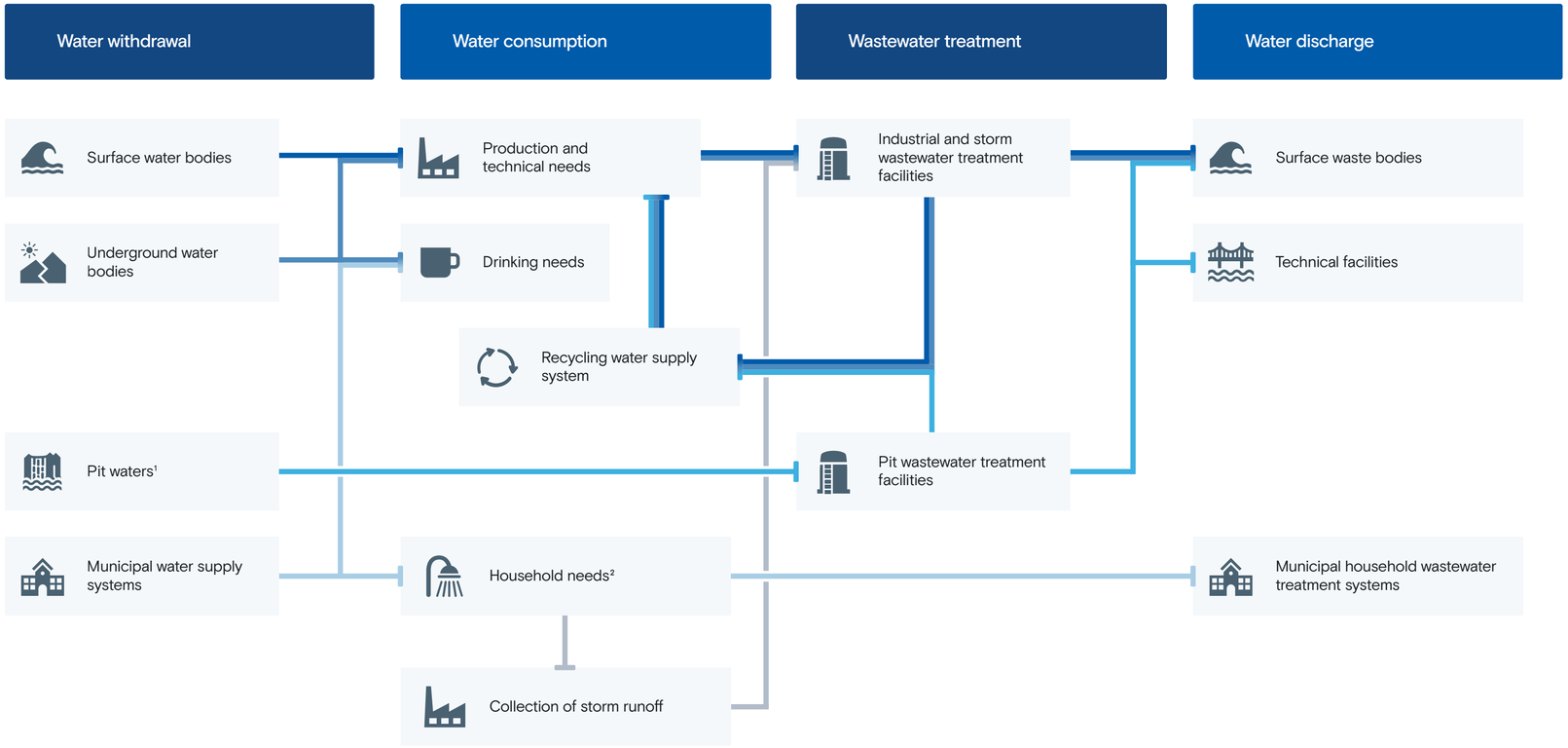
GRI 3-3

The MMK Group withdraws the largest volume of water from surface water sources, which account for 66% of the total water intake structure. Shares of 26% and 5% correspond to the withdrawal of pit water and water from municipal water supply systems, respectively, while the least significant share (1%) corresponds to withdrawal from underground water sources.

The Company treats the used water and then either discharges it into water bodies or reuses it in the production cycle.

The MMK Group enterprises withdraw water from surface water bodies at 6 points and discharge wastewater into surface water bodies at 13 points; 4 water withdrawal points and 7 wastewater discharge points are related to MMK's operations.

## Consumption and wastewater disposal




[1] The Company discharges pit wastewater after treatment into surface water bodies: the Ural River (outlet No. 4), the Sukhaya Rechka River (outlets No. 5 and No. 9). After treatment, the Company discharges some of pit wastewater of the dolomite quarry to sludge dump No. 2 of the recirculating water supply system of the MMK's mining and processing facilities (through outlet No. 5). The Group's clay mining subsidiary discharges pit wastewater to an evaporation pond (technical facility), where due to the large pond area, the accumulated water evaporates from the surface.

[2] The cement refractory plant uses domestic sewage in the technological production process.

In 2024, the MMK Group's total water withdrawal amounted to 136,605 thousand m³, remaining almost unchanged compared to the 2023 level. The largest share of the water withdrawal in the reporting year (85% of the total water withdrawal) was used to support MMK's operations.

MMK draws water from the Magnitogorsk Reservoir and continuously monitors the condition of its waters to ensure a stable water level. Together with the authorised state body[1] MMK is part of the interdepartmental working group responsible for regulating the operating regimes of the Magnitogorsk and Verkhneuralsk water reservoirs on the Ural River. As part of the working group's activities, the operating regimes of the reservoirs are determined and decisions are made regarding water releases from the Verkhneuralsk and Magnitogorsk reservoirs, including during potentially hazardous flood periods. Together with the Magnitogorsk Reservoir, the Verkhneuralskoye Reservoir constitutes a single water management complex of MMK.

## Water withdrawal by source, megalitres

GRI 303-3 | SASB EM-IS-140A.1 | MED(R)-13

| | MMK Group | | | MMK[2] | | |
|---|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2022 | 2023 | 2024 |
| Surface water[3] | 90,218 | 90,360 | 90,008 | 89,030 | 89,119 | 88,996 |
| Ground water | 2,054 | 1,428 | 1,535 | 19 | 25 | 30 |
| Pit waters[4] | 31,944 | 31,212 | 35,903 | 21,943 | 20,624 | 21,573 |
| Third party wastewater[5] | 579 | 866 | 807 | – | – | – |
| Municipal water supply systems | 6,769 | 6,470 | 6,738 | 5,885 | 5,653 | 6,006 |
| **Total freshwater withdrawal[6]** | **131,564** | **130,336** | **134,990** | **116,878** | **115,420** | **116,604** |
| Seawater withdrawal[7] | 10,259 | 2,206 | 1,615 | – | – | – |
| **Freshwater and seawater withdrawal** | **141,823** | **132,542** | **136,605** | **116,878** | **115,420** | **116,604** |

[1] The Reservoir Operation Branch of Chelyabinsk Region of the Tsentrregionvodkhoz Federal State Budgetary Institution.

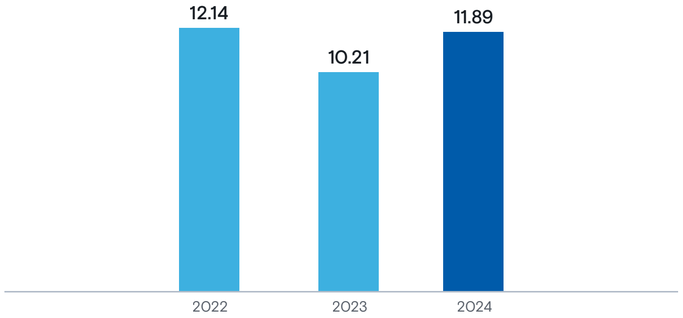
[2] Hereinafter, MMK's water use indicators include the volumes of water withdrawal and disposal by three production and one transport subsidiaries that receive industrial water from the MMK's recirculating water supply system.

[3] For the Group: water withdrawal from the Magnitogorsk reservoir, the Bachat River.

[4] Waters produced by MMK as a result of the development of the Limestone and Dolomite Quarries.

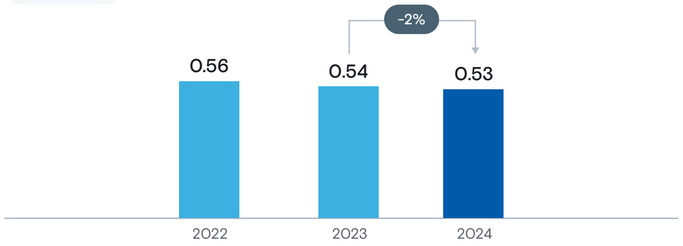
In 2024, MMK Group's specific water withdrawal per unit of steel produced increased by 16% compared to 2023, reaching 11.89 m³/tonne. This was due to a decrease in steel production volumes during the reporting year, while the total water withdrawal remained nearly unchanged. The Group's specific water withdrawal per net value added amounted to 0.53 m³/thousand roubles in the reporting year.

## MMK Group's specific water withdrawal, m³/tonne of steel




## MMK Group's specific water withdrawal per unit of net value added, m³/thsd roubles

MED(R)-16




The rate of irrecoverable water consumption across MMK Group and MMK in the reporting year amounted to 89,651 thousand m³ and 87,259 thousand m³, respectively, decreasing by 4% and 2%, respectively, compared to 2023.

[5] Industrial wastewater from one of the Group's subsidiaries is discharged into the industrial sewage networks of PJSC MMK for further treatment.

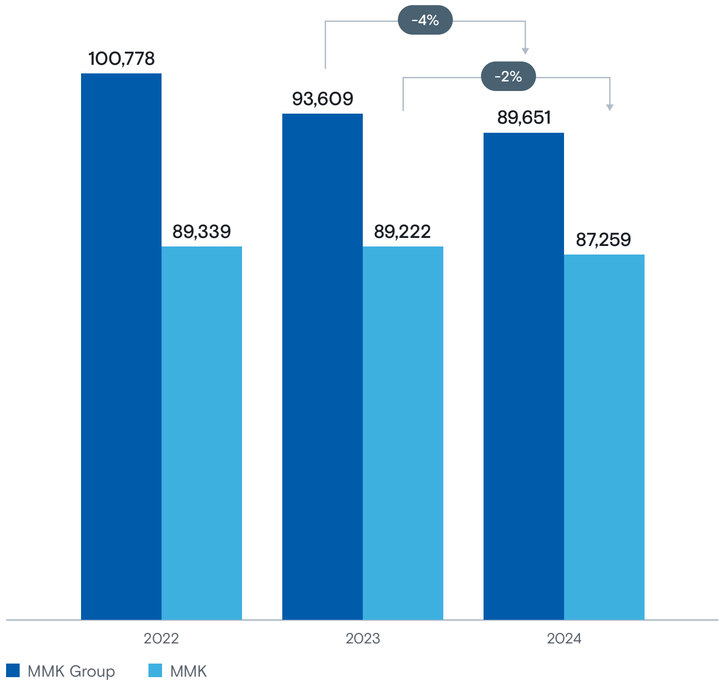
[6] Water with concentration of total dissolved solids equal to or below 1,000 mg/L.

[7] Only MMK Metalurji withdraws seawater.

[8] The difference between water withdrawal by all sources and wastewater discharge by all facilities (according to GRI 303-5).

## Irrecoverable water consumption,[8] megalitres

GRI 303-5




In 2024, MMK Group discharged 43,415 thousand m³ of wastewater, which is a 12% increase compared to the 2023 level. The increase in the volume of wastewater discharged during the reporting year is due to a significant amount of precipitation that exceeded the annual average. The Company discharged the largest volume of wastewater (78%) into surface water bodies.

## Wastewater discharge by destination, megalitres

GRI 303-4

| | MMK Group | | | MMK | | |
|---|---|---|---|---|---|---|
| Indicator | 2022 | 2023 | 2024 | 2022 | 2023 | 2024 |
| Underground water bodies[1] | 29,917 | 29,622 | 34,059 | 21,656 | 20,557 | 23,342 |
| Technical facilities[2] | 1,739 | 1,670 | 1,127 | – | – | – |
| Seawater[3] | 2,565 | 1,190 | 927 | – | – | – |
| Water sent to third parties | 6,824 | 6,451 | 6,803 | 5,882 | 5,641 | 6,003 |
| **Total freshwater discharge** | **41,045** | **38,933** | **43,415** | **27,538** | **26,198** | **29,345** |

## Wastewater discharge by degree of treatment[4] in 2024, megalitres

MED(R)-15

| | MMK Group | MMK |
|---|---|---|
| Polluted wastewater, including: | 405 | – |
| untreated | – | – |
| insufficiently treated | 405 | – |
| Normatively clean wastewater (untreated) | 20,203 | 20,203 |
| Normatively treated wastewater | 13,249 | 3,139 |

[1] Across the Group: discharge of runoff into the Magnitogorsk Reservoir, the Ural River, the Sukhaya Rechka River, the Lysva River, the Bolshoy Bachat River, the Cherta River, and the Sukhoy Log Stream.

[2] Corrected the name of the wastewater receiver category “Underground water bodies” used in MMK’s Integrated Report for 2023 on page 81 to “Technical facilities” following data clarification.

[3] Only MMK Metalurji discharges wastewater into sea.

[4] Excluding wastewater transferred to third parties, wastewater discharged into technical facilities for evaporation, and mine waters discharged into underground sites.



# Improvement of wastewater quality

GRI 303-1 GRI 303-2

The wastewater treatment complex includes 38 wastewater treatment facilities and, together with MMK's recirculating water supply system, forms part of the Company's integrated environmental protection complex.

The Group regularly assesses the performance of its wastewater treatment facilities by monitoring the composition and physical properties. The Company defines the list of monitored parameters based on internal regulations. If the laboratory detects any exceedance of the monitored parameters in the wastewater, the responsible departments are promptly informed in order to identify and eliminate the causes of the exceedances.

The Company monitors water bodies, the Magnitogorsk Reservoir, the Ural and Sukhaya Rechka rivers, in the area of influence of the wastewater discharges of its enterprises (in particular, two wastewater discharges at Magnitogorsk industrial site-1, two wastewater discharges at Magnitogorsk industrial site-2 and three wastewater discharges at Agapovskaya industrial site) on a monthly basis. The Company also conducts monthly monitoring of the water protection zones of water bodies within its area of influence, ensuring that they are kept free from litter and preventing pollutants from entering the water bodies with runoff. In 2024, based on the results of the monitoring of water bodies and their water protection zones, the Company assessed the level of impact on them as minimal.

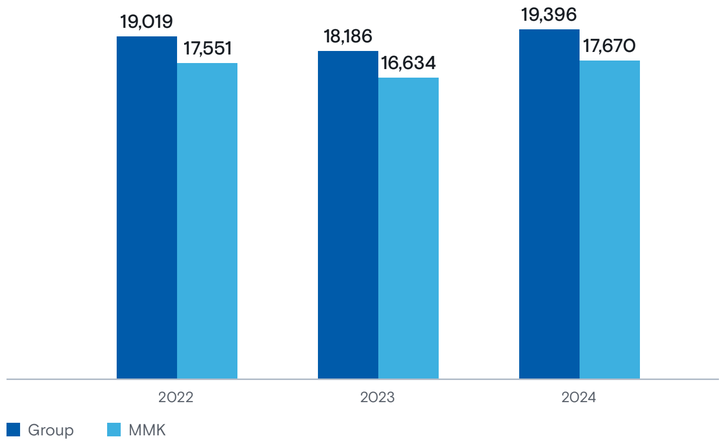
In 2024, the mass of pollutants discharged as part of wastewater by MMK Group was 19,396 tonnes, which is 7% higher than in 2023. This increase is due to a significant amount of atmospheric precipitation exceeding the annual average, resulting in a corresponding increase in the mass of pollutants in the wastewater compared to the previous reporting period.

## Implementation of MMK Group's initiatives to improve wastewater quality in 2024

| Project | Environmental effect | Measures | Project status |
|---|---|---|---|
| **MMK's Coke and Chemical By-Products Plant** | | | |
| Reconstruction of the mechanical and biochemical wastewater treatment unity | Elimination of discharges and prevention of land pollution | Commissioning started | to be completed in 2025 |
| **MMK Sheet Rolling Shop No.5** | | | |
| Construction of a hydrochloric wastewater neutralization plant | Reduction of discharges into the recirculating water supply system by 435 tonnes of chlorides and 3.8 tonnes of total iron per year | Construction and installation works | to be completed in 2027 |
| **MMK's Blast Furnace Shop** | | | |
| Reconstruction of primary sediment basins of the recirculating water supply system of blast furnace gas treatment facilities | Reduction of suspended solids discharge into the system by 50 tonnes/year[1] Sedimentation of suspended solids in the recirculating water supply system | Commissioning works | completed |
| **MMK's Water Supply Shop** | | | |
| Construction of a closed collector system for diverting the Bashik River flow into the Magnitogorsk Reservoir on the Ural River | Prevention of industrial effluent discharge | Development of project documentation | to be completed in the medium term |
| **The coal and coal derivatives subsidiary of the Group** | | | |
| Construction of a post-treatment unit as part of the water treatment facilities at the Kostromovskaya mine | 100% treatment efficiency for all monitored water quality indicators<br><br>100% removal of suspended solids from wash wastewater | Commissioning started | to be completed in 2027 |
| Commissioning of additional treatment facilities for mine and stormwater runoff at the Chertinskaya-Koksovaya mine | Reduction of suspended solids content in wastewater by 45.5%<br><br>Use of treated water for firefighting, irrigation, dust suppression purposes | Monitoring the efficiency of treatment facilities during the commissioning phase | to be completed in 2025 |

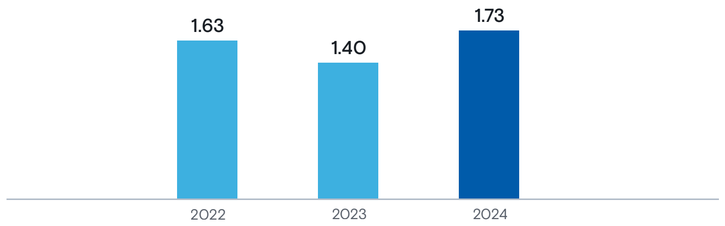
[1] The data presented for the activity in MMK's Integrated Annual Report for 2023 has been updated.

## MMK Group's pollutant discharge[1] into water bodies, tonnes




The specific discharge of pollutants per tonne of steel produced by MMK Group in 2024 is 1.73 kg/tonne of steel, which is 24% higher than in the previous reporting period. The dynamics of the indicator are due to a decrease in steel production volume during the reporting year, combined with a simultaneous increase in the volume of wastewater and a corresponding increase in the mass of pollutants in the wastewater as a result of a significant amount of precipitation.

## MMK Group's specific discharge into water bodies, kg/tonne of steel produced




[1] Total iron, manganese, petroleum products, fluorides, zinc and other substances.

[2] The indicator of recirculating water supply share is calculated according to the formula: volume of recirculating water supply/(water withdrawal from all sources + volume of recirculating water supply)*100.

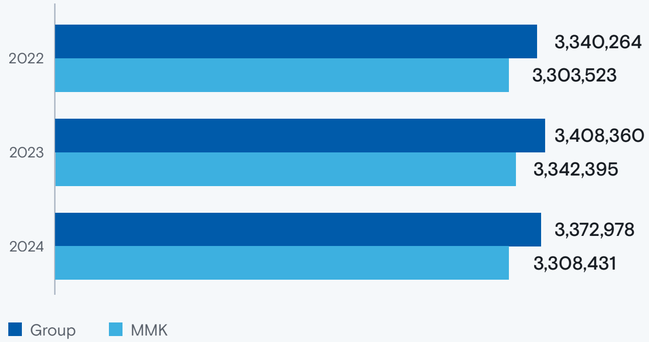
# Recirculating water supply system

Successful operation of MMK's recycling water supply system makes a significant contribution to the Company's plans to reduce water withdrawal and wastewater discharge volumes, as well as to maintaining a favourable environmental situation in Magnitogorsk.

## Volume of recirculating water supply, megalitres

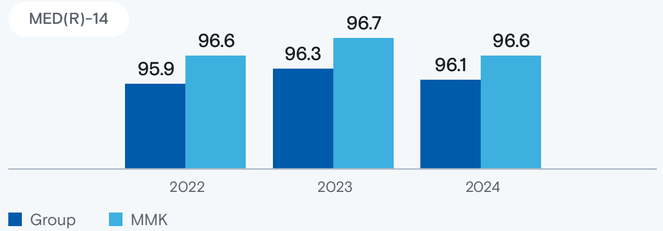
MED(R)-14

In 2024, the volume of recirculating water supply for MMK Group amounted to 3,372,978 thousand m³, remaining virtually unchanged compared to 2023 (decrease of 1%).




## Share of recirculating water supply,[2] %

MED(R)-14




SASB EM-IS-140A.1

The share of recirculating water supply across the MMK Group in 2024 was 96.1%, remaining virtually unchanged compared to the previous reporting period.

## MMK's recirculating water supply system minimises the impact on the water resources of the Magnitogorsk Reservoir

MMK's recirculating water supply system includes a cooling reservoir, separated from the Magnitogorsk Reservoir by a dividing dam extending from the Northern Crossing to the Kazachya Crossing, as well as flow-directing dams and water passage structures.

MMK's recirculating water supply system also includes 65 local water recirculating water supply cycles. The cooling reservoir enhances the efficiency of cooling the recirculated water after it is use in local cycles and reduces the volume of irrecoverable water consumption. Thermally polluted recirculated water is directed to the cooling reservoir treatment facilities, then passes a distance of about 15 kilometres along the flow guided by the reservoir's directing dams, during which it cools down, and subsequently enters the first-lift pump stations of the cooling reservoir.

As a result of modernisation of the recirculating water system, completed in 2019, MMK fully transitioned to a closed water supply and disposal system. The implementation of the project also led to an 11-fold reduction in the volume of discharged water and a 7-fold decrease in the mass of discharged pollutants. This significantly relieved the Magnitogorsk Reservoir from the impact of MMK's wastewater and ensured that the quality of water in the Magnitogorsk Reservoir is now the same as that which flows into the Ural River from its upper reaches.

In 2024, in order to maintain and improve the operation of the recirculating water supply system, MMK specialists analysed the consumption of blowdown and imbalance water in the plant's recycling cycles. This enabled the redirection of excess water for repeated sequential use.

**645** RUB MLN

Investment in the project to modernise the recirculating water supply system

# Water management in regions of water scarcity

The majority of the Group's assets take water from the water bodies of the Ural River basin. According to the plan for comprehensive management and protection of the water bodies of the Ural River basin[1], this is a region with no shortage of water resources. The deficit forecast is based on the criterion of the amount of available water and the needs of the water users for water withdrawal and discharge in the future.

SASB EM-IS-140A.1

At the same time, according to the World Resources Institute (WRI) map, one of the Group's assets, MMK Metalurji, is located in a region with a high pressure on water resources.

MMK Metalurji uses freshwater resources and treated salty seawater in its operations. For drinking needs, MMK Metalurji located in Dörtyol uses ground water sources, which undergoes preliminary treatment. In the reporting year, the volume of seawater withdrawn amounted to 1,615 thousand m³.

In 2024, the share of water withdrawal in a region of water scarcity in the Group's total water withdrawal amounted to 2.1%, down from 2.6% in 2023. During the reporting year, MMK Metalurji experienced no disruptions in water supply related to freshwater shortages.

In the reporting period, the volume of water withdrawn by MMK Metalurji facilities decreased by 19% compared to 2023 and amounted to 2,824 thousand m³. The dynamics of the indicator are related to the reduced volume at the plant in Dörtyol in 2024.

[1] The scheme was prepared by the Russian Research Institute for Integrated Water Resources Management and Protection on behalf of the regional branch of the Federal Water Resources Agency, and was updated in 2023.

## MMK Metalurji water withdrawal by source, megalitres

GRI 303-3

| Indicator | 2022 | 2023 | 2024 |
|---|---|---|---|
| Ground water | 1,800 | 1,168 | 1,094 |
| Third-party wastewater | 129 | 92 | 115 |
| **Total freshwater withdrawal** | **1,929** | **1,260** | **1,209** |
| **Total seawater withdrawal** | **10,259** | **2,206** | **1,615** |
| **Freshwater and seawater withdrawal** | **12,188** | **3,466** | **2,824** |

In order to manage water scarcity risks, MMK Metalurji reduces freshwater withdrawal and consumption, and explores and identifies additional water supply sources.

## MMK Metalurji wastewater discharge by destination, megalitres

GRI 303-4

| Indicator | 2022 | 2023 | 2024 |
|---|---|---|---|
| Sea | 2,565 | 1,190 | 927 |
| Water sent to third parties | 133 | 112 | 120 |
| **Total freshwater discharge** | **2,698** | **1,302** | **1,047** |

In 2024, the volume of wastewater discharge to the sea was 927 thousand m³, decreasing by 20% compared to 2023 due to a decrease in production in the reporting period.



## Water scarcity risk management measures at MMK Metalurji

| GOALS | SOLUTIONS APPLIED | TECHNOLOGIES AND ORGANISATIONAL MEASURES APPLIED |
|---|---|---|
| Reduction of freshwater consumption | Reuse of treated wastewater in the production cycle | Treatment at the neutralisation plant for wastewater generated during slag cooling[1] (plant capacity: 20 m³/day) |
| | Monitoring and control of freshwater leaks and overconsumption | Regular inspections of the operational condition and performance of technological equipment |
| | | Monitoring of freshwater consumption in production processes[2] |
| | | Use of automatic water flow meters[1] |
| Use of additional water sources | Use of desalinated water for technological purposes | Desalination of seawater using a reverse osmosis plant[1] |
| | Use of treated rainwater for industrial purposes | Rainwater collection and storage system[2] |
| Supply of freshwater from underground sources | Maintaining sufficient reserves of freshwater | Regular measurements of freshwater wells' yield |
| | Ensuring the required quality of freshwater | Daily sampling from wells |
| | | Elimination of contamination if detected |

[1] At MMK Metalurji plant located in Dörtyol.

[2] At MMK Metalurji plant, located in Dilovası. The plant collects and treats rainwater for further use in the production processes and industrial cooling systems. In 2024, the volume of collected rainwater amounted to 6.29 thousand m³.



# Efficient use of resources and waste management

GRI 3-3

The MMK Group sets goals for the rational use of raw material, increasing the share of recycled production waste, and environmentally safe waste disposal.

The main requirements in the area of waste management and rational use of resources as part of the Group's environmental management system are included in the standards on operational planning and management of operations Standardisation and Accounting for Negative Environmental Impact[1] and Procedure for Managing Operations Causing Environmental Impact at PJSC MMK. General Requirements[2].

## Materials

GRI 301-1

In its operations, the MMK Group uses various types of materials and substances, both directly in the production of goods and for auxiliary purposes.

### Materials and substances used by the MMK Group

**Raw materials**
materials and substances that make up the final product

**Primary natural raw materials**
- Coal
- Iron ore
- Manganese ore
- Aluminum
- Tin
- Zinc

**Secondary raw materials**
- Sinter raw materials
- Pellets
- Coal concentrate
- Ferroalloys
- Scrap metal
- Purchased coke
- Fluxes

**Waste recycled**
- Scrap metal
- Pellets
- Heavy coal-tar products formed in coke and chemical by-product processes
- Sorted sinter
- Blast-furnace dust
- Aspiration dust
- Sludge from wet gas cleaning of the coke and chemical by-products plant and the blast furnace shop
- Iron-containing dust from gas cleaning of the coke and chemical by-products plant and the electric furnace shop

**Auxiliary materials and substances**
are not part of the final product and are used for:

**Production process and operation of equipment**
- Clay
- Graphite
- Zinc anodes
- Lubricants/coolants
- Paints and varnishes
- Building materials (broken bricks)

**Product packaging**
- Cardboard
- Polyethylene
- Metal
- Wood

In 2024, the MMK Group consumed 23,149 thousand tonnes of materials (26,752 thousand tonnes in 2023), of which 23,141 thousand tonnes were used to produce finished products and 8 thousand tonnes were used for product packaging.

Of the total materials used, 1 thousand tonnes (1%) are renewable resources[5], all of them are used by the Group for packaging purposes.

GRI 301-2

In 2024, the MMK Group's consumption of secondary raw materials[6] was 13.3 thousand tonnes (10.1 thousand tonnes in 2023), which were used to manufacture products. In the reporting year, the secondary raw materials category included scrap metal and broken bricks.

[1] Full title of the standard is STO EMS MMK EPL-02-2002 Environmental Management System. Operational Planning and Operation Management. Standardisation and Accounting for Negative Environmental Impact, edition No.3.

[2] Full title of the standard is STO EMS MMK EPL-06-2022 Environmental Management System. Operational Planning and Operation Management. Procedure for Managing Operations Causing Environmental Impact at PJSC MMK. General Requirements, edition No.1.

[5] According to the GRI classification, renewable resources include resources that are plentiful and are quickly replenished by ecological cycles or agricultural processes (e.g. wood, natural rubber, cork).

[6] According to GRI 301-2, secondary materials do not include by-products and waste generated within the company's own production processes.

# Waste generation and management structure

GRI 306-1

The MMK Group's waste generation is related to the following activities:

- extraction and processing of raw materials
- production of finished products
- all related processes supporting the Group's production and business activities

The majority of the MMK Group's waste is non-hazardous wastes of classes IV and V[1], mainly represented by subsoil use wastes[2] and blast furnace and steelmaking slag. In 2024, their share was 99.6%. Hazardous waste is generated primarily through equipment operation and maintenance, as well as during coke and chemical production processes. In the reporting year, the share of hazardous waste generated was 0.4% (0.3% in 2023). The increase is due to the decommissioning of equipment containing polyvinyl chlorides.

The Group regularly implements initiatives to increase the share of waste returned to the economic turnover[3]. Subsoil use waste and production sludges and slags are disposed of at specialised waste disposal facilities (WDFs).

Waste that is not returned to economic turnover is transferred to third-party organisations for neutralisation[4] (mainly hazardous waste of classes I and II) and landfilling (such as municipal solid waste).

## Structure of waste generation and management for the Group in 2024[5]

GRI 306-1 | SASB EM-IS-150A.1 | MED(R)-17

| Type of waste | Share in the structure of waste generation | Share of return to the economic turnover | Share of placement at waste disposal facilities |
|---|---|---|---|
| Hazardous of classes I, II and III | 0.4 % (0.3% in 2023) | 74.8 % (76.7% in 2023) | 0.2 % (0.7% in 2023) |
| Non-hazardous of classes IV and V | 99.6 % (99.7% in 2023) | 65.8 % (64.2% in 2023) | 33.6 % (34.9% in 2023) |

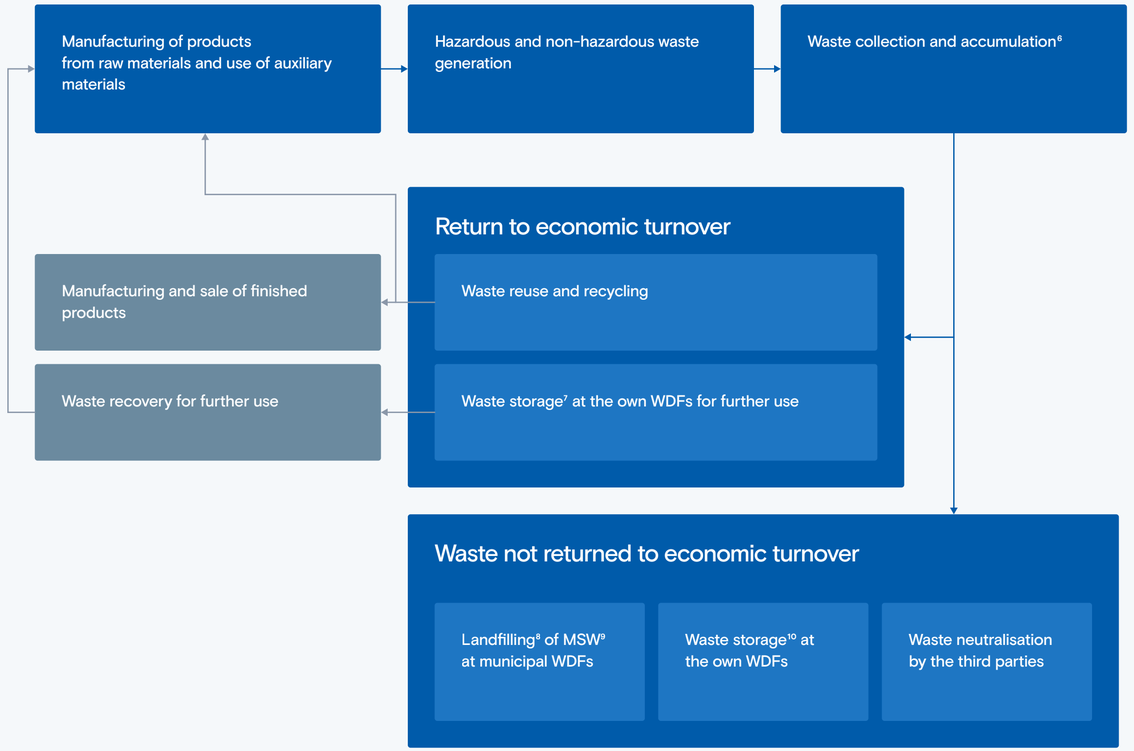
[1] The classification of wastes by hazard classes is typical for the Russian legislation. Classification into hazardous (classes I–III) and non-hazardous (classes IV–V) wastes is provided for GRI purposes.

[2] In accordance with national legislation, subsoil use waste represented by overburden and host rocks and used by the Company for its own production and technological needs, as well as for mine closure and land reclamation, is not classified as production and consumption waste. However, to ensure compliance with GRI standards, such waste is included in the current report under the total waste generation and management indicators.

[3] Hereinafter, the term "return to economic turnover" is aligned with the term "utilisation" as defined by the legislation of the Russian Federation. This refers to the reuse of waste for its intended purpose, its return to the production cycle after proper preparation, the extraction of valuable components for their reuse, and the use of municipal solid waste as an energy source.

[4] In accordance with the legislation of the Russian Federation, neutralisation refers to the reduction of waste mass, alteration of its composition, physical, and chemical properties (including incineration at facilities) to minimise the negative impact of waste.

## MMK Group waste management scheme by main types




[5] Hereinafter, when calculating the indicators of the share of waste return to economic turnover and the share of waste disposal at WDFs for both MMK and MMK Group, the denominator includes the total volume of waste managed by treatment method in 2024, which also accounts for handling of previously accumulated waste. For hazardous waste of the Group this volume is 30.8 thousand tonnes, and for non-hazardous waste, 7,790 thousand tonnes.

[6] Hereinafter, the terms are given in the meaning under the legislation of the Russian Federation. Thus, temporary accumulation is the storage of waste for a period of no more than 11 months.

[7] Waste disposal means storage and landfilling of waste. Storage involves placing waste at specialised facilities for a period of exceeding 11 months with the purpose of utilisation, neutralisation or landfilling. The Company stores subsoil use waste (overburden and waste rocks, tailings) and production sludges and slags, some of which it extracts for further use, at its own specialised waste disposal facilities. For example, the Company stores wet magnetic separation tailings in sludge storage facility No. 2, which are subsequently used in sinter batch.

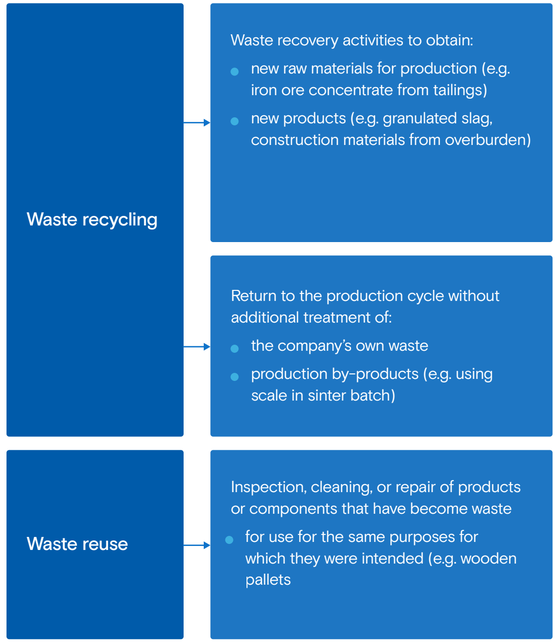
[8] Municipal solid waste.

[9] Landfilling is the isolation of waste that is not subject to further recycling in special storage facilities to prevent harmful substances from entering the environment.

[10] The Company stores subsoil use waste (overburden and waste rocks, tailings) at its own specialised waste disposal facilities, which are subsequently used for mine closure and land reclamation.

To increase the share of waste returned to economic turnover, the Group performs various waste reuse and recycling activities and implements the measures to expand this practice. For more information, see the "Measures aimed at increasing the share of waste returned to the economic turnover" subsection.

## Means of returning waste to economic turnover[1]




SASB EM-IS-150A.1

In 2024, MMK Group recycled 65.7% of the total waste generated, which is 1.5% more than in the previous reporting period. For MMK, the similar indicator was 81.8% (80.7% in 2023).

In 2024, the MMK Group generated 11,518 thousand tonnes of waste, while MMK generated 9,037 thousand tonnes, which is 12% and 12% less, respectively, than in 2023. The change in waste generated is due to a decrease in production volumes in 2024.

GRI 14.5.5 GRI 14.5.6

In 2024, the Company generated 4,038 thousand tonnes of subsoil use waste, which is twice as much as in 2023. The increase in subsoil use waste volumes was due to land reclamation activities and the integration of the Tikhov mine within the Company's coal mining and processing subsidiary. The Company returned 422.5 thousand tonnes of subsoil use waste generated in 2024 to the economic turnover.

## Waste generation by type[2], thsd tonnes

GRI 306-3 SASB EM-IS-150A.1 GRI 14.5.4

| | MMK Group | | | MMK | | |
|---|---|---|---|---|---|---|
| Type of waste | 2022 | 2023 | 2024 | 2022 | 2023 | 2024 |
| Hazardous | 48.9 | 45.1 | 50.0 | 47.1 | 33.5 | 38.0 |
| Non-hazardous[3] | 12,304 | 13,051 | 11,466 | 9,685 | 10,245 | 8,999 |
| Total waste generation | 12,353 | 13,096 | 11,516 | 9,732 | 10,279 | 9,037 |

## Subsoil use waste generation and management, thsd tonnes

GRI 14.5.4 GRI 14.5.5 GRI 14.5.6

| | MMK Group | | | MMK | | |
|---|---|---|---|---|---|---|
| Type of waste | 2022 | 2023 | 2024 | 2022 | 2023 | 2024 |
| Subsoil use waste generation, including: | 2,261 | 1,986 | 4,038 | 2,261 | 1,985 | 1,717 |
| tailings | 1,055 | 1,046 | 3,224 | 1,055 | 1,046 | 903 |
| barren rock and overburden | 1,206 | 940 | 814 | 1,206 | 938 | 814 |
| Return of subsoil use wastes to economic turnover, including: | 417 | 419 | 423 | 417 | 419 | 423 |
| tailings | 417 | 419 | 423 | 417 | 419 | 423 |
| Subsoil use wastes not returned to economic turnover, including: | 1,845 | 1,567 | 3,616 | 1,844 | 1,566 | 1,294 |
| tailings | 639 | 627 | 2,801 | 638 | 627 | 480 |
| barren rock and overburden | 1,206 | 940 | 814 | 1,206 | 938 | 814 |

[1] The breakdown is based on GRI and SASB requirements.

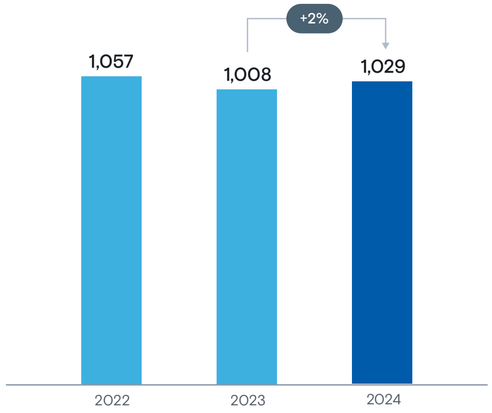
[2] Waste generation and management is accounted for in accordance with the MMK internal standard on the basis of actually confirmed data (statements from the economics department, accounting ledgers, protocols of acceptance, work completion certificates, control vouchers of wastes acceptance, laboratory analysis data, actual measurements, weighing, calculations based on specific standards, methods, etc.)

[3] Including subsoil use waste.

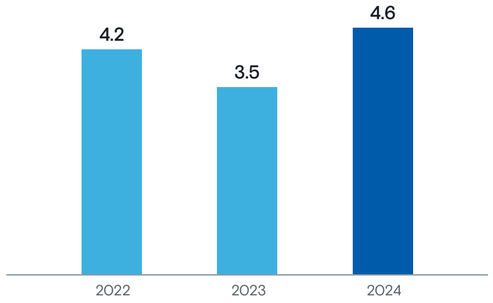
The specific waste generation indicator of the MMK Group per tonne of steel produced increased by 2% in the reporting year compared to 2023 and amounted to 1,029 kg per tonne of steel, which is due to a decrease in production volumes in 2024. At the same time, MMK Group's specific hazardous waste generation indicator increased by 33% compared to the previous reporting period, reaching 4.6 kg per tonne of steel. The growth in this indicator in 2024 was driven by a higher share of hazardous waste generation compared to 2023, primarily due to the decommissioning of production facilities containing polyvinyl chlorides.

## MMK Group's specific waste generation, kg/tonne of steel

### Specific waste generation per volume of steel produced, total



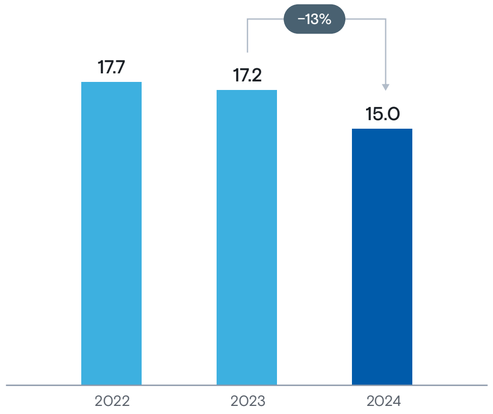

### Specific hazardous waste generation per volume of steel produced



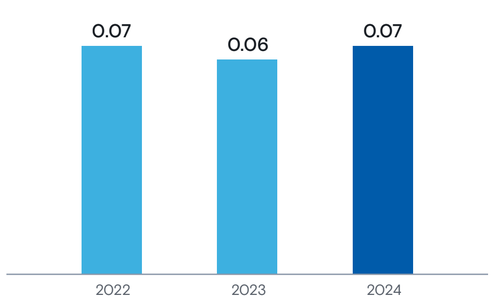

MMK Group's specific waste generation rate per revenue in the reporting year was 15 tonnes per million roubles of revenue, which is 13% lower than in 2023. The change was due to a decrease in production volume and a corresponding decrease in the amount of waste generated by 13% in the reporting year, with a simultaneous decrease in revenue by 1%. At the same time, specific hazardous waste generation in 2024 increased by 14%, which is due to an increase in the share of hazardous waste generation compared to the previous reporting period.

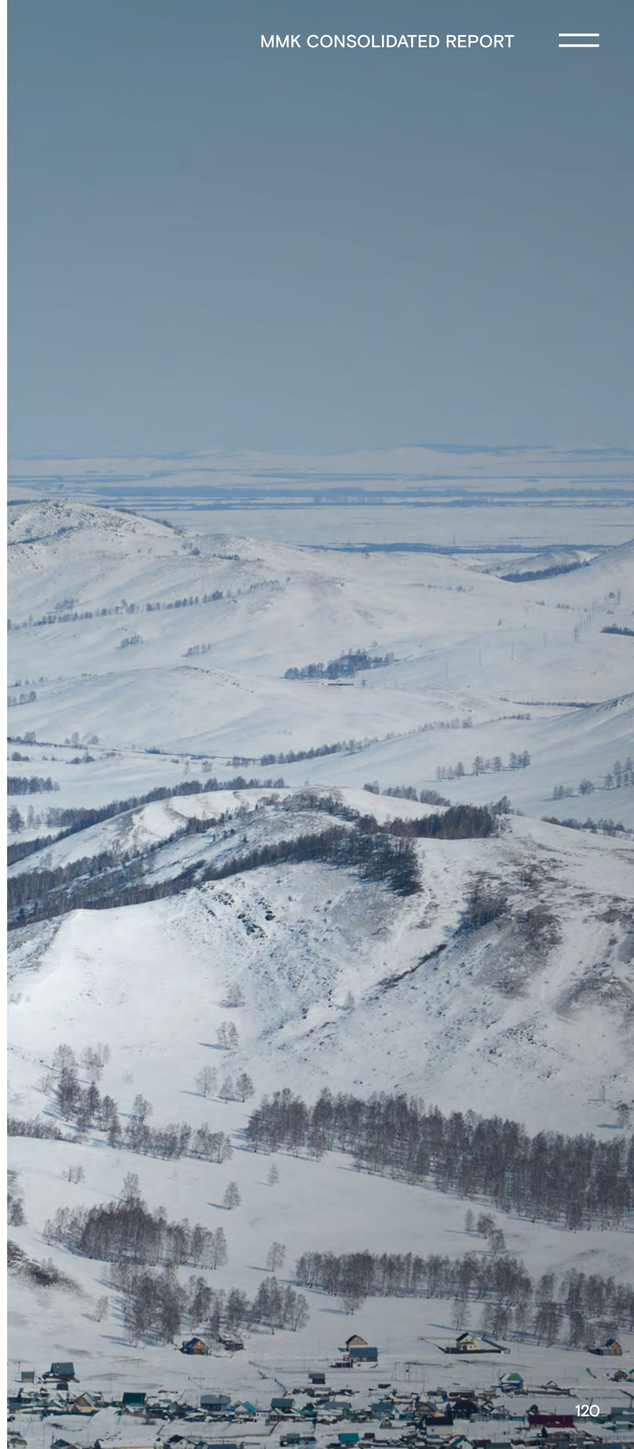
## MMK Group's specific waste generation, kg/tonne of steel

### Specific waste generation per volume of steel produced, total




### Specific hazardous waste generation per revenue



## MMK Group's waste management[1], thsd tonnes

GRI 306-4 GRI 306-5 SASB EM-IS-150A.1 MED(R)-18

| Indicator | 2022 | | | 2023 | | | 2024 | | |
|---|---|---|---|---|---|---|---|---|---|
| | total, | incl. hazardous | incl. non-hazardous | total, | incl. hazardous | incl. non-hazardous | total, | incl. hazardous | incl. non-hazardous |
| **Return to economic turnover, including[2]:** | **7,884** | **47.1** | **7,837** | **8,669** | **36.9** | **8,632** | **8,125** | **34.5** | **8,090** |
| within the organisation | 7,809 | 39.9 | 7,769 | 8,647 | 34.5 | 8,612 | 8,107 | 32 | 8,075 |
| transfer to third parties | 75.4 | 7.2 | 68.2 | 21.7 | 2.4 | 19.3 | 17.8 | 2.5 | 15.3 |
| **Waste not returned to economic turnover, including:** | **4,895** | **1.9** | **4,893** | **4,827** | **11.2** | **4,816** | **4,242** | **9.7** | **4,233** |
| **Placement, including:** | **4,892** | **0.03** | **4,892** | **4,688** | **0.31** | **4,688** | **4,127** | **0.08** | **4,127** |
| Waste storage, including: | 4,886 | 0.03 | 4,886 | 4,684 | – | 4,684 | 4,123 | – | 4,123 |
| storage at own WDFs | 4,885 | – | 4,885 | 4,684 | – | 4,684 | 4,123 | – | 4,123 |
| transfer to third parties for storage | 1.3 | 0.03 | 1.3 | 0.1 | 0.00002 | 0.1 | – | – | – |
| Landfilling, including: | 5.4 | – | 5.4 | 4.5 | 0.3 | 4.2 | 4.7 | 0.08 | 4.58 |
| landfilling at a municipal disposal site | 1.8 | – | 1.8 | 2.1 | 0.03 | 2.1 | 2.14 | – | 2.14 |
| transfer to third parties for landfilling | 3.6 | 0.0004 | 3.6 | 2.4 | 0.3 | 2.1 | 2.52 | 0.08 | 2.44 |
| **Waste incineration, including:** | **0.06** | **–** | **0.06** | **131.3** | **8.9** | **122.4** | **–** | **–** | **–** |
| Transferred to third parties for incineration, including: | 0.06 | – | 0.06 | 131.3 | 8.9 | 122.4 | – | – | – |
| without energy recovery[3] | 0.06 | – | 0.06 | 131.3 | 8.9 | 122.4 | – | – | – |
| **Waste neutralisation, including:** | **3.2** | **1.9** | **1.3** | **4.2** | **1.8** | **2.4** | **0.8** | **0.14** | **0.7** |
| Transferred to third parties for neutralisation | 3.2 | 1.9 | 1.3 | 4.2 | 1.8 | 2.4 | 0.8 | 0.14 | 0.7 |
| **Waste processing[4], including:** | **–** | **–** | **–** | **2.1** | **0.2** | **1.9** | **20.84** | **1.44** | **19.40** |
| Transferred to third parties for processing | – | – | – | 2.1 | 0.2 | 1.9 | 20.84 | 1.44 | 19.40 |
| **Disposal of waste by other means, including:** | **0.3** | **0.01** | **0.3** | **1.2** | **–** | **1.2** | **93.3** | **8.0** | **85.3** |
| Transferred to third parties for disposal by other means | 0.3 | 0.01 | 0.3 | 1.2 | – | 1.2 | 93.3 | 8.0 | 85.3 |

[1] The difference between the volume of waste generated and the total volume of waste by the methods of management is caused by treatment of previously accumulated waste.

[2] The dynamics of waste return to economic turnover within the organisation and through transfer to third parties in 2024 compared to 2023 are due to a change in the accounting for blast furnace and steelmaking slags transferred by MMK to its subsidiary for the processing of metallurgical slags and production of slag-forming mixtures. Previously, the Company accounted for this waste in the category "return to economic turnover within the organisation", but in 2024 it is accounted for in the category "return to economic turnover through transfer to third parties".

[3] At MMK Metalurji and the steel products manufacturing and processing subsidiary.

[4] Accounting for this category has been introduced since 2023 in order to collect data on waste management more accurately. In accordance with the legislation of the Russian Federation, processing is preliminary preparation of waste for further recycling, including its sorting, disassembly, and cleaning. The increase in the volume of waste transferred for processing in 2024 compared to 2023 was due to a change in the accounting approach to scrap metal transferred by MMK's subsidiaries in the reporting year.

## MMK Group's waste management[1], thsd tonnes

GRI 306-4 GRI 306-5 SASB EM-IS-150A.1

| Indicator | 2022 | | | 2023 | | | 2024 | | |
|---|---|---|---|---|---|---|---|---|---|
| | total, | incl. hazardous | incl. non-hazardous | total, | incl. hazardous | incl. non-hazardous | total, | incl. hazardous | incl. non-hazardous |
| **Return to economic turnover, including:** | **7,832** | **47.0** | **7,785** | **8,638** | **33.4** | **8,605** | **8,090** | **34.1** | **8,056** |
| within the organisation[2] | 2,374 | 39.9 | 2,334 | 2,773 | 31.3 | 2,742 | 2,856 | 31.95 | 2,824 |
| transfer to third parties | 5,458 | 7.1 | 5,451 | 5,865 | 2.1 | 5,863 | 5,234 | 2.1 | 5,232 |
| **Waste not returned to economic turnover, including:** | **2,320** | **0.02** | **2,320** | **2,060** | **0.02** | **2,059** | **1,804** | **0.05** | **1,803** |
| **Placement, including:** | **2,320** | **–** | **2,320** | **2,059** | **–** | **2,059** | **1,803** | **–** | **1,803** |
| Waste storage, including: | 2,318 | – | 2,318 | 2,057 | – | 2,057 | 1,802 | – | 1,802 |
| storage at own WDFs | 2,318 | – | 2,318 | 2,057 | – | 2,057 | 1,802 | – | 1,802 |
| Landfilling, including: | 1.5 | – | 1.5 | 1.7 | – | 1.7 | 1.7 | – | 1.7 |
| landfilling at a municipal disposal site | 1.5 | – | 1.5 | 1.7 | – | 1.7 | 1.7 | – | 1.7 |
| **Waste neutralisation, including:** | **0.51** | **0.02** | **0.49** | **0.52** | **0.02** | **0.50** | **0.16** | **0.05** | **0.11** |
| Transferred to third parties for neutralisation | 0.51 | 0.02 | 0.49 | 0.52 | 0.02 | 0.50 | 0.16 | 0.05 | 0.11 |
| **Waste processing, including:** | **–** | **–** | **–** | **–** | **–** | **–** | **0.0004** | **–** | **0.0004** |
| Transferred to third parties for processing | – | – | – | – | – | – | 0.0004 | – | 0.0004 |
| **Disposal of waste by other means, including:** | **0.01** | **–** | **0.01** | **–** | **–** | **–** | **–** | **–** | **–** |
| Transferred to third parties for disposal by other means | 0.01 | – | 0.01 | – | – | – | – | – | – |

[1] The difference between the volume of waste generated and the total volume of waste by management method is caused by management of previously accumulated waste.

[2] The dynamics of waste return to economic turnover within the organisation and through transfer to third parties in 2024 compared to 2023 are due to a change in the accounting for blast furnace and steelmaking slags transferred by MMK to its subsidiary for the processing of metallurgical slags and production of slag-forming mixtures.

# Measures aimed at increasing the share of waste returned to the economic turnover

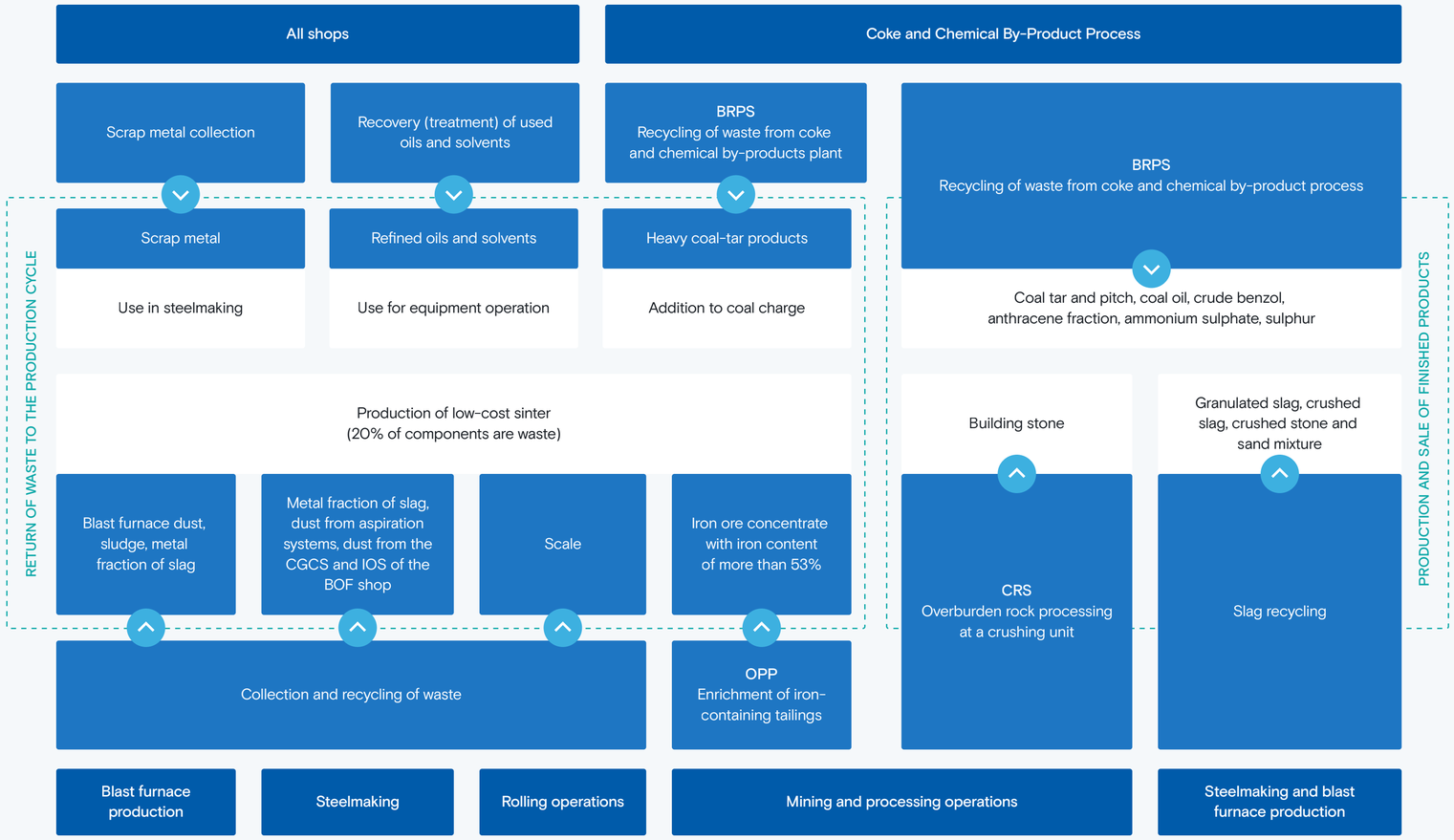
GRI 306-2

Returning waste to economic turnover is an environmentally efficient waste management method, as reducing the volumes of waste disposal and thermal treatment helps minimise the impact on land, water resources, and air.

In addition, the ability to reuse waste after restoring its useful properties allows the Company to save on raw material, supplies, and energy resources.

MMK implements the practice of waste recycling at all of its main production sites.

## Key measures to increase the share of waste recycled by MMK[1]




[1] The following abbreviations are used in the figure: BRPS – MMK's By-product Recovery and Processing Shop, CRS – MMK's Crushing and Roasting Shop, OPP – MMK's Ore Processing Plant, CGSC – Central Gas Cleaning Station, BOF – Basic Oxygen Furnace, IOS – Iron Overflow Section.

## Implementation status of MMK Group's projects aimed at equipping production facilities with waste recycling equipment in 2024

| Group unit | Equipment name | Effect of implementation | Implementation status in 2024 |
|---|---|---|---|
| Subsidiary for metallurgical slag processing | Trestle for dry cooling of blast furnace slag | BY 100 THSD TONNES<br>Reduction of dust emissions per year<br>BY 1.2 TONNES<br>Reduction of hydrogen sulphide emissions per year | Start of commercial operation |
| MMK Sheet Rolling Shops No. 5, No. 8, and No. 11 | Solvent and coolant recovery unit | 15 THSD TONNES<br>Disposal of coolant per year | Start of commercial operation |

SASB EM-IS-150A.1

In 2025, MMK aims to achieve a 90% return rate of generated solid industrial waste to the production cycle. In 2024, this indicator was 81.8% (80.7% in 2023). The Company recycles 100% of its own iron-containing waste.

### MMK's waste recycling indicators, thsd tonnes

| Indicator | 2022 | 2023 | 2024 |
|---|---|---|---|
| Volume of slag recycled during the reporting period | 3,276 | 3,536 | 3,019 |
| steelmaking | 2,004 | 2,277 | 2,032 |
| blast furnace | 1,272 | 1,259 | 987 |
| Volume of accumulated slag recycling | 9,417 | 6,024 | 6,833 |
| steelmaking | 2,996 | 1,223 | 2,334 |
| blast furnace | 6,421 | 4,801 | 4,499 |
| Total volume of generated and accumulated slag recycling | 12,693 | 9,560 | 9,852 |
| Volume of slag recycling products shipped to the consumers | 4,577 | 2,186 | 1,743 |
| Volume of metal extracted from slag | 637 | 551 | 521 |
| Volume of waste and granulated slag used for the remediation of abandoned quarries in Magnitnaya Mountain | 9,643 | 9,389 | 8,922 |
| Volume of industrial waste used in sinter batch of MMK's mining and processing division | 1,798 | 1,745 | 1,809 |
| Volume of construction stone sales from overburden processing | 745 | 762 | 804 |
| Volume of recovery (treatment) of used oils | 1.41 | 1.16 | 0.85 |

## Waste storage at specialised facilities

GRI 3-3

During the ore mining and processing process, the Company generates a significant volume of waste classified as non-hazardous waste of classes IV-V.

For the disposal of such waste, the MMK Group uses specialised waste disposal facilities. The Company also operates such facilities for the placement of waste generated during energy generation at thermal power plants.

### Operation of Waste Disposal Facilities

The Group's waste disposal facilities are designed with technical solutions aimed at minimising the negative environmental impact. The Company uses waste rock dumps for disposal of waste generated from ore mining. In 2024, the operational waste dumps included the waste rock dumps of the Maly Kuibas open-pit mine and waste rock and limestone-dolomite chip dumps of the Agapovskoye and Lisiegorskoye quarries.

The Company's ore processing wastes are mainly represented by water-saturated sludges. The WDFs of such waste are specialised hydraulic engineering facilities. In the reporting year, the Company's WDFs included:

- sludge dump No. 2 – for storage of iron ore wet magnetic separation tailings and wet gas treatment sludge[1]
- left-bank hydraulic waste dump – for storage of bottom sediment sludge
- sludge collector – for storage of dehydrated residuals from neutralisation of hydrochloric acid water with lime milk (neutralisation sludge)
- fourth disposal site cell of the CHPP's ash dump – for storage of ash and slag mixture from coal combustion generated from hydraulic removal of fly ash and fuel slag

The Company's largest WDF used by the Company for placement of water-saturated waste is Sludge dump No. 2. Together with the Fourth disposal site cell of the CHPP's ash dump, it is classified as a hazardous production facility subject to a special operating regime established by the national legislation. Specialised monitoring teams operate at these facilities under the Mining and Processing Division and MMK's Chief Power Engineer's Department. In managing the sludge dump, the Company is guided by the internal regulatory documents on the safe operation of such facilities, including an Emergency Response Plan.

Sludge dump No. 2 is a fill-type hydraulic structure that has been in operation since 1951. The capacity of the sludge dump is 189.5 million tonnes. Between 2007 and 2017, the Company completed the first stage of the facility's reconstruction. This included the construction of slurry pipelines, a slurry pumping station, two drainage pumping stations with engineering networks and the backfilling of four containment dams. The Company's further reconstruction plans for the facility include the construction of a drainage system along the upstream slope of the channel dam and building up the containment dams and the channel dam.

In 2024, the Company performed the following maintenance works at sludge dump No. 2:

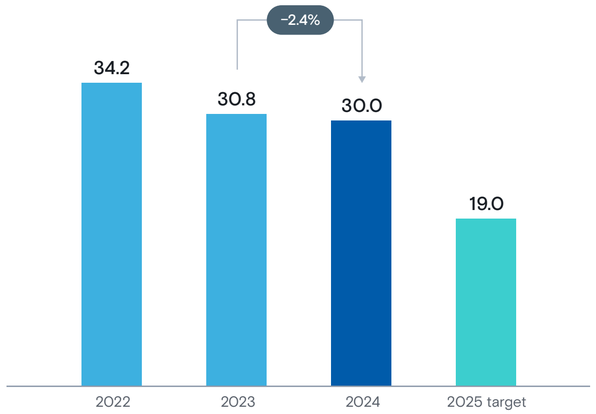
- repair of the flood spillway channel
- replacement of the worn-out section of steel slurry pipeline with a plastic one

Also, during the reporting year, MMK specialists were certified by the Ural Department of Rostechnadzor on the safety requirements of hydraulic structures at industrial facilities.

[1] This category includes waste (sludge) from mechanical treatment of process, sludge from wet treatment of open-hearth gas, and waste (sludge) from wet gas treatment in the sintering process using lime milk for sulphur compound removal (as classified in the Federal Waste Classification Catalogue).

During the reporting year, the Company continued to implement its project for the processing of slag dumps accumulated during MMK's operations prior to 2000. Thus, the Company succeeded in reducing the volume of accumulated slag in dumps by 736 thousand tonnes.

### Dynamics of reduction of blast furnace slag mass accumulated in dumps, mln tonnes




GRI 306-2

Waste disposal facilities (WDFs) are industrial facilities that have the potential to negatively impact all components of the environment.

The Company conducts regular environmental monitoring of the impact of operating WDFs on ground water and surface water, soil, and air, with respect to a number of pollutants – at the boundaries of the WDF land plot and its sanitary protection zone. The Company also conducts radiation monitoring within these zones.

Once a WDF reaches its design capacity, the Group undertakes land reclamation of the disturbed areas and ensures the safe management of waste generated during the decommissioning of industrial facilities (including used equipment components, decommissioned buildings and structures, and infrastructure elements). The Company continues annual monitoring of soil quality and radiation control in the impact zones of decommissioned and reclaimed WDFs.

[1] For more details on the list of controlled parameters and the frequency of monitoring, see MMK's Integrated Annual Report for 2023.

## Rehabilitation of disturbed land

GRI 3-3 GRI 304-3 GRI 14.8.7

The Company's mining operations have an impact on land resources over large areas. The MMK Group has set a goal for the rehabilitation of disturbed land in MMK's Environmental Policy.

The Company is currently operating three mining pits: Maly Kuibas, Agapovskoye and Lisiegorskoye. The estimated life of the facilities:

- Maly Kuibas – until 2025, followed by planned conservation of the pit until the end of 2027
- Agapovskoye deposit – until 2046
- Lisiegorskoye deposit – until 2112

### Preparation of project documentation and implementation of closure and land rehabilitation works at the Agapovskaya industrial site deposits[2]

GRI 14.0.1 GRI 14.8.4 GRI 14.8.5

| Deposit | Is a valid closure and reclamation plan (project documentation) | Date of the last revision of the project documentation | Date of the following revision of the project documentation | Closure and reclamation works |
|---|---|---|---|---|
| Agapovskoye | Yes | Approved by the CCD of the FASU[3] on 27.04.2021 | Currently undergoing SER[4] | No |
| Lisiegorskoye | Yes | Approved by the CCD of the FASU on 06.11.2024 | Development in 2025 | No |
| Maly Kuibas | Yes | Approved by the CCD of the FASU on 23.01.2024 | Scheduled for approval by CCD of the FASU in March 2025 | No |

The Company carries out land reclamation based on specially developed projects that provide for the phased implementation of work.

### Stages of land reclamation

**Technical reclamation** → **Biological reclamation** → **Monitoring of planted vegetation**

Prepare land for subsequent targeted use, including:
- adjust landscape (e.g., backfilling of depressions, leveling of slag heaps, including the secondary use of processed slags)
- Application of fertile soil

Restore soil fertility and historical flora and fauna
- through agrotechnical and phytomeliorative measures

Observe the state of survivability of plants planted at the biological restoration stage for five years

[2] The mine site is the Agapovskaya industrial site, which includes the Maly Kuibas quarry, the Agapovskoye fluxing limestone deposit and the Lisiegorskoye metallurgical dolomite deposit. The Agapovskaya industrial site is located in the Chelyabinsk Region, with a total area of 976.66 hectares.

[3] Central Commission for the Development of Solid Mineral Deposits of the Federal Agency for Subsoil Use.

[4] State Environmental Review.

If land reclamation is carried out on the territory of waste disposal facilities or mining sites using subsoil waste, the reclamation project is subject to a mandatory Environmental Impact Assessment (EIA) procedure in accordance with national legislation. During the EIA process, the Company holds public hearings to inform stakeholders about the nature of the proposed activities and their potential impact on environmental components. The Company takes into account the feedback from stakeholders during the public hearings when developing the project and implementing project solutions.

In 2024, the Group held public hearings on the following projects:

- reclamation of the Eastern quarry of wash ore[1]
- external rock waste dump for barren rocks and limestone-dolomite chips of the Agapovskoye deposit

During the public hearings, the Company did not receive any comments on the projects.

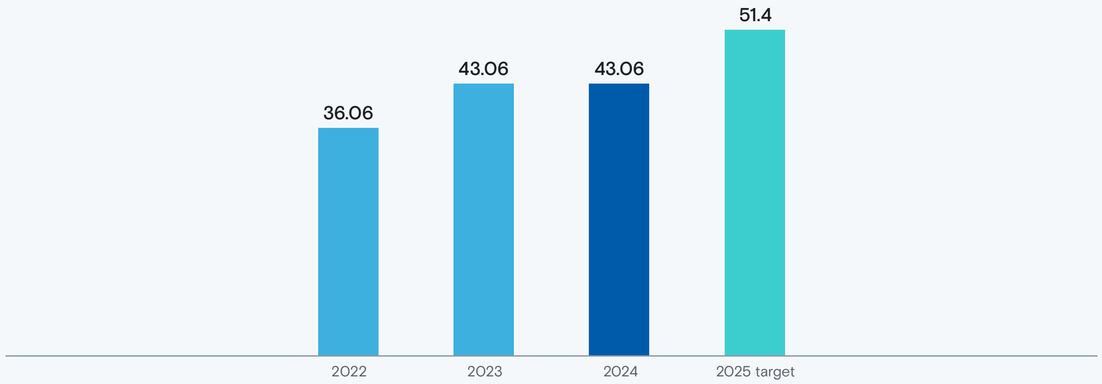
[1] In 2024, public hearings on the project were held in connection with the repeated State Environmental Review.

GRI 14.8.6

In 2024, the MMK Group rehabilitated 58.7 hectares of disturbed land. The area of land reclaimed during the reporting year exceeded the area of newly disturbed land. The area of land under reclamation across the MMK Group in 2024 amounted to 638.5 hectares. The total area of disturbed and not yet reclaimed land at the Agapovskaya industrial site was 1,251.8 hectares.

The MMK's cumulative biological reclamation area since 2012 amounted to 43.06 ha, remaining unchanged compared to the 2023 level due to reclamation activities in the reporting year being limited to the technical stage only.

## Biological reclamation area on a cumulative total basis, ha




## Technical and biological reclamation area, ha

| | MMK Group | | | MMK | | |
|---|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2022 | 2023 | 2024 |
| Technical | 35.4 | 41.5 | 14.7 | 7.5 | 7.0 | 6.3 |
| Biological | 30.5 | 26.6 | 37.8 | 7.6 | 7.0 | 0.0 |

## MMK Group's area of disturbed and reclaimed land, ha

| Indicator | 2022 | 2023 | 2024 |
|---|---|---|---|
| Area of disturbed land cumulative total | 4,730.4 | 4 741.6 | 4,742.0 |
| Area of disturbed land in the reporting year | 8.4 | 11.2 | 0.4 |
| Area of reclaimed land in the reporting year | 65.9 | 68.1 | 58.7 |
| Share of reclaimed land area from total disturbed land area in the reporting year | >100% | >100% | >100% |

In the reporting year, the Group also continued its efforts on land restoration projects, including the development of design documentation.

## Implementation of projects on restoration of disturbed land in 2024

| Project | Activities for 2024 | Planned project implementation period |
|---|---|---|
| **Implementation of reclamation works** | | |
| Reclamation of the Western quarry of Magnitnaya Mountain | Technical reclamation on the area of 6.3 ha | to be completed in 2027 |
| Reclamation of the Podotvalnoe deposit | Slope flattening works | to be completed in 2029 |
| **Development of project documents** | | |
| Reclamation of the Eastern quarry of Magnitnaya Mountain | State environmental review of the project | to be completed in 2032 |
| Reclamation of the right-bank hydraulic waste disposal and the hydraulic waste disposal in the left-bank industrial wastewater sediment basin | • Performing survey works<br>• Project development | to be completed in the medium term |
| Reclamation of the 3rd stage of the slag dump | • Performing survey works<br>• Project development | to be completed in the medium term |
| Reclamation of lands disturbed during placement of wastes of hazard classes III–IV (elimination of disposal site cells of the landfill) | State environmental review of the project | to be completed in the medium term |



# Biodiversity conservation

## Approach to biodiversity management

GRI 3-3 GRI 304-2

The Company has set a target to counteract the reduction of biodiversity in its operations, which is included in the MMK's Environmental Policy.

MMK also undertakes to implement measures aimed at preserving biodiversity, natural landscapes and aquatic ecosystems in the region where it operates. When implementing investment projects, the Company considers the location of specially protected natural areas (SPNAs) in relation to the project impact zone and provides for measures to minimise the impact.

The impact of negative factors in the Company's production activity may cause changes in the environment components representing the habitat of biodiversity species and existing processes of biogeocenosis system functioning. All this can potentially lead to impoverishment of the species composition of natural ecosystems, making them less sustainable.

The MMK Group assesses the impact on biodiversity and develops measures to preserve it:

- when implementing investment projects for construction and reconstruction of facilities the assessment results are included in "Environmental Impact Assessment" section in the design documentation of the facilities
- within the framework of the Biodiversity Improvement Programme in Chelyabinsk Region

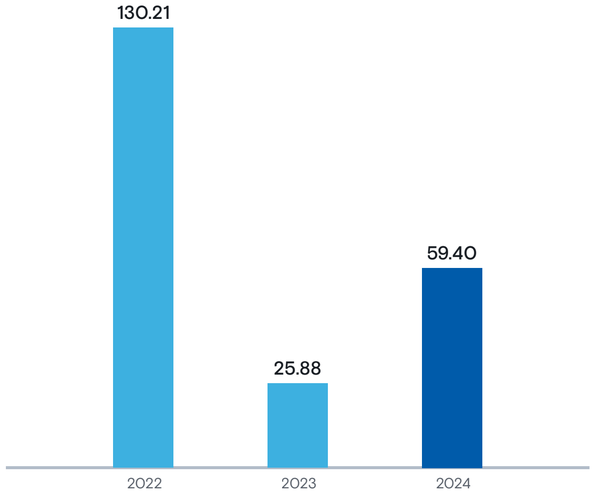
The Company utilises the mitigation hierarchy principle in developing the list of biodiversity conservation measures. Priority in selecting technical and environmental solutions within the framework of investment projects is given to those that provide the least impact on biodiversity. The Company also prioritises technical solutions that will completely prevent the loss of biodiversity.

When assessing impacts on biodiversity and developing measures for its preservation, the Company is guided by regulatory documents and materials of scientific research conducted in this area. In 2024, the MMK Group spent RUB 59.4 million on biodiversity conservation measures, which is 1.3 times more as compared to the previous year. The increase in costs is due to implementation of additional measures to preserve seedlings on the separation dam.

In the reporting year, the share of biodiversity conservation costs in the MMK Group's total environmental costs amounted to 0.33%, while the ratio of biodiversity conservation costs to the Company's revenue was 0.01%.

### Biodiversity conservation costs, RUB mln

MED(R)-21




### Key potential impacts of the Company on biodiversity

| Main sources of impact | Types of impact | Impact specifics |
|---|---|---|
| Operation of industrial enterprises and their infrastructure | Chemical and biological pollution of environment components (air, water, soil) | • Intoxication and suppression of biodiversity species<br>• Disruption of chemical circulation processes and physical processes in biogeocenosis<br>• Alteration of intraspecific interactions due to the oppression of biodiversity species |
| | Physical pollution of the environment (noise, light, vibration, electromagnetic, radiation) | |
| Construction and development of new facilities | Modification or destruction of habitats or their parts | • Possible loss and oppression of biodiversity species<br>• Change in intraspecific interactions |

GRI 304-1

The Group's assets operate outside UNESCO World Natural Heritage sites, wetlands listed in the Ramsar Convention, biosphere reserves, specially protected natural areas of federal significance, and territories with high biodiversity value.

One of the production sites of the Company's clay extraction and processing subsidiary – a quarry on the southern flank of the Berlin refractory clay deposit – is located in the vicinity of the Buskulsky natural state biological reserve (550 meters from the southern border and 450 meters from the southeastern border of the production site). The production site and the biological reserve are located on the territory of the Chesmensky district of the Chelyabinsk Region, the area of the production site is 511.6 hectares.

The Company assesses the level of impact of the production site on biodiversity as part of production environmental monitoring of biological diversity. As measures to reduce the impact on biodiversity, the Company monitors air and groundwater pollution.

GRI 304-4

There are no animal and plant species included in the Red List of the International Fund for Conservation of Nature and national lists of protected species in the regions of presence, including the Red List of the Russian Federation, in the territories associated with impacts from the MMK Group's production activities.

To develop the practice of responsible biodiversity impact management, the Company cooperates with stakeholders, including implementation of measures in this area.

## Sharing experience in maintaining and preserving water ecosystems

In the reporting year, the MMK Group took part in an open environmental forum on ecology and water conservation, held in Chelyabinsk.

The event was attended by representatives of federal and regional authorities, academic, scientific and pedagogical communities, volunteers and students.

As part of the Biodiversity track, the Company discussed the state of water bodies in the Chelyabinsk Region and shared its experience in preserving and maintaining water ecosystems with forum participants.

## Biodiversity conservation measures

In the reporting year, the Company continued to implement measures to maintain and preserve biodiversity in the region where it operates.

As part of the Company's efforts to maintain and preserve diversity, a comprehensive survey and assessment of flora and fauna diversity in the territories and water areas near MMK was conducted in cooperation with the Severtsov Institute of Ecology and Evolution of the Russian Academy of Sciences. The survey was completed in 2022. Based on the survey, specialists developed organisational and technical recommendations on biodiversity conservation and enhancement on the main MMK site and adjacent territories.

## MMK took part in restoring the population of the endangered saker falcon

In 2024, the Company released 10 saker falcons into the wild in the Arkaim reserve.

This species is particularly valuable in terms of biodiversity, and has almost disappeared from the Urals and other parts of the planet. It is included in the category of endangered species in the Red Book of the Russian Federation, as well as in the Red List of the International Fund for Conservation of Nature.

Releasing birds bred from specialised nurseries into the wild supports and stimulates growth of these animals in the wild.

## The Biodiversity Improvement Programme contributes to improving the environmental situation in Magnitogorsk

### MMK's biodiversity improvement measures in 2024

**Restoration and development of the fish stock biodiversity in the Ural River and the Magnitogorsk Reservoir**

**118.5 THSD JUVENILE**

white silver carp, white amur and common carp released into the reservoir

188.5 thousand juvenile in 2023

**Development of biodiversity in the urban area of Magnitogorsk**

**20 THSD JUVENILE**

white silver carp and common carp released into an artificial reservoir in the Prityazheniye park

**Landscaping of urban space and MMK's territory**

**7,128 SAPLINGS**

planted in Magnitogorsk and at MMK's sites

6,893 saplings in 2023

### The Biodiversity Improvement Programme for the Chelyabinsk Region was launched by the Company in 2020.



In addition to increasing the species diversity of the territory in the zone of MMK's influence and the water area of the Magnitogorsk water reservoir, the goal of the programme was to improve the ecological situation by increasing the area of green spaces. Planting is also the MMK's activity within the framework of participation in the Clean Air federal programme.

Since 2018, the Group has been systematically working on stocking the Magnitogorsk reservoir. During this period, the Company expanded the species composition of the reservoir and also experimentally recorded a 35% survival rate of white amur and white silver carp in the Southern Ural. This was 5% above the normative target.

In 2024, the Company also cleared part of the Magnitogorsk Reservoir in the area of the Lukomorye recreation park from algae using special equipment. Algae treatment improves the water quality of the water body, the sustainability of the aquatic ecosystem, thus creating a favorable environment for conservation of species biodiversity.

The reporting year was the beginning of the Company's work on the development of biodiversity of the urban area – the first batches of common carp and silver carp juvenile were released into the artificial reservoir of Magnitogorsk main urban resort Prityazheniye. Prior to stocking, MMK received an opinion from Ecogidroproject LLC specialising in research on the feasibility of stocking water bodies with certain types of fish. The selected species composition for stocking will provide a biological treatment for the water body.

# Plans for 2025 and the medium term

## Air protection

01. Reconstruction of air heaters of Blast Furnaces No. 9 and No. 10
02. Renovation of boiler and air separation equipment
03. Replacement of sinter machines No. 5 and No. 6 at sinter plant No. 2
04. Installation of dust suppression systems at the open stockpiles of the ore processing plant and the conveyor transfer area of the sinter preparation shop
05. Commissioning of the chemical product recovery and processing shop and biochemical water treatment unit at the coke and chemical production facility
06. Reconstruction of aspiration systems of sinter plants and installations of the crushing and roasting shop of the mining and processing plant
07. Construction and reconstruction of gas cleaning units of mixing units and steel ladle drying stations at the Electric Arc Furnace Shop, and the ladle treatment station at the Oxygen Converter Shop
08. Expansion of the number of emission sources equipped with automated emission control measuring systems
09. Additional equipment of 5 stationary and 2 mobile air monitoring stations with formaldehyde analysers

## Water management

01. Maintain a stable level of and/or reduce water consumption, during reconstruction, upgrading of production equipment and commissioning of new facilities at MMK
02. Construct a unit for neutralisation of hydrochloride wastewater in sheet rolling shop No. 5
03. Project development at MMK Metalurji in Dörtyol:
    - reducing the use of fresh water for production needs
    - increasing the utilisation of treated water from underground water sources for drinking
    - assessing the quality of marine wastewater
04. Reconstruction of full biological treatment facilities of the Tikhova mine at MMK-UGOL

## Efficient use of resources and waste management

01. Pilot commissioning of the recycling unit for lubricants/coolants and solvents at rolling shops
02. Implementation of a zinc-containing sludge processing plant

## Environmental Management System (EMS)

01. Continue to set and update environmental goals, develop and implement the environmental protection measures and monitor effectiveness of their implementation
02. Regular audits of the environmental management system and measures as part of the industrial environmental control
03. Achieve the target indicator of the Assessment of Compliance with the EMS based on the results of internal EMS audits at the level of at least 4.1 points (or 81%)

## Biodiversity conservation

01. Continued stocking of Magnitogorsk reservoir
02. Continued release of saker falcons in the Chelyabinsk Region

## Rehabilitation of disturbed land

01. Development of design documentation to increase the capacity of waste rock dumps at the Agapovskoe deposit
02. Continued reclamation of disturbed lands of the Eastern and Western quarries of Magnitnaya Mountain
03. Reclamation of the right-bank hydro-disposal area of the Podotvalnoe deposit

# SOCIAL ASPECT

S

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# Occupational health and safety

## Approach

A responsible approach to the organisation of safe and comfortable working conditions ensures the well-being and health of employees and stable operation of the Company in a single-industry town. MMK Group is introducing a risk-oriented approach to occupational safety, solutions for automating production processes and developing a safety culture among employees and contractors.

## Contribution towards SDGs







## Contribution to achievement of the national development goals of the Russian Federation

- Preservation of the population, strengthening health and improving the wellbeing of people, supporting families

## Sustainability risks

- Industrial accidents and other incidents
- Accidents

## Material topics

- Occupational health and safety



## 2024 key highlights

**2.99** RUB BLN
OHS costs

**60.9** THSD EMPLOYEES
MMK Group employees trained in OHS

**0.51** LTIFR[1]
combined[2] Lost Time Injury Frequency Rate
↓35% as compared to 2023[3]

**1.93** TRIFR[4]
combined[2] Total Recordable Injury Frequency Rate
↓0.36% as compared to 2023[5]

**23.05** LTISR[6]
combined[2] Lost Time Injury Severity Rate
↓16% as compared to 2023[7]

**3.86** CLSI
comprehensive Labour Safety Index[8] in the MMK Group
↑12% as compared to 2023

[1] Hereinafter, the LTIFR is calculated using the formula: Lost Time Injury Frequency Rate (LTIFR) = (number of lost time injuries, including fatalities) × 1,000,000/(total hours worked).

[2] The MMK Group's combined LTIFR without taking into account the Turkish asset MMK Metalurji. The combined LTIFR includes data on contractors.

[3] LTIFR including the Turkish asset MMK Metalurji amounts to 0.97.

[4] Hereinafter, the TRIFR is calculated using the formula: Total Recordable Incident Rate (TRIR) = (total number of recordable injuries, including micro-injuries) × 200,000/(total hours worked).

[5] TRIFR including the Turkish asset MMK Metalurji amounts to 2.61.

[6] Hereinafter, the LTISR is calculated using the formula: Lost Time Injury Severity Rate (LTISR) = (number of days of disability) × 1,000,000/(total hours worked).

[7] LTISR including the Turkish asset MMK Metalurji amounts to 37.68.

[8] The index is calculated on the basis of various areas of labour safety assessment, after which an arithmetic average is derived for each structural division (site) and the Company as a whole. The CLSI is ranked from 1 (minimum rating) to 5 (maximum rating).

# Approach to occupational health and safety management

## OHS management system

GRI 3-3 GRI 14.16.1

GRI 2-9 GRI 2-12 GRI 2-13

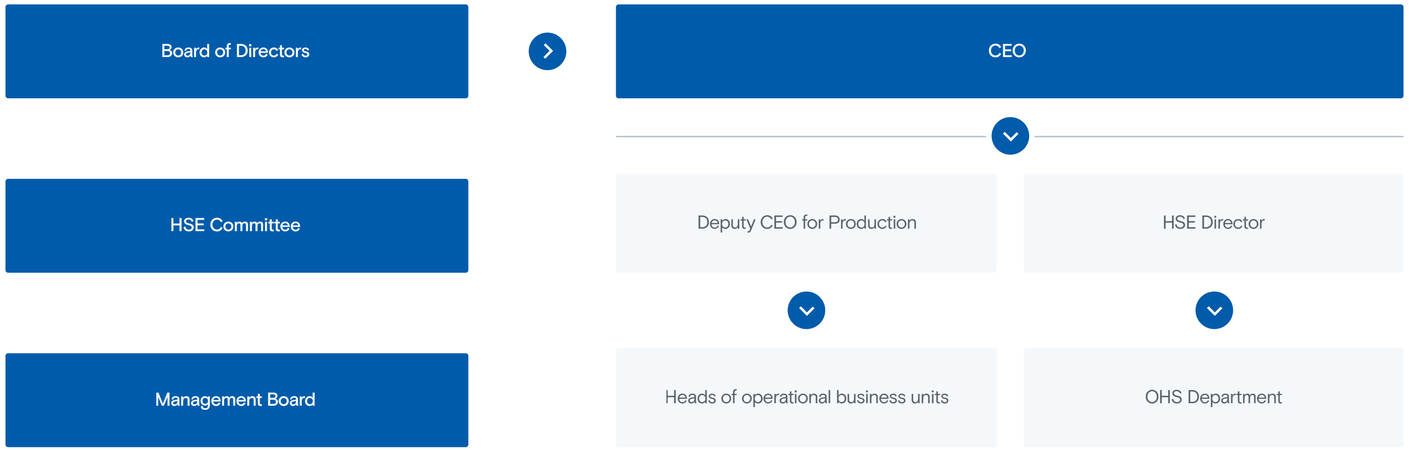
The MMK Group's unconditional priority is to ensure safe and comfortable working conditions to preserve the life and health of the Company's employees and contractors.

For this purpose, the Group continuously improves its occupational health and safety management system by consistently implementing initiatives to minimise production risks and improve safety culture.

Responsibility for OHS issues is divided between management bodies of different levels and structural divisions of the Company.



### Occupational health and safety management structure



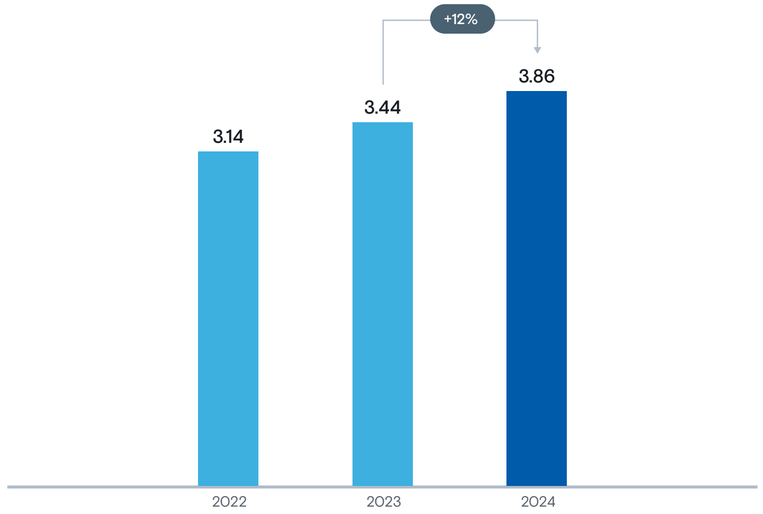

The Board of Directors and its Health, Safety and Environment Committee (HSE Committee) are responsible for making strategic OHS decisions, monitoring their implementation and achievement of the set goals. These management bodies and the Management Board hold meetings to consider the results of OHS activities and progress in implementing injury reduction programmes. Five meetings were held as scheduled in 2024:

- one meeting of the Board of Directors
- two meetings of the HSE Committee
- two meetings of the Management Board

The general management of the OHS system is carried out by the CEO. He takes decisions on formation of the Company's policy in this area, appoints responsible persons and holds meetings with managers at various levels to discuss safety issues.

At the level of structural divisions, enterprise managers coordinate OHS work and, together with the Company's management, perform scheduled behavioral safety audits. Line managers are responsible for maintaining safe working conditions at workplaces.

### Comprehensive Labour Safety Index (CLSI) in dynamics



GRI 403-1 GRI 403-8 GRI 14.16.2 GRI 14.16.9

The Company's Occupational Health and Safety Management System (OHS Management System) is built in accordance with the requirements of national legislation and covers 100% of the MMK Group employees and contractors working at its facilities.
The Group performs scheduled internal and external audits of OHS Management System on a regular basis.

The principal document that sets out the goals, principles and obligations of MMK's management and employees in the area of OHS is The OHS Policy. Along with the Policy, the Company has a number of other internal OHS regulations, which are updated and supplemented as required. Thus, in 2024, a methodology for assessing the ergonomic properties of special clothing and footwear was developed and implemented, providing for testing samples of personal protective equipment (PPE) by employees to take into account their opinion when selecting a supplier.

In order to track the effectiveness of the OHS Management System, the Company measures the Comprehensive Labour Safety Index (CLSI) on a quarterly basis. The indicator has been showing positive dynamics for several years: CLSI increased from 3.44 in 2023 to 3.86 in 2024. The increase in the indicator in the reporting year was due to a 15% decrease in the total number of violations identified during the audit of structural divisions, from 11,023 in 2023 to 9,492 in 2024.

**Ten MMK Group entities (50%), including PJSC MMK, have valid certification for compliance with GOST R ISO 45001 and have confirmed compliance with its requirements based on the results of an external audit in 2024.**



## OHS strategy and priorities

The MMK Group's development strategy until 2025 includes a long-term initiative “Achieving the Goal: Zero Injuries” aimed at reducing LTIFR to 0.45 and eliminating fatal injuries. On the way to achieving its strategic goals, the Company consistently implements measures to prevent and reduce the number of hazardous events and implements automated technological solutions to control the safety of work processes.

MMK sets interim goals on an annual basis and monitors progress in implementing the strategy. In 2024, four of the six goals set were achieved.

### MMK's annual OHS targets and progress

| Target | Result as at the end of 2024 | Status |
|---|---|---|
| Reduce LTIFR to a certain level | Target: LTIFR < 0.57<br>Result: LTIFR = 0.82 | No |
| Reduce LTISR to a certain level | Target: LTISR < 21.9<br>Result: LTISR = 27.05 | No |
| Raise CLSI to a certain level | Target: CLSI > 3.5<br>Result: CLSI = 3.86 | Yes |
| Confirm the OHS Management System compliance with GOST R ISO 45001-2020 based on the external audit results | Confirmed in 2024 | Yes |
| Ensure the OHS Management System compliance with the regulatory requirements in force in the reporting year | The OHS Management System complies with the regulatory requirements: there are no delayed measures aimed at eliminating the inconsistencies identified by the inspections of state control (supervision) bodies | Yes |
| Achieve a 100% fire safety performance across the MMK Group | Result: 100% | Yes |

# Preventing occupational injuries

## OHS risk management

GRI 403-2 GRI 14.16.3

The Company strives to minimise occupational hazards to employee safety and applies a systematic approach to OHS risk management.

MMK has a procedure for identifying hazards and assessing risks, and develops and plans measures to reduce them to an acceptable level in accordance with ISO 45001.

The process of hazard identification and risk assessment covers all MMK employees, contractors and organisations providing medical and preventive, sanitary and welfare services at structural units, as well as visitors to production sites.

To identify and prevent risks, the Group regularly takes the following measures:

- control over the performance of repairs by the specialists of the OHS Directorate and OHS specialists of the Group subsidiaries
- in-process monitoring in all business units
- use of tools such as the Security Navigator to document violations
- behavioural security audits

In-process monitoring at MMK's structural divisions is performed using the corporate methodology for determining the risk level of hazardous conditions. During inspections, OHS specialists identify violations and rank them by risk levels (low, medium, high), taking into account the probability and severity of the occurrence of event. In assessing the likelihood of risk, consideration is given to:

- frequency of potential exposure to a hazardous or harmful occupational factor
- duration of such exposure
- the number of people who may simultaneously be affected by a hazardous or harmful factor
- information on similar incidents and accidents

All employees of the Group and contractors are involved in the process of identifying and eliminating hazardous conditions and actions at work. Each of them is aware of the need to comply with the OHS requirements and has the right to refuse to perform work that, in his/her opinion, may pose a danger to his/her health. An employee may also anonymously report security violations by contacting the OHS hotline.

## Risk prevention and mitigation measures

MED(R)-27 MED(NG)-1.3

**244** TECHNICAL MEASURES

aimed at reducing accident and incident risks implemented by the MMK Group in 2024

**481** RUB MILLION

expenditures for technical measures

**12** %

is the ratio of the Group's expenses on occupational health and safety measures to the Company's total management expenses

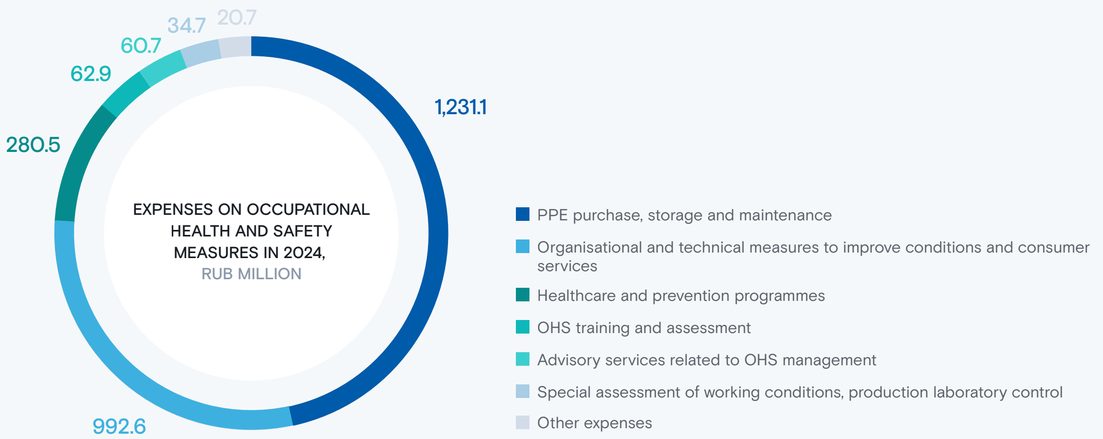
**2.68** RUB BILLION

total OHS expenses[1]

**48** RUB THSD

average costs on OHS measures per employee

GRI 403-10 GRI 14.16.11




[1] Excluding salary costs for OHS specialists according to the recommendations of the MED.

GRI 403-2 GRI 14.16.3

In 2024, the Company continued to improve the system of measures to minimise production risks by applying measures of different levels of control.

## OHS risk mitigation solutions implemented in 2024

| CATEGORY | PROJECTS AND ACTIVITIES IN 2024 | RESULTS |
|---|---|---|
| Automation of production processes | The phased implementation of machine vision and video analytics systems continued, enabling real-time monitoring of violations and warning employees of being in the danger zone by means of light and sound alarms | • The system is running on 23 hazardous areas in six divisions: SRS No. 4,[1] SRS No. 5, SRS No. 10, OCS,[2] TPS,[3] PJSC MPRR[4]<br>• The number of recorded hazardous events decreased by 98% |
| | An automated safety system “Personnel Detection in Dangerous Areas” was put into commercial operation in the blast furnace shop. The system includes:<br>• control over presence of personnel at the entrance to the hazardous area<br>• detection and warning of an employee in a hazardous area<br>• control over access to gas hazardous premises<br>• automated gas analyser system | • 30 video cameras were installed for complete viewing of all zones of blast furnace No. 1<br>• 80 personal tags for MMK employees and the general contractor are used to accurately detect their presence in hazardous areas |
| | Robotic systems have been introduced to prevent employees from being in hazardous areas | • It is planned to put the complexes into pilot operation |
| Expanding functionality of the mobile application | The mobile functionality of the “Watch Log” module for crane operators was developed, allowing to promptly monitor changes in the technical condition of lifting facilities to control the safety of their operation | • Pilot operation started in EAFS,[5] CMPU,[6] SRS No. 5 |
| Handling personal protective equipment | A pilot project was implemented to issue personal protective equipment (PPE) to employees of SRS No. 5 using vending machines installed at shop sites | • Work has begun on integrating data exchange between vending machines and MMK’s corporate system |
| | Implementation of the PPE quality improvement project continued | • Special clothing line for women introduced<br>• New types of PPE introduced<br>• A methodology for assessing ergonomic properties of PPE developed |

[1] SRS – Sheet Rolling Shop.
[2] OCS – Oxygen Converter Shop.
[3] TPS – Thick Plate Shop.
[4] PJSC MPRR – PJSC Magnitogorsk Plant of Rolling Rolls.
[5] EAFS – Electric Arc Furnace Shop.
[6] CMPU – Coated Metal Production Unit.

# Injury rates

GRI 403-2 | GRI 403-9 | GRI 14.16.3 | GRI 14.16.10 | SASB EM-IS-320A.1 | MED(R)-29

In accordance with the approved methodology, the Company monitors injury rates covering incidents involving the Group's employees and contractors at its industrial facilities. The Company conducts accident investigations in accordance with legislation and internal regulations to determine the root causes of injuries and develop measures to prevent their recurrence.

A total of 74 employees of the Group[1] and 9 employees of contractors were injured in work-related accidents[2] in 2024.

The fatalities were caused by being struck while platforms moving, crushed by a conveyor device, and falling from a height into a maintenance hatch. The main causes of severe and fatal injuries were employee's presence in a hazardous area, violation of safety requirements, unsatisfactory organisation of work and inadequate control over the progress of work. Each case was investigated, and based on their results, measures were developed and implemented to prevent similar cases:

- physical barriers, alarm systems were installed in the hazardous area, additional video surveillance cameras were placed in the areas where risk may arise
- changes were introduced to the process of controlling the launch of conveyors using signaling before the start of conveyor operation
- hatches were redesigned to prevent them from being opened during works

## Group employees

| 3 CASES[3] | 6 INJURIES | 65 INJURIES | 125 MICRO-INJURIES |
|---|---|---|---|
| fatal | severe | minor | medically assisted |

## Contractors

| 0 CASES | 0 INJURIES | 9 INJURIES | 69 MICRO-INJURIES |
|---|---|---|---|
| fatal | severe | minor | medically assisted |

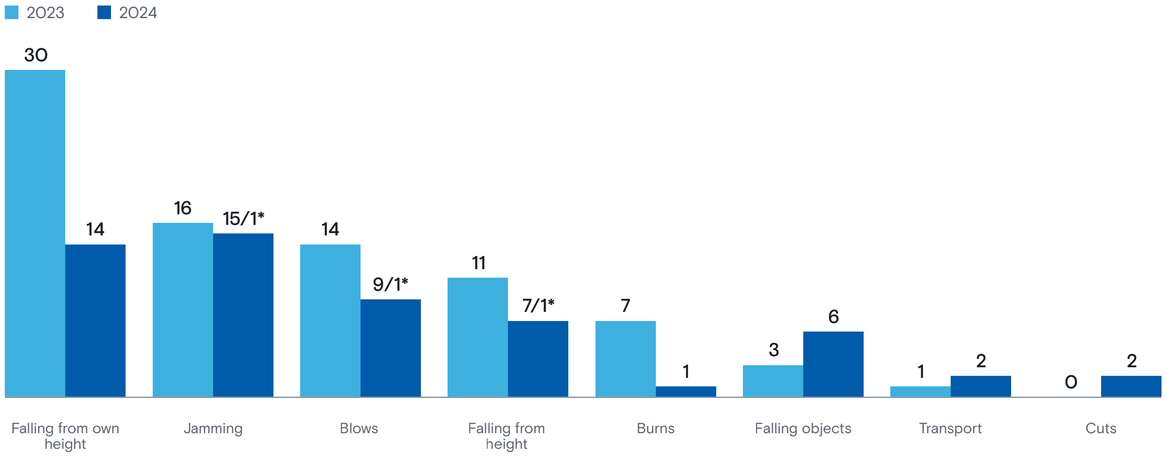
[1] Including the Turkish asset MMK Metalurji.

[2] As classified by labour legislation of the Russian Federation.

[3] Hereinafter injury cases refer to the number of injuries/fatalities.

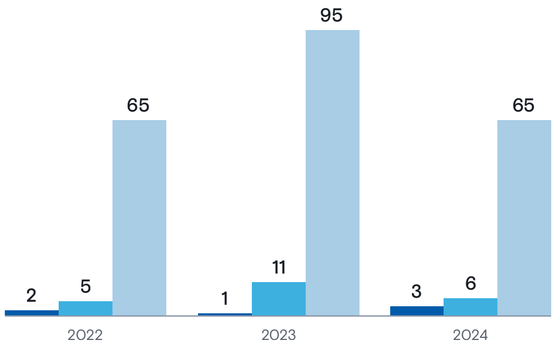
## MMK Group incident classifier,[4] unit

GRI 403-9 | GRI 14.16.10



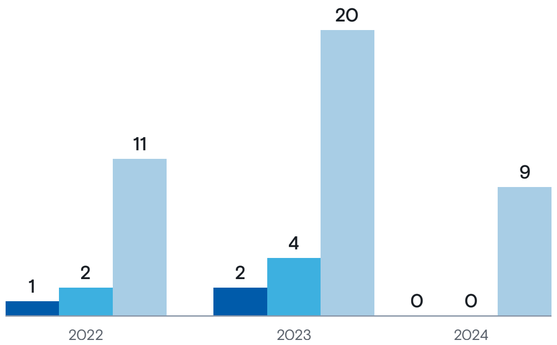

## Number of accidents at the MMK Group,[5] person

GRI 403-9 | GRI 14.16.10




## Number of accidents, general contractor, person

GRI 403-9 | GRI 14.16.10




Fatalities | Severe injuries | Minor injuries

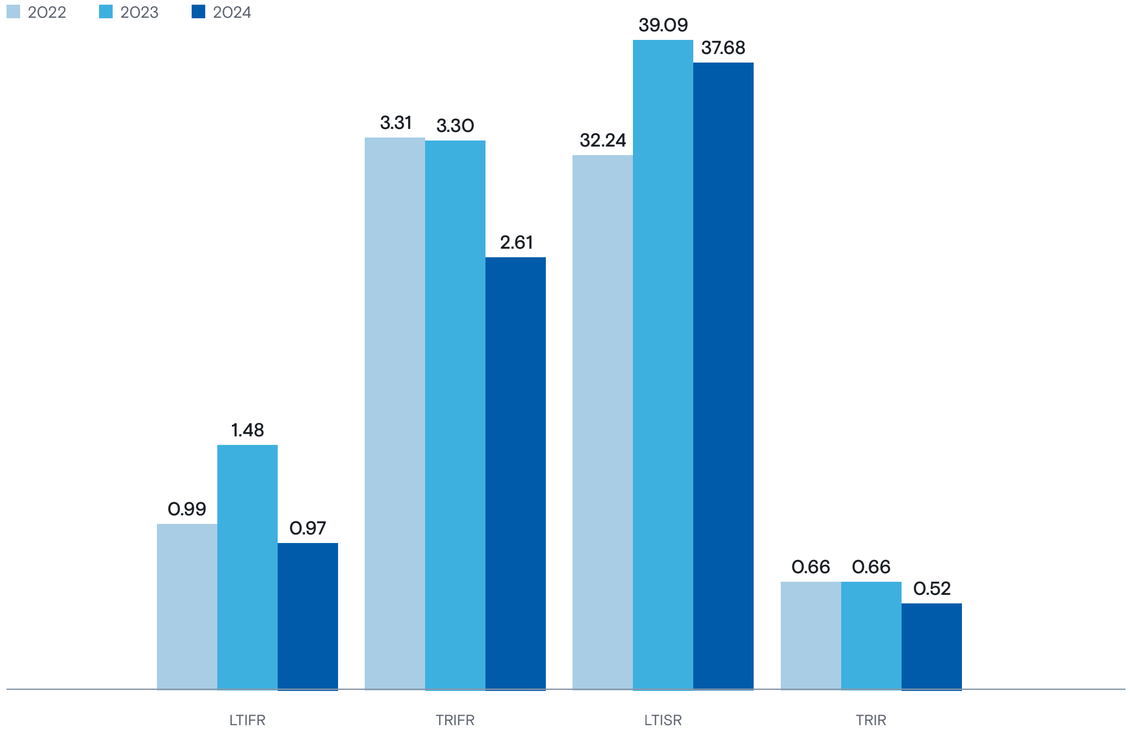
[4] *Fatal cases.

[5] Including the Turkish asset MMK Metalurji.

The Company measures and monitors changes in a number of injury rates. In 2024, key injury rates decreased due to a significant reduction in the number of accidents (by 36%) among Group employees and contractors.

## LTIFR, TRIFR, LTISR, TRIR in 2024, taking into account the Turkish asset MMK Metalurji

GRI 403-9 | GRI 14.16.10 | SASB EM-IS-320A.1




[1] Total Recordable Incident Rate (TRIR) = (total number of recorded injuries, including micro-injuries) × 200,000/(total hours worked). Excluding the Turkish asset MMK Metalurji.

[2] Lost Time Injury Frequency Rate (LTIFR) = (number of lost time injuries including fatalities) × 1,000,000/(total hours worked). Excluding the Turkish asset MMK Metalurji.

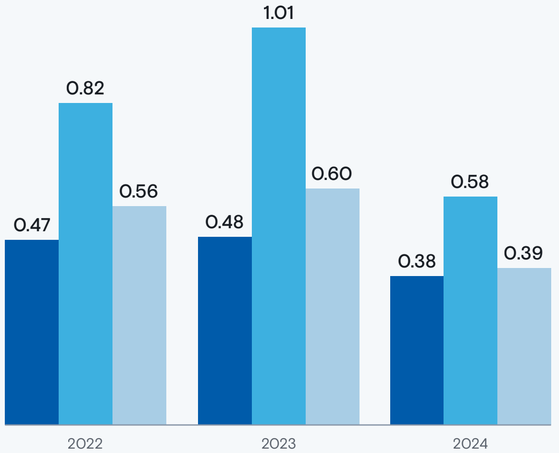
[3] Total Recordable Injury Frequency Rate (TRIFR) = (total number of registered injuries, including micro-injuries) × 1,000,000/(total hours worked). Excluding the Turkish asset MMK Metalurji.

[4] Lost Time Injury Severity Rate (LTISR) = (lost days) x 1,000,000/(total hours worked). Excluding the Turkish asset MMK Metalurji.

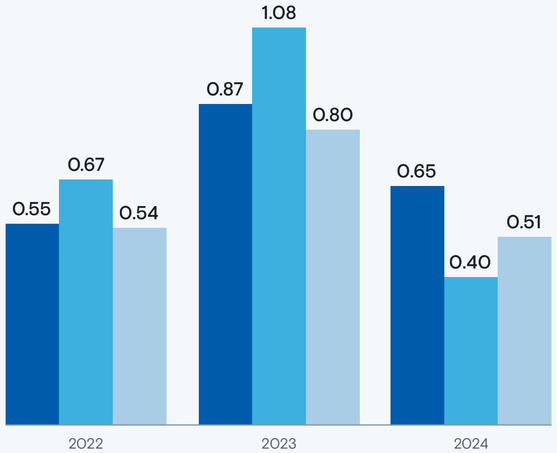
[5] Values for 2022 and 2023 were adjusted due to data revision.

## TRIR dynamics[1]

GRI 403-9 | GRI 14.16.10 | SASB EM-IS-320A.1



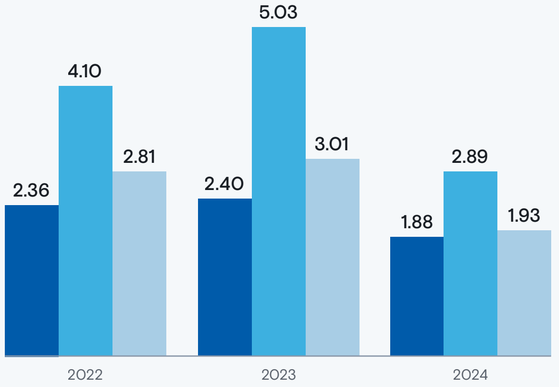

## LTIFR dynamics[2]



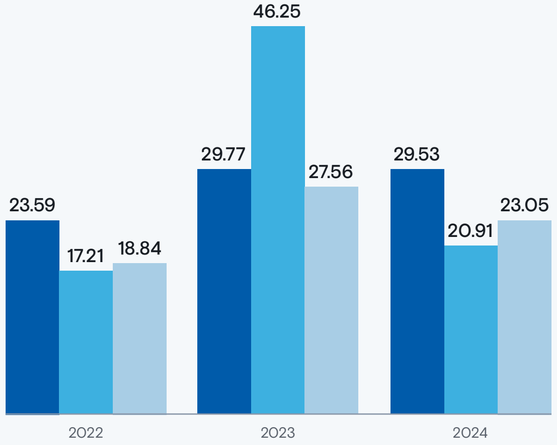

Employees | General contractor | Combined

## TRIFR dynamics[3]

GRI 403-9 | GRI 14.16.10




## LTISR dynamics[4], [5]




Employees | General contractor | Combined

# Promoting a safety culture

The Company realises that achieving the Zero Injuries goal is not possible without a well-developed safety culture, and therefore strives to involve every employee in OHS management and has a systematic approach to training and testing personnel knowledge.

## Employee participation in OHS management

GRI 403-4 GRI 14.16.5

To involve employees in occupational health and safety issues, the Company organises meetings with the participation of managers or their representatives and employees to discuss the assessment, design, performance planning and actions aimed at improving the OHS management system.

The Company's employees take an active part in monitoring compliance with the OHS requirements. Managers and specialists of production units regularly organise shop rounds, conduct behavioral safety audits and record identified violations in the Safety Navigator mobile app. The application allows determining the causes of violations and collecting a feedback from the employees to improve safety conditions.

Control over the implementation of employee proposals is monitored in the Security Dialogues module system in the mobile application. The content of the module is constantly being improved – in the reporting year the root causes of hazardous actions were updated.

MMK holds an annual competition for the title of MMK's Best Division in the field of occupational health and safety in order to encourage employees to improve occupational safety. In 2024, 34 MMK divisions took part in the contest and presented the results of their OHS initiatives, with the best among them being SRS No. 10.

The Group has several channels for communication with employees and other stakeholders on OHS issues:

- Occupational Health and Safety page of the official website
- internal corporate portal
- trade union website
- information stands
- 'My MMK' mobile app
- corporate magazine
- 'I Work at MMK' (VKontakte group)

## Launch of the Transforming Safety Culture project

In 2024, MMK started work on a long-term comprehensive project Transforming Safety Culture covering ten MMK divisions and the general contractor. The main goals of the project are to create a safe and comfortable working environment, change the mindset of employees, and focus on identifying and eliminating production risks instead of eliminating their consequences.

Based on external independent diagnostics of the OHS management system, the Group formed a strategy to implement a risk-oriented approach to OHS. For this purpose, a set of theoretical training and a large-scale course of practical training to identify and eliminate security risks were developed.

The pilot launch of the project was carried out in the OCS and SRS No. 5, as well as in the service units of the general contractor. The project will be gradually scaled up to all MMK enterprises and contractors for cross-functional interaction.

### Project results in pilot divisions:

- a transformation centre created to coordinate the work of project participants
- 243 OHS risks identified and 613 mitigation measures developed
- a training programme launched to train risk managers and risk trainers who will identify risks at workplaces and promote a safety culture through changing employee behavior:

**290** EMPLOYEES

participated in the programme in 2024

# Employee training

GRI 403-5 GRI 14.16.6

The MMK Group conducts employee training on occupational health and safety in accordance with the effective legislation. The training schedule is monitored by the specialists of the payroll office, and the need for the training is determined based on regulatory acts. Training programmes are developed by the training organisation, after which they are approved by the OHS Directorate.

Employees undergo training with a partial separation from their job functions, on the last day of training they devote full time to working out practical skills, being exempt from performing labour functions. Upon completion of the courses, the training organisation tests the knowledge of all participants, and based on these results, the effectiveness of the training is evaluated. A similar approach to training is applied to contractors' employees.

To check their knowledge of safe work practices, MMK employees are tested before each shift on terminals installed in the shops of the Mining and Processing and Coke-Chemical Operations, Chief Metallurgist, Chief Rolling Plant and Logistics Department.

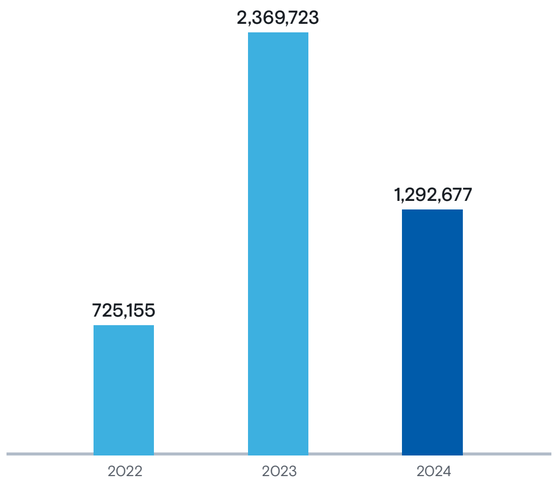
Since 2018, the Safety School corporate training centre has been operating in Magnitogorsk. The centre provides theoretical and practical training of employees in safe methods and techniques of work performance, including high-risk work. The Company regularly updates equipment at the centre and implements state-of-the-art technology to ensure that workers undergo safety drills and develop practical skills in the most efficient way possible.

## Main types of OHS training in 2024

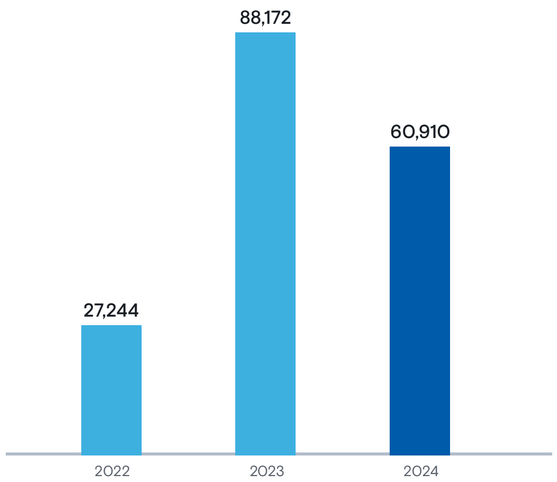
| | |
|---|---|
| Line managers training | Prior to appointment, line managers undergo mandatory OHS training through internships in the OHS Department |
| OHS specialists training | OHS specialists undergo specialised training at a specialised organisation |
| Mentoring for young employees | From day one, young workers are accompanied by a mentor who teaches them safe working methods in accordance with the training plan |
| Safety Awareness programme | Stage I – trainings for company managers (directors, chief engineers, heads of production shops)<br>Stage II – training for internal trainers<br>Stage III – training sessions for employees of 12 MMK Group companies<br>**20 THSD** employees completed trainings in 2024 |
| Training using VR technologies | MMK introduced a training facility using VR technology to simulate emergency situations and perform hazardous technological operations. The facility operates on the basis of MMK's Safety School training centre |
| Video instructions on safe work practices | The My MMK mobile app contains video instructions on safe performance of hazardous process operations |



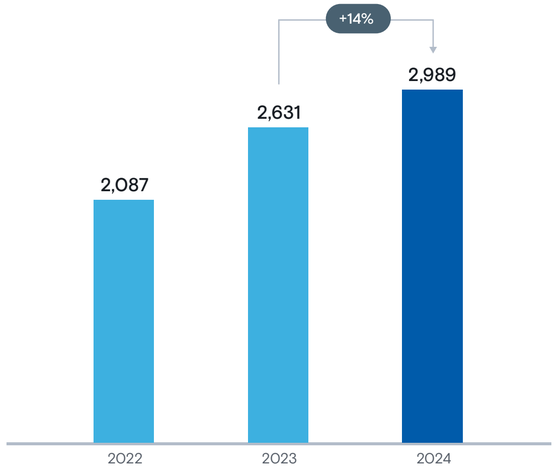
## Total OHS training hours, person-hour



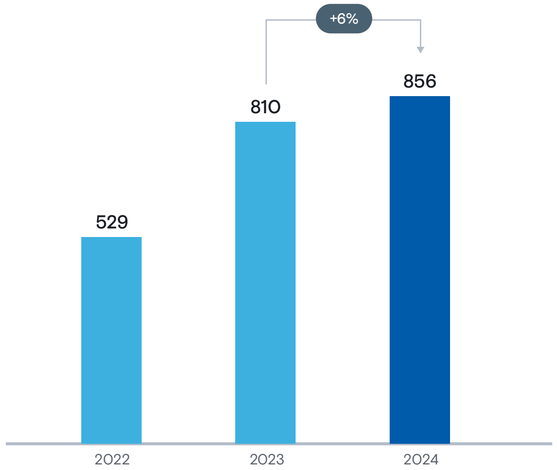

## Number of the employees trained in OHS, person




## Number of the Group's employees who completed the OHS training at the Safety School, person




## Number of OHS trainings, units




GRI 403-1 GRI 403-7 GRI 14.16.2 GRI 14.16.8

Contractors perform part of work at the Company's production sites. The Group strives to ensure the occupational safety of contractors by involving them in OHS training and safety culture improvement projects. In addition, MMK is implementing initiatives to improve and increase the efficiency of OHS interaction with contractors.

For example, in 2024 the Company started developing a software module Personal Account of an OHS Contractor at MMK in the Security 24/7 information system. The launch of the new module is scheduled for 2025. Its functionality will include basic information on OHS interaction with contractors:

- information on contractors (objects, types of work, headcount and training)
- incident data
- OHS monitoring results
- contractor rating

## Children's drawing contest Occupational Safety of the Future!

The Company involves not only employees, but also their family members in safety issues, and for this purpose organises an annual children's drawing contest dedicated to the World Day for Safety and Health at Work.

More than 340 children of employees from all divisions of MMK Group took part in the 2023–2024 contest, which is twice as many as in previous years. The winners received valuable gifts and diplomas, and drawings placed in divisions and on the facades of workshops remind employees and residents of the importance of compliance with the safety rules.



# Health protection and prevention of occupational diseases

GRI 403-3 GRI 403-6 GRI 14.16.4 GRI 14.16.7

The MMK Group conducts regular monitoring of employee health to track the impact of production factors and develop measures to prevent occupational diseases. In accordance with the statutory requirements, the Company conducts:

- pre-employment, scheduled and pre- and post-shift health checks
- mental health checks
- psychophysiological examination of employees whose work is related to rail transport (introduced in 2024)

To prevent development of occupational diseases, the Company has a number of preventive programmes for employees exposed to relevant risks. The Musculoskeletal Disease Prevention programme is being carried out at workplaces with increased physical exertion (working conditions classes 3.1–3.4).

In 2024, the Company also launched programmes for prevention of oncological diseases (colorectal cancer, cervical cancer), chronic obstructive pulmonary disease, as well as for correction of arterial hypertension implemented within the framework of mandatory health insurance (MHI) budget.

In addition, the Group provides all employees with corporate voluntary health insurance (VHI), under which they receive a range of medical and preventive services.

For more information on other measures to support employee health, see the Social Policy section.

**> 38 THSD PEOPLE**

underwent periodic medical examinations
in 2024

**679 EMPLOYEES**

participated in The Musculoskeletal Disease Prevention programme
in 2024



## Occupational diseases

GRI 403-10 GRI 14.16.11

The Company monitors cases of occupational diseases among its employees, the types of diseases, and causes of origin.

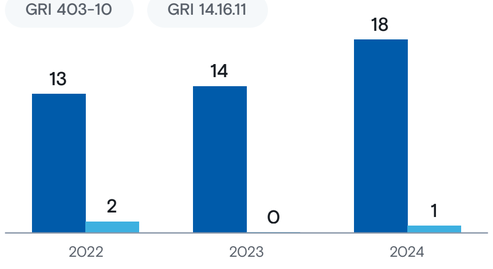
In 2024, 19 cases of occupational diseases were registered (18 cases among Group employees and 1 case among contractor employees), which is 36% higher than in the previous year. There were no fatalities associated with occupational diseases in the reporting year.

The structure of diseases changed insignificantly. Sensorineural hearing loss, muscular tonic syndrome and vibration disease remained the most frequent cases. Industrial noise, lack of automation of production processes and exposure to general and local vibration were the main causes of diseases.

To reduce the impact of harmful production factors on employees' health, the Company has been implementing a four-year programme of measures to improve working conditions at workplaces of classes 3.3–3.4 since 2023. The measures are aimed at reconstruction, modernisation and replacement of equipment in order to reduce vibration, noise, heavy labour and the content of strongly fibrogenic aerosols in the air.

### Number of occupational diseases in dynamics, units

GRI 403-10 GRI 14.16.11

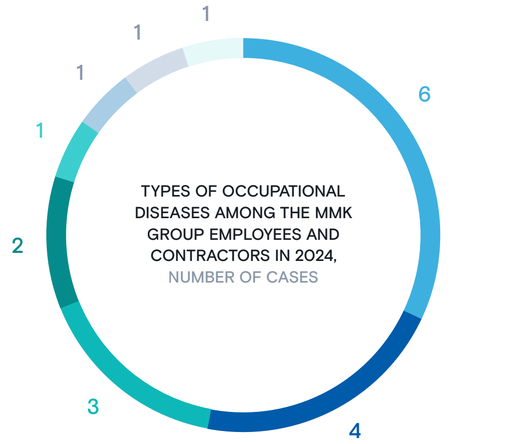



As a result of these measures, MMK reduced the class of labour conditions to 3.2 at 11 workplaces in 2024:

- in SRS No. 8 at three workplaces for 13 employees
- in OPP[1] at nine workplaces for 40 employees

To reduce the likelihood of disease, the Company ensures that personnel are fully and sufficiently informed of these risks and of the need to use certain types of personal protective equipment. In addition, MMK Group continues to develop and implement technical measures to improve labour conditions at workplaces.

GRI 403-10 GRI 14.16.11




[1] MMK Ore Processing Plant.

# Emergency preparedness

GRI 3-3 GRI 14.15.1

In connection with the operation of hazardous production facilities, the MMK Group's activities are associated with threats of accidents and emergencies.

To effectively respond to such incidents, the Company develops planning documents on accident and emergency preparedness, which it coordinates with emergency rescue teams and local authorities. These documents reflect the key emergency risks and response strategies.

The Group has the following plans in place:

- MMK Emergency Prevention and Response Plan, which is reviewed every three years
- Emergency Localisation and Elimination Action Plans (ELEAP) are developed for the Group's structural subdivisions:
  - for mining facilities they are reviewed annually
  - for other hazardous production facilities (HPF) the plans are reviewed once every five years
- Oil and Oil Product Spill Prevention and Response Plans (OSPRPs) are effective at 5 MMK facilities where oil product spills may potentially occur

GRI 14.15.4

As at the end of the reporting period, ELEAPs were developed for 100% of the Group's HPFs, including mining sites. For all facilities associated with oil spill risks, OSPRPs were compiled.

In 2024, the Company also developed and approved the Procedure for Employees and Management Bodies to Act in the Event of a Possible UAV Attack and Missile Hazard.

The Group maintains an appropriate level of preparedness for emergencies by conducting theoretical training of employees with consolidation of the acquired knowledge and practicing skills at annual trainings and exercises. In 2024, the Company conducted exercises in various areas:

- checking of personnel readiness for emergency response
- exercises for emergency fire extinguishing units of the MMK Group's structural divisions to practice fire extinguishing actions at the initial stage
- checking readiness of own and contracted emergency rescue teams for actions on rescue of victims, localisation and liquidation of emergency situations with hazardous substances

GRI 14.15.3

In 2024, 48 incidents were recorded at the MMK Group facilities, including 1 accident, 7 fires and 2 road accidents. For each incident, the necessary measures were taken to localise and eliminate the consequences.



All Group enterprises support the operation of local systems for notifying personnel of an emergency threat or an emergency related to the Company's operations. The local community is informed about the emergency through municipal warning systems.

If a possible emergency threat is detected, employees may report it through existing communication channels:

- by calling dispatchers of structural divisions, MMK dispatcher
- by using MMK OHS Department hotline
- by using Feedback section of the corporate website
- by using My MMK and Trade Union Online apps

## Plans for 2025 and the medium term

As part of OHS activities, the Company plans to:

01. Continue implementation of the Transforming Safety Culture project

02. Improve internal incident investigation process

03. Continue to improve cooperation with contractors on OHS issues, including development of the Contractor's Personal Account software module

# Our employees

## Approach

The MMK Group, as the largest employer in Magnitogorsk, recognises its impact on lives and well-being of local residents. The Group's enterprises employ a significant proportion of the local population, and therefore the Company strives to ensure decent working conditions, social support, and development opportunities for its employees, thereby contributing to the economic prosperity of the monotown.

## Contribution towards SDGs







## Contribution to achievement of the national development goals of the Russian Federation

- Preservation of population, strengthening health and improving wellbeing of people, supporting families
- Self-fulfilment of each person, unlocking their talents, and educating a patriotic and socially responsible person
- Comfortable and safe living environment
- Stable and dynamic economy

## Sustainability risks

- Social tension
- Personnel shortage

## Material topics

- Employee engagement
- Human rights and equal opportunities

## 2024 highlights

**56,447** EMPLOYEES
headcount at the end of the year
↑2% to 2023

**26.2** %
of the MMK Group's employees are women
↑0.3% to 2023

**574** EMPLOYEES
number of employees with disabilities
at the level of 2023

**102,810** RUB
average salary of employees
↑28% to 2023

**1,682** RUB MLN
employee training costs
↑20% to 2023

**93** PERSON-HOURS
number of training hours per Group employee
↑19% to 2023

**2,538** RUB MLN
employee social security costs
↑30% to 2023

**100** %
of MMK's employees covered by the Collective Bargaining Agreement
at the level of 2023

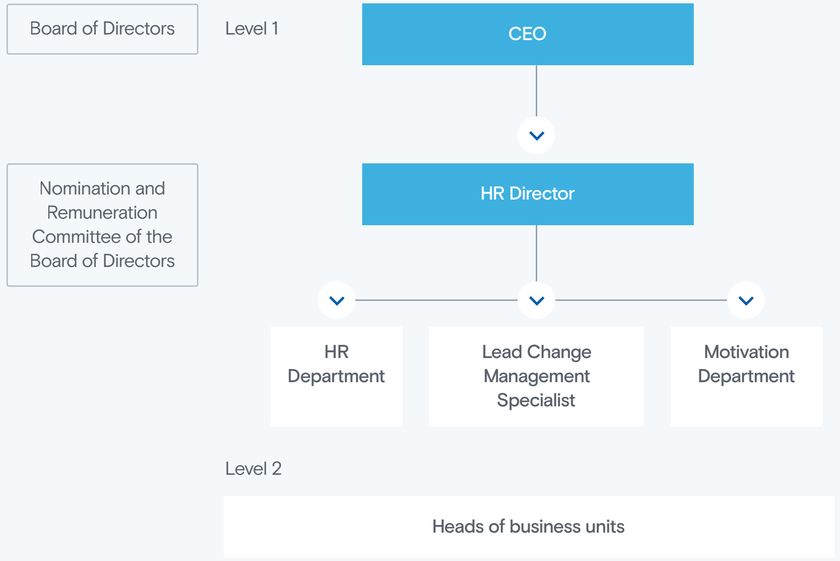
# HR management approach

GRI 3-3

MMK's HR management framework consists of two levels. At the first level, the HR Director, reporting to the CEO, manages two business units and the Lead Change Management Specialist. The second level of the HR management structure is represented by heads of business units.

In 2024, changes were made to the organisational structure of the units reporting to the HR Director. The HR Department was dissolved, and a new Motivation Department was established. Additionally, the position of Lead Change Management Specialist was introduced.

## MMK's HR management organisational structure




## Key functions of Motivation Department and Lead Change Management Specialist

### Motivation Department

- Ensure efficient organisation and remuneration of labour at MMK, and within MMK Group organisations
- Achieve maximum labour efficiency and ensure income growth for MMK employees through improved motivation and incentive system
- Plan and control execution of budgets and general administrative expenses related to "Wages and Salaries" and "Administrative Staff Maintenance"
- Control compliance with the norms and provisions of the pension legislation of the Russian Federation

### Lead Change Management Specialist

- Develop the concept (strategy, plans) for the HR management system and coordinate the activities of HR business units
- Develop, implement, and support the change management process at MMK
- Develop the MMK's organisational structure and the Group's management structure, improve the organisational structures of MMK's business units
- Ensure efficient management organisation and regulation of activities at MMK
- Organise implementation of digital solutions in HR management processes

## The main internal documents regulating HR management issues include:

01. HR Policy

02. Youth Policy

03. Equal Opportunity Policy

04. Policy on Gender Equality in Wages

05. Policy on Prohibiting Employment and Occupation Discrimination

In order to implement a unified HR policy, and HR strategy within the MMK Group in 2024, the Group standard "Organisation of interaction within PJSC MMK Group on HR Management and Implementation of HR Policy" was updated.

## HR management risk assessment

The Company annually identifies and analyses risks in the area of human resources management. In 2024, the understanding of the previously existing risk of a “Lack of qualified personnel” was broadened.

The new risk is now defined as “Staff shortage”. Measures to mitigate this risk have been incorporated into the Comprehensive Programme to attract and provide MMK with labour resources and retain employees, which was approved during the reporting year.

For more information on the Programme's initiatives, see the “Employee attraction, retention, and motivation” and “Social policy” subsections.



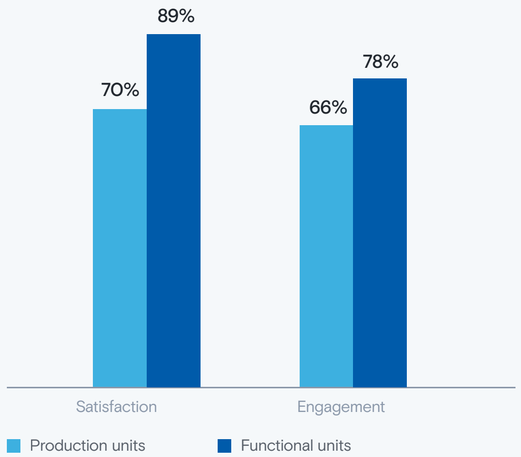
## Employee satisfaction

During the reporting period, MMK conducted a survey of employee satisfaction and engagement levels.

Thanks to the use of online questionnaires, MMK significantly increased the number of respondents – from 897 employees in 2023 to 5,717 in 2024, and expanded the coverage of structural units from 8 to 50. Based on the survey results, MMK's employee satisfaction rate was 71.3%, while the engagement index reached 66.6%.

The survey results were shared with the heads of production units and chief specialists for analysis and further application in their work. Online surveys made it possible to identify the key expectations of MMK employees regarding remuneration, as well as areas in the HR policy that require improvement. Based on the results obtained, decisions were made to adjust the level of salaries and indexation in 2025, as well as to introduce targeted salary increases.

### Satisfaction and engagement of MMK employees as at 31 December 2024




## The “My MMK” mobile application

To ensure an open communication channel with employees, in 2024, the “My MMK” corporate mobile app, available to all Company employees, was updated to allow employees to send inquiries to the HR Department on 13 different categories, including recruitment, talent pool formation, training, remuneration, dismissal, etc. The questions are reviewed by experts or directly by the HR Director, and the responses are posted in the app.

From April to December 2024, the My MMK app received 1,132 inquiries from employees. The most common categories of inquiries were: wages, hiring, transfer and dismissal, training and internships.

# Structure and employment

GRI 2-7 GRI 405-1 MED(R)-25

As at 31 December 2024, the headcount of the MMK Group was 56,447 employees. 97.4% of employees work in the Russian Federation, 2.6% in Turkey. MMK Group's average headcount was 54,175 employees.

The majority of the Group's employees in 2024 consisted of blue-collar workers, making up 76.1%. In the reporting period, 61.9% of the MMK's Group employees were between 30 and 50 years, 25.3% were above 50 years, and 12.8% were under 30 years old.

GRI 401-1

In 2024, 9,831 employees were hired by the MMK Group, including 28.3% of the new hires were women.

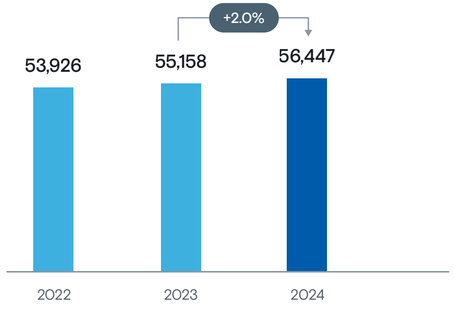
In 2024, almost 100% of the MMK's Group employees worked full-time (54,988 employees in the Russian Federation and 1,447 employees in Turkey), including 27.1% of women and 72.9% of men. 12 employees worked part-time (0 in Turkey), including 83.3% women and 16.7% men.

The vast majority of employees (97.3%) have permanent employment contracts (53,455 employees in the Russian Federation and 1,447 employees in Turkey), including 25.4% women and 74.6% men.

2.7% of employees (0 in Turkey) worked under fixed-term employment contracts, including 53.5% women and 46.5% men. The number of employees with irregular working hours was 2,435, of which 20.4% are women.

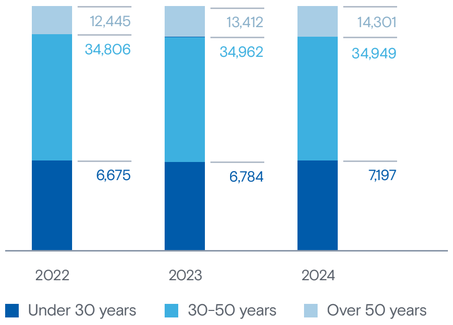
**Headcount as at 31 December,** people

GRI 2-7



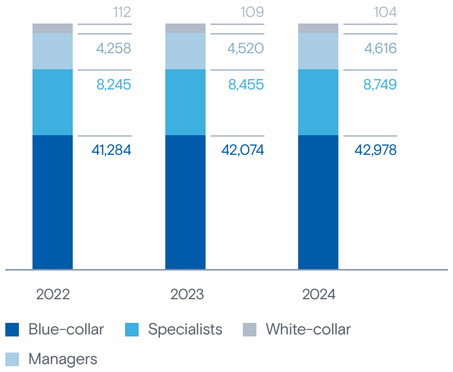

**Headcount by age as at 31 December,** people

GRI 405-1



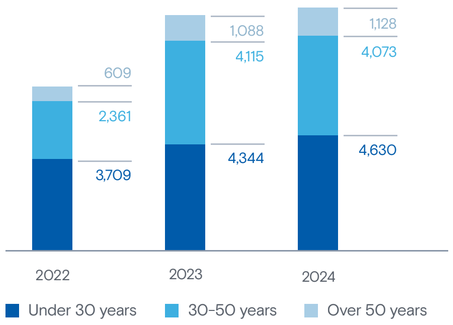

**Headcount by category as at 31 December,** people

GRI 405-1




**New hires by age,** people

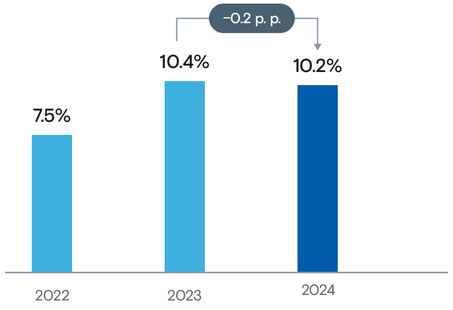
GRI 401-1




In the reporting year, 8,581 people were dismissed. The total employee turnover rate[1] in 2024 was 10.2%, a decrease of 0.2 percentage points as compared to the previous period. The voluntary turnover rate decreased by 0.3 percentage points – to 9.6%.

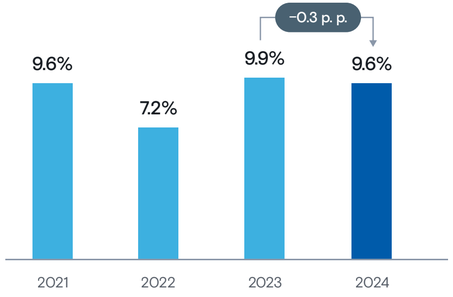
**Turnover,[2]** %

GRI 401-1 MED(R)-33




**Voluntary turnover,** %

GRI 401-1




GRI 202-2 GRI 14.9.6 GRI 14.21.2

In the reporting period, the local employess[3] accounted for 88.3% of the total headcount at the MMK Group. The share of locals among top executives[4] was 86.7%. The share of MMK Group employees from Magnitogorsk residents employed at the Agapovskaya industrial site accounted for 0.16% (88 people) of the total number of employees in 2024, of which 97% are men and 3% are women.

GRI 2-8

The MMK Group enters into civil-law contracts with non-staff employees. In 2024, the MMK Group engaged 1,468 non-staff employees.

[1] Turnover = (employees who leave the organisation voluntarily or due to dismissal, retirement, or death in service) / (average headcount).

[2] Management indicator of employee turnover rate in the Company.

[3] For MMK, the locals are residents of Magnitogorsk; for MMK Group, they are residents of the Russian regions where the Group's subsidiaries operate.

[4] Managers are employees responsible for developing policy, defining strategies, and providing overall leadership in the development and delivery of products and services.

# Diversity and equal opportunity

GRI 405-1 GRI 14.21.5

The Company adheres to the principles of diversity and equal opportunity, considering them an important part of its corporate culture. MMK Group strives to create an inclusive environment where every employee, regardless of gender, age, physical abilities, or characteristics, feels valued and sought after.

The key documents governing diversity and equal opportunity include:

- Youth Policy
- Human Rights Policy
- Equal Opportunity Policy
- Policy on Gender Equality in Wages
- Policy on Prohibiting Employment and Occupation Discrimination
- Policy on Freedom of Association and Protection of the Right to Organise

These policies are aimed at preventing any form of discrimination in hiring, career advancement, and decision-making, ensuring that such decisions are based solely on employees' professional and personal qualities.

In 2024, compliance with employee rights within the Company was monitored by the Trade Union Committee, MMK-Pravo service, the Prosecutor's Office of the Russian Federation, and non-governmental organisations. No systematic violations were recorded.

MMK has created conditions ensuring equal opportunities and rights for all those wishing to gain employment. All vacancies are publicly available on the corporate website (section "Careers"), as well as on the "Work of Russia" website, where applicants can apply for positions of interest.

In the reporting period, 70.2% of MMK Group managers were between 30 and 50 years, 27.4% were over 50 years, and 2.4% were under 30 years old.

## Gender equality

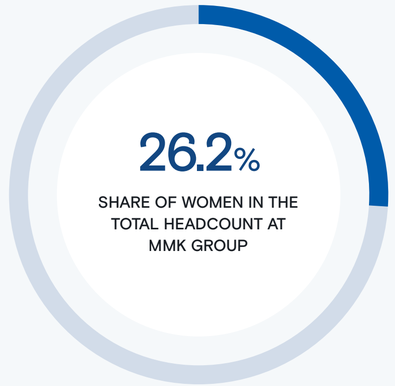
GRI 405-1 MED(R)-44

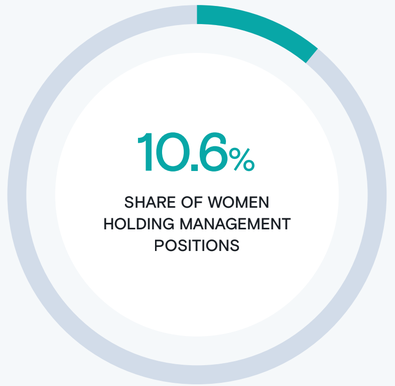
In the reporting period, the share of men in the total number of MMK Group employees totalled 73.8%, which is largely due to the specifics of the metals industry and hazardous and/or high-risk work.

At the same time, MMK Group provides women with the opportunity to work in professions traditionally considered male-dominated, such as driving vehicles of various categories.

The Company actively supports women working in the metals industry and creates all conditions for their professional growth by offering training and career development programs.

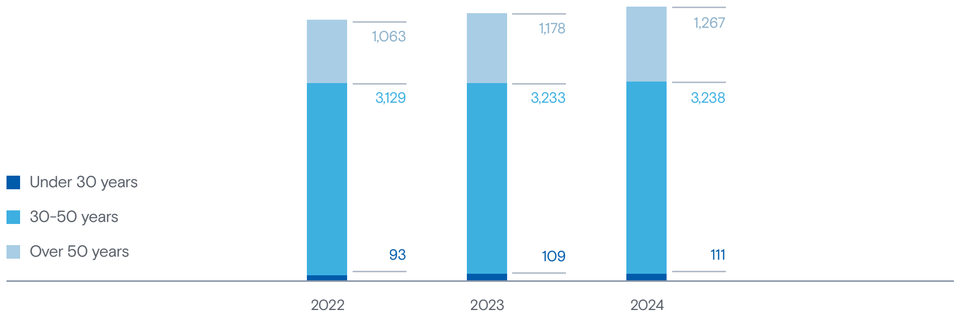
For more information on the role of women in the metals industry, see MMK Group's 2022 Report.



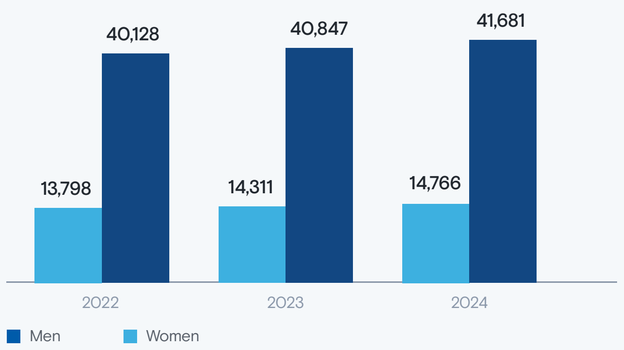

**Managers by age,** people

GRI 405-1



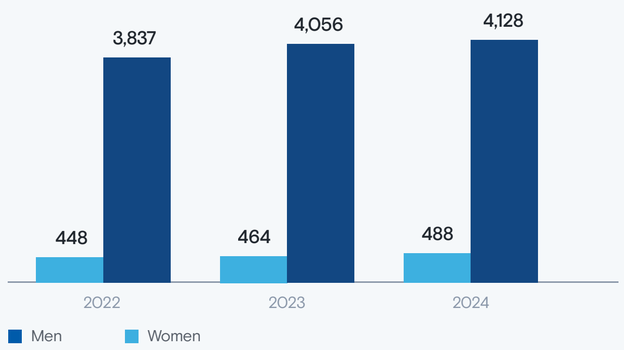

**Headcount by gender,** people

GRI 405-1




**Managers by gender,** people

GRI 405-1



## Development of inclusive environment

GRI 405-1 MED(R)-25

MMK Group strives to create an accessible and comfortable environment for employees with disabilities by implementing the Comprehensive Social Adaptation and Support Programme. At the end of 2024, MMK Group employed 574 people with disabilities (1.1% of the total headcount) engaged in roles not associated with harmful or hazardous working conditions

An important element of the Company's social policy is organisation of events that promote cultural and social integration of employees with disabilities.

In addition, MMK provides social support to low-income employees who have lost their ability to work due to an industrial accident or occupational disease. This category of employees receives monthly financial assistance to partially cover utility bills and purchase medicines. Over RUB 1.3 million was allocated for financial assistance in 2024. Employees with disabilities can also undergo training at the Company's expense if a change of profession is necessary.

## The “Ray of Hope” programme

MMK annually implements the “Ray of Hope” programme aimed at sustainable improving the standard and quality of life for people with disabilities who have become disabled as a result of occupational diseases or industrial accidents. The programme covers over 400 people.

**19.9** RUB MLN

The total cost of implementing the “Ray of Hope” programme in 2024

**The programme provides the following support:**

- monthly financial assistance (depending on the disability group)
- free meals in the Metallurg Charity Fund (MCF) canteen
- treatment and rehabilitation at the medical and social protection centre of the Metallurg Charity Fund twice a year
- organisation of out-of-town trips to recreation areas
- congratulating anniversary celebrants and presenting gifts for festive dates
- attending matches involving the Metallurg hockey team
- medical check-ups at the Central Clinical Medical and Sanitary Unit



# Employee attraction and retention

The development of human resources is one of the key priorities for the MMK Group. It is outlined in the Company's HR Policy.

MMK Group is committed to attracting new employees and retaining existing ones, who, by working at the Company, will continue to live in Magnitogorsk and contribute to the city's economic development. For this purpose, the Company introduced the KPI “Reduction of Staff Turnover Rate” for the heads of production structural units and the HR Department in 2024.

In 2024, MMK Group continued to implement large-scale initiatives to attract, adapt, professionally develop and motivate employees, aimed at ensuring stable growth in headcount, reducing staff turnover and creating a comfortable working environment.

### MMK is among the winners of the All-Russian RSPP competition

As a result of 2024, MMK became the winner of the All-Russian RSPP competition held by the Russian Union of Industrialists and Entrepreneurs (RSPP) “Business Flagships: Dynamics, Responsibility, Sustainability” in the category “For Development of Human Resources Potential”.

### MMK is the winner of RBC’s employer ranking

In 2024, MMK achieved the highest result in the RBC Employer Ranking and became part of the group of winners focused on creating the most comfortable working conditions for employees.

MMK's performance indicators, highly appreciated by respondents, include the quality of social programmes and VHI, investments in training and career growth opportunities, the level of care for employee safety, spending on environmental protection projects and charity, business success, and efforts towards development.

### MMK has confirmed its status as one of the best Russian employers according to Forbes

For the second consecutive year, MMK has been included in the list of the best employers in the country according to Russian Forbes, once again receiving the “golden” employer status.



## Comprehensive programme for attract, provide MMK with labour resources and retain employees

In order to effectively replenish human resources potential and retain employees in 2024, a Comprehensive programme to attract, provide MMK with labour resources and retain employees was developed in 2024.

Most of the planned measures under the programme were implemented in the reporting year. The implementation of the initiatives resulted in significant achievements:

**98.5%**

Staffing level

**9.1%**

MMK's staff turnover rate

MMK's attractiveness as an employer has increased, which is confirmed by the steady growth in the number of job applications

The programme includes 24 measures in the following areas:

01. Promoting MMK as an employer

02. Creation of HR services

03. Career guidance work

04. Collaboration with educational institutions

05. Attractiveness of working at MMK

06. Incentive programmes to retain employees

For more information on the comprehensive programme initiatives requested by MMK employees, see the “Social policy” subsection.

GRI 14.9.1

Since 2024, MMK has been hiring local residents without relevant professional qualifications (professions) for a number of positions, providing subsequent training at the MMK Group's expense at the Corporate Training Centre (as part of the Comprehensive Programme).

In 2024, barriers and constraints negatively affecting recruitment and employee retention were analysed. Some of these restrictions were lifted or eased. For example, mandatory English language testing for university graduates applying for jobs at MMK was abolished. Instead, MMK established an additional payment for employees with English proficiency at level B1 and above. In addition, testing standards that were deemed as excessively high (such as typing speed, Word, Excel) were revised and lowered.

In 2024, in order to attract and retain employees, the following measures were developed and implemented:

- Regulations governing payments to non-resident employees for rental housing
- Regulations on terms and conditions for MMK employees' participation in the housing purchase programme with compensation for mortgage interest payments ("Preferential Mortgage")

For more information on the implementation of these programmes, see the "Social policy" subsection.

### MMK's Career Centres are among the winners of international award

At the end of 2024, MMK's Career Centre and the Young Metallurgist Centre won the International Eventiada Awards in the "Advertising and Marketing Communications" category.

## MMK Career Centre

In the reporting year, the MMK Career Centre and the Young Metallurgist Centre were opened at the "Prityazhenie" city resort in Magnitogorsk to inform adults and children about the about professions in demand at MMK Group and employment opportunities. Advanced IT and immersive technologies were used to create the centres.

Visitors to the centres can learn interesting facts about the history of the plant and the city, find out more about the details of the Company's social support programmes and career opportunities, as well as fill out a job application form and take an interview for employment at MMK.

For more information on the "Prityazhenie" city resort, see the "Development of the regions of presence and local communities" section.

## For experience – to MMK

In the reporting year, Magnitogorsk hosted an off-site meeting of the Sustainable Development and ESG Committee of the Russian Managers Association. The main purpose of the visit by the Association's members was to discuss the national workforce shortage and explore effective solutions.

Given MMK's extensive experience in attracting, retaining and motivating employees, its area of presence was chosen for discussion on HR policy and employee attraction tools for large companies.



# Attraction of young talent

MED(NG)-2.1 MED(NG)-3.11

The MMK Group actively invests in the development of future employees in its region of presence, implementing comprehensive programmes for engaging with young professionals and educational institutions.

In 2024, at the request of MMK, four sociological studies were conducted by independent professional experts focused on analysing the labour market in the Chelyabinsk Region and identifying the motivations for working at manufacturing enterprises among different age and social groups. Based on the results of the studies, key areas of engagement with potential job applicants were defined.

One of the surveys was attended by college and university students, who are representatives of the most active and sought-after part of the city's workforce. Based, among other things, on the findings of the survey, and with the aim of creating a positive employer image among young people, the MMK Group implements a number of comprehensive programmes to engage with the city's educational institutions.

**331.8** RUB MLN

the Company's expenses aimed at supporting education



| Programme | Description | 2024 highlights |
|---|---|---|
| **Schools** | | |
| **Rashnikov's charity programme "Gifted Children of Magnitka"** | Annual selection of schoolchildren to participate in MMK's Charity Programme<br><br>Programme participants are provided with comprehensive support and a scholarship | 30 candidates were interviewed, of whom 10 were recommended for enrolment. Also, 41 students from the 2023 intake continued their participation in the programme |
| **Programme for engaging schoolchildren and promoting industrial professions "Profkombinatorium"** | A comprehensive programme of mutually beneficial cooperation between MMK and the Education Department and schools in Magnitogorsk, including:<br>• excursions for schoolchildren to the MMK Museum and the I.Kh. Romazan Museum<br>• excursions for students in grades 1–11 to the Young Metallurgist Centre and MMK Career Centre, and for students in grades 9–11 to MMK's production sites (on MMK-provided buses)<br>• meetings of students in grades 5–8 with representatives of metallurgical professions at the MMK scientific and technical library, followed by a tour of the MMK site as part of the "Journey into the Profession" project<br>• meetings of high school students with representatives of the MMK Group at the city library as part of the "Honouring the Worker" project<br>• career guidance sessions in schools conducted by MMK's HR Department specialists and representatives of the Union of Young Metallurgists, as part of the federal "Ticket to the Future" project<br>• career guidance contests for schoolchildren containing case studies from MMK Group employers<br>• environmental projects "Class meetings" (as part of collaboration with the local branch of the All-Russian Children and Youth Movement "Movement of the First Ones"), "Not a Geography Lesson" (as part of collaboration with the regional branch of the All-Russian Public Organisation "Russian Geographical Society"), and the production of annual corporate calendars with an environmental and educational focus, which are distributed free of charge to the city's educational institutions (more than 400 copies)<br>• methodological events for school teachers (city-wide August conference of education workers, seminars, creative meetings, workshops, excursions for teachers)<br>• meetings with parents of high school students as part of the city project "Parents' University"<br>• meetings with school graduates – college and university applicants and their parents<br>• managing the VK group with a career guidance focus "MMK's Profkombinatorium" | > 11 THSD PEOPLE took part in the events<br><br>241 excursions<br><br>24 career guidance meetings<br><br>43 career guidance sessions<br><br>3 competitions<br><br>6 environmental projects<br><br>9 information and methodological events for school teachers and schoolchildren's parents<br><br>5 meetings with applicants and their parents |

| Programme | Description | 2024 highlights |
|---|---|---|
| **Colleges** | | |
| Federal Project (FP) “Professionalitet” | Collaboration with key institutions of secondary vocational education in Magnitogorsk:<br>• Multi-Disciplinary College of Nosov Magnitogorsk State Technical University<br>• State Autonomous Professional Educational Institution “Polytechnic College”<br><br>During the 2024 admissions campaign, specialists from the HR Department worked weekly in the admissions committees of the Multidisciplinary and Polytechnic Colleges<br><br>Conclusion of targeted training contracts under the FP “Professionalitet”<br><br>Payment of additional scholarships to students as social support measure under MMK's targeted training contracts<br><br>Holding informational meetings for college students and teachers with MMK Group managers, specialists and representatives of labour dynasties | Partnership agreements were signed with two colleges under the FP “Professionalitet”<br><br>53 consultations were held for university applicants and their parents, covering 450 participants<br><br>146 target contracts were signed with first-year college students:<br>• Multidisciplinary College — 46 contracts<br>• Polytechnic College — 100 contracts<br><br>MMK allocated RUB 772,240 for additional scholarships for college students<br><br>11 information meetings were held, covering 700 participants |
| | Activities implemented at the Multidisciplinary College with the support of the MMK Group:<br>• a new training direction “Heat Supply and Heat Engineering Equipment” was launched<br>• three commercial training groups were formed in addition to budget-funded spots<br>• meeting between MMK HR Department representatives and first-year students enrolled in the FP “Professionalitet” | MMK's funds (over RUB 14 million) were spent on repairing the workshop and laboratories, as well as purchasing equipment for student training under the “Heat Supply and Heat Engineering Equipment” direction<br><br>75 students (25 energy specialists and 50 metallurgists) were enrolled for training for the MMK Group<br><br>75 students participated in a meeting with MMK's HR Department representatives |
| | Activities implemented at the Polytechnic College with the support of the MMK Group:<br>• renovation of the student dormitory for 360 places<br>• assistance in creating an educational and production centre (cluster) for the “Machine Engineering” industry at the college within the FP “Professionalitet”<br>• meetings with parents of applicants and students<br>• Career Day for schoolchildren in grades 8–11<br>• seminar for college lecturers on the opportunities for organising students' industrial internships, working conditions, and wages at MMK | RUB 50.7 million was allocated for the renovation of student dormitories<br><br>MMK Group's investment in the creation of the educational and production centre was RUB 50 million<br><br>160 parents participated in the informational meeting<br><br>200 high school students participated in Career Day<br><br>200 college lecturers attended the seminar |
| **Universities** | | |
| “Programme 4+” | Collaboration with Nosov Magnitogorsk State Technical University in various formats, including:<br>• meetings of MMK unit heads with teachers and students of relevant departments for information exchange, identification of interaction points<br>• additional student training funded by the company in areas relevant for the plant<br>• holding strategic sessions of MSTU leaders with MMK Group managers to improve the quality of the educational process<br>• funding of the project to create two named classrooms at the university | Launch of the professional retraining programme “Organisation and Management of Procurement Activities at MMK”<br><br>MMK representatives participated in four strategic sessions<br><br>Opening of classrooms is scheduled for the beginning of 2025 |

MMK regularly organises internships for students of partner colleges and university in the plant's workshops. In 2024, RUB 11 million was allocated for organising internships, which were attended 2.6 thousand students.

With MMK's financial support, students of educational institutions in Magnitogorsk achieved high educational results in 2024:

- The team “Motorchiki” from kindergarten No. 25 became the overall winner in the “IKaRenok” category at the final of the X All-Russian Career-Oriented Technological Contest “Engineering Personnel of Russia” with the project “Rotary Wagon Tippler”.
- Students of Multidisciplinary Lyceum No. 1, as part of the Russian national team, became prize winners of the World Robotics Championship held in Beijing.
- Students of the Polytechnic College became silver medallists at the National Championship for Technological Strategy “Professionals of the Future”. The students proposed a new method for producing bimetallic coatings, which reduces several technological operations, increases productivity, and lowers equipment wear and tear.

MMK Group's systemic interaction with the educational institutions of the city contributes to implementation of Priority No. 3 “Collaboration with Nosov Magnitogorsk State Technical University”, as outlined in the Social and Economic Development Strategy of Magnitogorsk until 2035.

## Women in Industry: How to Build a Successful Career

In 2024, Yaroslava Vrubel, Head of ESG and IR at MMK, took part in a panel discussion of the Inspiring Girls project on the topic “How to build a woman’s career in the industrial sector?”.

About 150 female students from leading Moscow universities registered for the meeting, including HSE University, Lomonosov Moscow State University, Finance University, Russian Presidential Academy of National Economy and Public Administration (RANEPA), RUDN University, Plekhanov Russian University of Economics, and others. Most of the participants were 3rdand 4thyear students specialising in economic and technical fields.

During the event, the speakers shared the story of their career path, discussed professional development opportunities for students, and answered participants' questions.



# Motivation and remuneration

GRI 202-1 MED(R)-24 MED(R)-26

The employee motivation and incentive system is outlined in the Company's HR Policy. The wages of all employees in the MMK Group exceed the minimum wage. At MMK, the minimum salary for entry-level employees is 2.2 times higher than the minimum wage. The salary level is not dependent on the employee's gender, but is determined by their qualifications, experience, knowledge, and performance results.

In 2024, MMK Group's employee labour costs amounted to RUB 72,705 million. At MMK, the average salary of blue-collar employees in 2024 increased by 23.8%, while the average salary of managers, specialists, and white-collar employees increased by 16.8%.

**102,810 RUB**

the average salary of the MMK Group employees

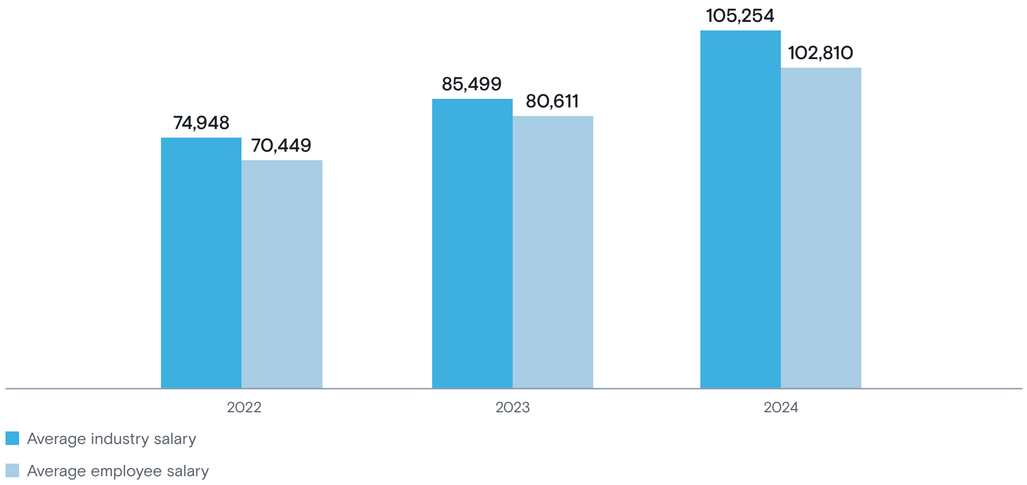
**99,761 RUB**

the median wage of MMK employees

**1:0.7**

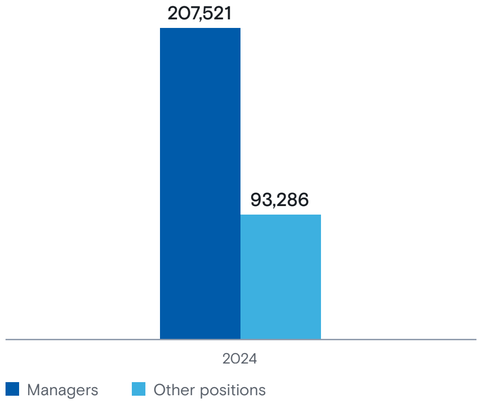
average monthly salary of men to women

## Average salary of MMK Group employees vs average industry salary, RUB



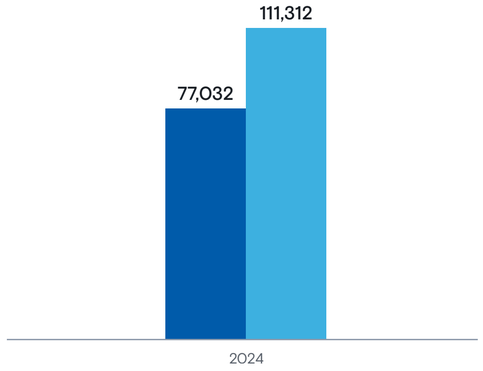

## Average salary of MMK Group employees by category in 2024, RUB

MED(R)-26




## Average salary of MMK Group employees by gender in 2024, RUB

MED(R)-26




In accordance with the MMK Collective Bargaining Agreement for 2024-2026, and by decision of the Company's management, tariff rates and salaries of MMK employees were increased by 10% from 1 January 2024. For more information on collective bargaining agreements, see the "Collective Bargaining Agreement" subsection.

Also in 2024, by Metallurgist's Day, MMK carried out differentiated salary indexation, with a focus on lower wage grades. The indexation coefficient, depending on the wage grade (from higher to lower) ranged from 1.05 to 1.15 p.p. This approach allowed for a higher salary increase for lower-paid employees compared to higher-paid ones.

## Individual terms for top employees

In 2024, MMK continued its campaign of signing individual contracts with the best employees in key professions.

In order to retain highly qualified employees, the number of workers with individual contracts was increased in 2024. In addition, a decision was made to sign contracts with highly qualified specialists. As a result, the number of contracts signed with this category of employees increased from 88 in 2023 to 145 in 2024.

Such rewards for outstanding employees are a long-standing tradition at MMK, which allows the Company to recognise their significant contribution to the Company's achievements, and motivate them for new industrial accomplishments.

Since April 2024, MMK compensates work on days off with double compensation and incentive payments, exceeding the norms set by the Labour Code of the Russian Federation.

In the reporting year, the amounts of monetary bonuses paid to MMK employees were increased:

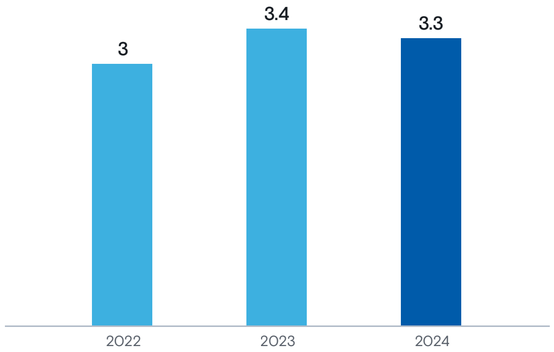
- for awarding an employee with MKK Honorary Certificate — up to RUB 15,000, MMK Certificate – up to RUB 10,000
- for rewarding for labour dynasties was increased: for heads of dynasties – up to RUB 17,000, for members of dynasties – up to RUB 10,000

**3.3** RUB MLN/PERSON

in the reporting year, the labour productivity of MMK employees amounted

## Average monthly labour productivity of MMK employees, RUB mln/person

MED(R)-5




MMK applies Key Performance Indicators (KPIs) approved by the CEO of MMK. The average performance of employees' personal KPIs in the reporting year was 78.4%.

## Allowance for Academic Degrees and Knowledge of English

In 2024, MMK introduced an allowance for employees holding a Candidate of Science and Doctor of Science degree (monthly RUB 5,000 and RUB 10,000, respectively), as well as for knowledge of English at level B1 – RUB 3,000 and at level B2 or higher – RUB 5,000.

These changes have been incorporated into the MMK Collective Bargaining Agreement for 2024-2026.
In the reporting year, 65 employees received the allowance for holding a Candidate of Science and Doctor of Science degree, and 130 employees received the allowance for their proficiency in English.



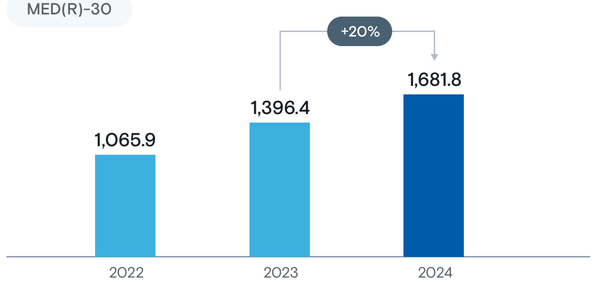
# Training and development

GRI 404-2 | MED(R)-30 | MED(NG)-5.1

MMK Group focuses on the professional development of employees, creating conditions for continuous training and professional development.

## Training costs at the MMK Group, RUB million

MED(R)-30




**1,681.8 RUB MILLION**

total training costs at the MMK Group in 2024

**29,795 RUB**

average training costs per employee in 2024

**7.5 %**

ratio of the MMK Group training costs to the total management expenses in 2024

## Mentorship

In order to minimise the risk of dismissal of employees within the first few months of employment due to insufficient adaptation to the Company, a Mentorship Policy was developed and implemented in the MMK production units in the reporting year. Additionally, the Institute of Release Mentors was introduced to support newly hired employees from the first days of their employment. The Mentorship Regulation establishes an additional payment to each mentee they are responsible for.

## Corporate development programmes

GRI 404-1 | MED(R)-31

In 2024, MMK Group implemented a number of educational initiatives aimed at training the talent pool and developing managerial competences.

As part of the employee retention programme, training workshops were held during the reporting year for managers of production units, from foremen to shop heads. During these workshops, participants familiarised themselves with current labour market trends and developed competencies to retain employees.

In the reporting year, MMK's Commercial Directorate implemented the 'Persona' project, introducing a new approach to proactive interaction between the HR Directorate and employees of the Commercial Directorate. As a result of the project:

- the HR business partner function was introduced
- a mechanism for horizontal and vertical career development for Directorate employees was developed
- principles for assessing the competences of Directorate employees were defined

The total hours of training at the MMK Group in 2024 were 5.2 million person-hours: 93 person-hours per management employee and 104 person-hours per blue-collar employee. 102 person-hours per male employee and 66 person-hours per female employee were invested at the MMK Group. The average number of training hours per MMK employee was 115 person-hours per male and 77 person-hours per female.

**93 PERSON-HOURS**

number of training hours per Group employee in 2024

## Institute of Release Mentors

In 2024, 19 structural units of MMK introduced the positions of instructors for industrial training of workers in mass professions (released mentors).

One of the main tasks of the mentor is to organise the adaptation process of young employees within the structural unit. Released mentors are assigned annual KPIs that track the retention of young employees in their positions. This motivates mentors to pass on their knowledge to the younger generation.

## Corporate development programme "New Shift"

For several years MMK has been implementing the corporate development programme "New Shift", which involves talented employees capable of implementing new management tools.

In 2024, the sixth round of the managerial reserve training programme "New Shift. Round 6" was launched. As part of the collaboration with MGIMO and MIPT, MMK employees are undergoing training in the MBA programme "Digital Economy". To develop key competencies in various areas of management activity, the following groups are being trained:

- 2 groups under the Presidential Programme for Training Management
- 2 groups under the "Effective Manager" programme

A variety of career tracks are available for graduates of the programme in the most relevant areas for the Company. The competences acquired by graduates are in high demand in production. Reserve pool members form the backbone for planned rotations and appointments. More than 92% of managerial appointments were made among the reserve pool.

MMK Group supports employees' aspirations to obtain higher education by providing financial assistance to those studying at relevant institutions. The Company pays the average wage for weekends that employees use for attending academic sessions. According to Russian labour legislation, employees who combine their work with studying at educational institutions and those who are eligible to pursue a Candidate of Science or Doctor of Science degree, are entitled to additional paid leave. The procedure and conditions for granting such leave are outlined in the MMK Group's Vacation Policy.

In the event of a workplace injury, MMK Group employees have the opportunity to retrain for a new profession in accordance with the Company's activities and their new position. In addition, if necessary, any employee, regardless of age or gender, may be sent for training at the Company's expense.

## Corporate Competency Model

MMK Group conducts an annual assessment of employees in line with the Corporate Competency Model. For blue-collar employees, the Corporate Competency Model defines four key competency areas for evaluation:

01.
Information Provision

02.
Functional and Technical Expertise

03.
Customer Focus

04.
Result Orientation

In 2024, the assessment of compliance with the Corporate Competency Model was conducted twice – In January and in July. The assessment results are used in determining the remuneration of blue-collar employees.

In January, 15,803 employees underwent the assessment, and in July – 15,861 employees. The average score in both cases was 2.96/4.00.

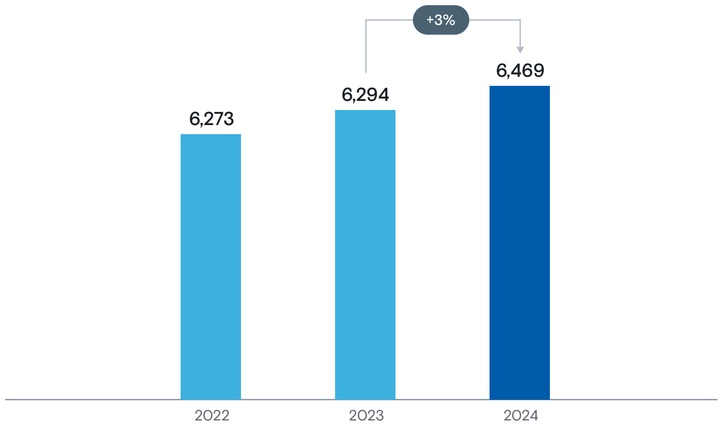
## Talent pool

The formation of a talent pool is one of the Company's key priorities. In 2024, the focus was placed on identifying promising employees and involving them in corporate projects aimed at developing managerial competences. Heads of units and chief specialists are actively involved in the selection process. Young employees undergo training in programmes focused on developing strategic thinking. Promising employees are sent for training at leading business schools for MBA programmes.

One of the effective tools for preparing reserve employees is internships. Of the total number of employees who completed internships, 32.6% acquired additional competencies, 26.9% were prepared for work in a position within the reserve formation, and 40.5% were transferred to vacant leadership and specialist positions.

Appointments to leadership positions are made the pool of reserve employees in more than 90% of cases, as they acquire the relevant competences in demand with the support of the employer.

**Employees in the Group's talent pool,** people








# Social policy

GRI 401-2

The MMK Group regards its employees as its main value, and their well-being and development as the basis for sustainable growth. The Company adheres to the principles of a responsible employer in the region where it operates, providing comprehensive support to employees and their families and creating decent living conditions within the city.

The social policy, as part of the Company's HR policy, is aimed at improving the living standards of employees and enhancing the quality of corporate benefits. The social guarantees provided under MMK's Collective Bargaining Agreement for 2024-2026 cover a wide range of social areas: from wage indexation and provision of corporate voluntary health insurance (VHI) for all employees to increased housing subsidies. The new Collective Bargaining Agreement significantly increased subsidies and compensations, indexed the amount of monetary bonuses, and expanded the list of circumstances under which paid social leave can be granted. For more information on the collective bargaining agreements, see the relevant subsection.

The interests of MMK employees are represented by the Primary Trade Union Organisation. The following organisations cooperate with the employees on matters of social support:

| Union of Young Metallurgists | MMK's Veterans Council | The "I am a Woman" Foundation |
|---|---|---|
| Social assistance and adaptation of young people | Social assistance to retired former employees | Social assistance to women |

> 30 YEARS

the Magnitogorsk City Youth Public Organisation "Union of Young Metallurgists" has been bringing together the youth of the MMK Group

415 INDIVIDUALS

in 2024, the Union's membership

## Induction into Metallurgists

As part of the Youth Policy implementation, the Union of Young Metallurgists organised a large event "Induction into Metallurgists" for the first time in 2024 for young employees of all MMK Group companies in Magnitogorsk, who had just graduated from educational institutions and became part of the team. In addition to the educational and cultural programme, they were given the opportunity to engage directly with the company's managers, its units, trade union committee, and ask questions of concern to young employees.

During the reporting year, the Union of Young Metallurgists organised a number of educational, sports and entertainment events for the Group's employees, which were attended by over 430 people. For more information on the Union of Young Metallurgists' corporate volunteering activities, see the "Development of the regions of presence and local communities" section.

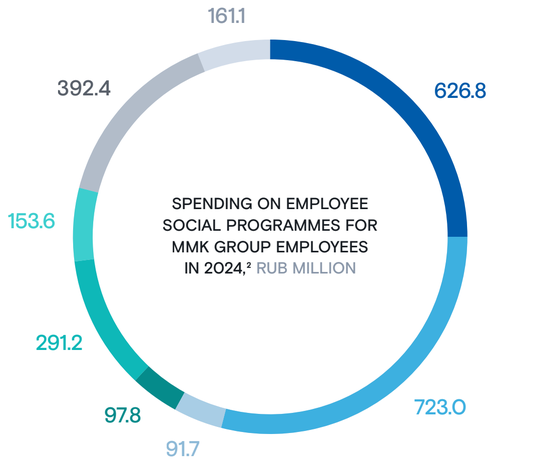
**2,538** RUB MILLION

in 2024, the Group's total spending on employee social programmes

**46,839** RUB

Social package costs per employee[1]

GRI 401-2 MED(NG)-1.1 MED(NG)-1.4




- Healthcare and prevention programmes
- Vouchers to sanatoriums and holiday homes
- Discounted camp programmes for employees children
- Promoting a healthy lifestyle and sports
- Provision of hot meals
- Cultural events for employees
- Housing, youth, educational programmes
- Programmes to encourage childbirth, support large families and mothers

"After graduation, I identified two main criteria for choosing an employer: the opportunity to develop within the company and a decent social package aimed at families with children.

As a result, MMK was my choice. The company encourages the desire to improve professional growth, and offers a variety of support measures for employees' families, including trips to health resorts and housing subsidies.

For me, it is also important that the benefits package is regularly expanded to cover virtually all aspects of our work and life.

**A. Goncharov,**

PRODUCTION SUPERVISOR, MMK

## MMK is among winners of the All-Russian competition of the Russian Union of Industrialists and Entrepreneurs (RSPP)

In 2024, MMK was awarded a diploma in the "For Supporting Employees with Family Responsibilities, Families, Motherhood, and Childhood" category at the All-Russian RSPP competition "Business Flagships: Dynamics, Responsibility, Sustainability – 2023".

[1] Calculated on the basis of the average headcount of employees.

[2] The Company's expenses on employee health support. For the value of the Company's expenses on supporting the health of the local communities, see the "Development of the regions of presence and local communities" section.

MED(R)-28 MED(NG)-3.1

| Social policy direction | Programmes / projects description | 2024 highlights |
|---|---|---|
| Medical and preventive programmes | Financial assistance in prosthetics for employees working in harmful and/or hazardous working conditions | The amount of financial assistance has been increased from RUB 12,000 to RUB 50,000 |
| Vouchers to sanatoriums and recreation centres | Providing employees and their families with the opportunity to fully rest and restore their health in sanatoriums and recreation centres, with partial reimbursement of the cost of the vouchers<br><br>Benefits amount to 70-80% of the full cost of the voucher, depending on the season<br><br>Holders of the “GTO” gold badges can receive a free voucher for an additional place in the sanatorium | Over 17,000 employees (more than 30% of MMK Group's total number of employees) have been sent for sanatorium and health resort treatment<br><br>In order to improve the quality of services provided, MMK renovated the accommodation facilities of 5 sanatoria in 2024 |
| Preferential vouchers to camps for children of employees | Children's wellness programmes at the “Uralskiye Zori” and “Gornoye Ushchelye” camps during summer holidays<br><br>Parents working at MMK Group can purchase vouchers for their children with a discount of up to 55% of the full cost, provided by the employer and the trade union committee | In MMK's children's camps, 8,770 children had a summer vacation, with more than 5,500 of them being children of MMK Group employees |
| Hot meals for employees | Improving quality of food, increasing its availability and diversity<br><br>Regular inspections of canteens are conducted jointly with the trade union, ongoing repairs are carried out, and feedback on food quality is collected | Reconstruction of canteen No. 17 at the Section Rolling Shop was completed<br><br>Meal subsidy when paying with MMK-Plus bank card was increased from RUB 115 to RUB 135 |

| Social policy direction | Programmes / projects description | 2024 highlights |
|---|---|---|
| Housing, youth and educational programmes | The Preferential Mortgage programme (as part of the Comprehensive programme):<br>• compensation of 50% of the mortgage loan interest rate (up to RUB 20,000 per month) for employees who are committed to stay and live in Magnitogorsk<br>• employees can use the programme for 5 years | Since July, the programme has been made available to all employees with at least one year of service, regardless of age<br><br>Programme coverage – 2.3 thousand employees<br><br>The amount of compensation paid in 2024 amounted to RUB 109.12 million<br><br>The Company's total expenses on improving employees' housing conditions amounted to RUB 118.7 million |
| | Rental housing compensation programme for non-resident employees (as part of the Comprehensive programme) | 324 non-resident employees of MMK took advantage of the rental housing programme |
| | Relocation allowances for graduates of vocational educational institutions and employees hired after completing their military service in the Russian Army (as part of the Comprehensive programme) | The relocation allowance for those hired after discharge from military service in the Armed Forces of the Russian Federation was increased from RUB 6,000 to twice the minimum wage in the Chelyabinsk Region. A new relocation allowance for graduates of educational institutions was established at the level of one minimum wage.<br><br>The allowance was provided to 103 graduates hired and 74 employees discharged from military service |
| | Participation in professional skills competitions and scientific and technical conferences for young talented employees of the Company<br><br>Provision of subsidies for housing purchase or mortgage repayment to young employees who win professional skills competitions | Subsidies for purchasing housing or repaying mortgages were doubled (from RUB 250,000 to RUB 500,000)<br><br>10 winners received subsidies for purchasing housing or repaying mortgages<br><br>Employees with children received additionally RUB 50,000 for each child |

MED(R)-28 MED(NG)-3.1

| Social policy direction | Programmes / projects description | 2024 highlights |
|---|---|---|
| Programmes to stimulate fertility, support motherhood and large families | **Motherhood and Childhood Protection Programme**<br><br>Under the programme, female MMK employees, starting from the 13 thweek of pregnancy until the birth of the child, are granted leave from work with average salary. They are registered at a specialised Maternity Centre, where they undergo physical and psychological preparation for childbirth, attend swimming sessions, and use medical services<br><br>Financial assistance provided:<br>• a one-time payment upon the birth of a child (RUB 22,000)<br>• monthly financial assistance during maternity leave until the child reaches 3 years of age (from RUB 2,000 to RUB 5,000)<br>• a school preparation allowance for first-grade children (RUB 4,000)<br><br>Wellness swimming with an instructor for children from 3 months of age | RUB 54 million was allocated for the programme implementation<br><br>By the end of 2024, an average of 170 pregnant women are registered at the Maternity Centre on a monthly basis<br><br>Over 900 female employees of the Group receive monthly maternity leave payments<br><br>0% mortality rate during childbirth among its participants<br><br>Over the course of the programme, there has been a significant reduction of over 80% in the incidence of children born with pathologies, childhood illnesses, and complicated births |
| | **The “Friendly Family” programme**<br>Financial assistance for large families of employees, including:<br>• monthly financial assistance<br>• vouchers for children's camps<br>• school supply kits<br>• gift certificates for children's stores<br>• health and wellness activities at the city water park<br>• organisation of family leisure events | Programme coverage - 2.2 thousand families of employees raising 6.8 thousand children<br><br>RUB 107.2 million was allocated to support families<br><br>A trend towards greater self-sufficiency among large families is observed<br><br>Decline in the ratio of large families living below the subsistence level<br><br>The large family rate among employees has been steadily increasing: over the 16 years of the programme, the rate has risen almost tenfold |

| Social policy direction | Programmes / projects description | 2024 highlights |
|---|---|---|
| | **The “Semitsvetik” programme**<br>Support for children with disabilities:<br>• assistance with medical treatment and rehabilitation for children<br>• health improvement programmes for children and family members<br>• assistance in purchasing school supplies for the academic year<br>• excursions and cultural events for children | RUB 25 million was allocated for the programme implementation |
| Organisation of cultural leisure activities for employees[1] | **Metallurgist's Day**<br>Musical and theatrical performance featuring leading national musical artists and local ensembles<br><br>Recognition of the most outstanding employees in the industry with honorary awards | The event was attended by over 6,000 employees of the Group |
| Promotion of healthy lifestyle and sports | **The “Health Leaders” project**<br>Improving employee health, promoting healthy habits, and strengthening corporate spirit<br><br>A project where employees act as mentors for their colleagues in leading a healthy lifestyle<br><br>20 teams of 10 people each are engaged in active sporting lifestyle over a period of 6 months, completing various tasks and participating in sports activities | Over the five seasons, 1,100 people took part in the project, including 220 participants in the reporting year<br><br>Total weight loss among the participants amounted to 640 kg<br><br>Expenditures on organising and holding social, fitness, wellness, and medical activities for employees and their family members amounted to RUB 878.2 million |
| | **Inter-shop spartakiades:**<br>Summer and winter MMK spartakiades covering 25 sports disciplines | More than 15,000 people took part in sports activities |

[1] For more information on cultural and leisure activities for employees and locals, see the “Development of the regions of presence and local communities” section.

# Respect for human rights

GRI 2-27 GRI 3-3 GRI 406-1 GRI 14.20.3

MMK Group acknowledges its responsibility as the largest employer in a monotown and actively implements measures to identify and prevent violations of employee rights, discrimination, and forced labour. The Company upholds equality, the right to freedom of association, and advocates for the diversity of employees' interests.

The Group strictly adheres to the principles of respect for human rights, guided not only by international standards, but also by forming a corporate culture in which respect for human rights becomes an integral part of all business processes.

MMK Group does not tolerate use of modern slavery, child labour, or forced labour in its operations and supply chain

For more information on respecting human rights, see the "Procurement and Supply Chain Management" section.

The Company has formalized its commitment to human rights through the development and approval of the following governing documents:

- HR Policy
- Youth Policy
- Human Rights Policy
- Policy on Working Conditions
- Equal Opportunity Policy
- Policy on Minimum Age of Employment
- Policy on Prohibiting Employment and Occupation Discrimination
- Policy on Prohibiting Sexual Harassment, Abuse, and Violence

For more information, please visit the official MMK Group website in the "Human Rights" section.

**0** CASES

of strikes or lockouts among employees in 2024

## Monitoring compliance with human rights

The Company actively monitors the effectiveness of mechanisms to protect employee rights. During the reporting period, two incidents related to conflict of interest and one case of unethical behaviour were identified. Following the analysis of these cases, corrective measures were implemented within the relevant units, and employees responsible for the violations received administrative penalties.

Each employee has access to confidential feedback tools, including a human rights hotline and specialised channels for submitting anonymous feedback. For more information on the hotline, see the "Business ethics, anti-corruption, and feedback mechanisms" section.

The Company regularly informs employees about the operation of the ethics hotline through email newsletters, surveys, and the placement of information materials at key locations. This approach contributes to raising awareness among employees about the mechanisms in place to protect their rights and the available feedback channels.

In the reporting period, the MMK Group conducted its annual sociological survey to monitor corporate culture, with 3,562 employees from 30 Group companies participating. Despite changes in the external environment, the ethical climate in the Company remains at a high level with positive dynamics.

## Collective Bargaining Agreement

GRI 2-30 MED(R)-32

In 2024, 100% of MMK employees were covered by collective bargaining agreements. In addition, nearly all MMK Group organisations have their own collective bargaining agreements, with 97.6% of employees being covered by collective bargaining agreements in the reporting year. This document provides social guarantees, protection of employee rights, and transparent mechanisms of interaction between the employer and the employees of the Group.

MMK recognises the Primary Trade Union Organisation of the Miners' and Metallurgical Workers' Union of Russia (PPO GMPR) as the sole representative of employees, as it is authorised by the conference of the MMK employees to represent their interests. The Trade Union consists of 99.1% of MMK employees, while the level of trade union membership for the MMK Group organisations as a whole is 86.8%.

As a result of cooperation with the trade union in the reporting year, the tariff rates were indexed by 10% from 1 January 2024, and a differentiated indexation of tariff rates from 5% to 15% from 1 June 2024. This led to an average increase in tariff rates by 23.2%.

## Supporting indigenous minorities' rights

GRI 411-1 GRI 14.11.1 GRI 14.11.2 GRI 14.11.3 GRI 14.11.4 MED(R)-40

The MMK operates in the area inhabited by the indigenous minority of Nagaybak, who possess a unique cultural heritage and historical traditions. The Company adheres to the principles of respecting the rights of this group and conducts its operations in strict accordance with the Policy on Providing Guarantees to Indigenous Minorities Living Within the Territory of PJSC MMK. According to the Policy, the indigenous the Nagaybaks has the following rights in order to protect their original environment, traditional lifestyle, and activities:

- participate in environment impact assessments of the MMK's programmes on development of natural resources and environmental protection at their traditional places of residence and activity of the Nagaybaks in the Chelyabinsk Region
- maintain their traditions and perform religious ceremonies that do not contradict federal laws, laws of the constituent entities of the Russian Federation, the MMK employment policies and procedures, as well as maintain and protect their ritual places
- establish and develop relations with representatives of the Nagaybaks living in other constituent entities of the Russian Federation and outside Russia

In the areas inhabited by the indigenous Nagaybaks, that is, in regions affected or potentially affected by MMK's operations, there are no industrial facilities or identified reserves. In 2024, MMK did not participate in obtaining the Free, Prior, and Informed Consent (FPIC) of the indigenous Nagaybaks for any activities and did not interact with these indigenous minority group.

**0** CASES

of violation of the rights of the indigenous minority of Nagaybak in 2024

# Plans for 2025 and the medium term

01. Continuing implementation of initiatives aimed at attracting and retaining employees as part of a new comprehensive programme, covering most areas of the Company's activities

02. Maintaining the volume of employee training and developing the most relevant competences in digital technologies, economics, and strategic thinking of employees

03. Increasing the housing rental compensation amount to RUB 20 thousand

04. Expanding the list of settlements where purchasing housing grants the right to join the preferential mortgage programme

05. Launching a programme for free health rehabilitation of employees reaching retirement age at the “Uvildy” sanatorium

06. Increasing the number of children receiving health rehabilitation at the “Uralskiye Zori” and “Gornoye Ushchelye” children's health camps by expanding the number of wellness sessions from five to six

07. Strengthening cooperation with the indigenous minority of Nagaybak, while recognising their rights and cultural identity

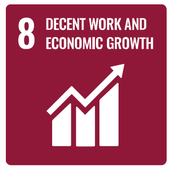


# Development of the regions of presence and local communities

## Approach

As a major taxpayer and employer in the Chelyabinsk Region, the MMK Group actively participates in the life of the local population and implements social and charity projects to improve the quality of life in the region. The Company systematically implements and supports social and charity projects aimed at creating a comfortable urban environment in the single-industry town and improving the quality of life of the local population.

## Contribution towards SDGs




## Contribution to achievement of the national development goals of the Russian Federation

- Preservation of the population, strengthening health and improving the wellbeing of people, supporting families
- Self-fulfilment of each person, unlocking their talents, and educating a patriotic and socially responsible person
- Comfortable and safe living environment
- Stable and dynamic economy

## Sustainability risks

- Social tension

## Material topics

- Local community development

## 2024 highlights

**2,248 RUB MLN**

the Group's investments in the development of local communities and charity[1]

↑49% to 2023

**28 RUB BLN**

tax payments to the budget of the Chelyabinsk Region

**415 PEOPLE**

number of corporate volunteers

**5 RUB MLN**

was the total grant fund of the Alloy of Kindness and Action social project contest held by the Metallurg CF

↑25% to 2023

[1] This amount includes the aggregate investment in the infrastructure and expenditure on the community and charitable needs.

# Approach to social investment management

GRI 3-3 GRI 203-1 GRI 413-1 GRI 14.10.1

The MMK Group provides charitable support to local communities, including through cooperation with the Metallurg charitable foundation (CF) and other non-profit organisations.

The activities of MMK in this area are governed by the Local Community Engagement Policy and are primarily focused on youth developing, supporting motherhood and childhood, and providing assistance to vulnerable groups, such as pensioners and people with disabilities. In the reporting year, the share of subsidiaries implementing local community engagement programmes was 49%.

The funds to finance social programmes are allocated from the budget of the organisations under the patronage of the Group's subsidiaries according to a fixed amount of limits. The Chief Executive Officer and the MMK Social Programme Unit are responsible for their distribution, and the latter is also responsible for the project implementation control.

The MMK Group's systemic support is primarily provided through the implementation of social programmes via the Metallurg CF. Certain charity projects are implemented in close cooperation with the Magnitogorsk Administration, the Government of the Chelyabinsk Region and the legislative body. The MMK makes donations for the implementation of projects based on requests from the Chelyabinsk Region Administration, in line with the goals of the Social and Economic Development Strategy of Magnitogorsk to 2035.

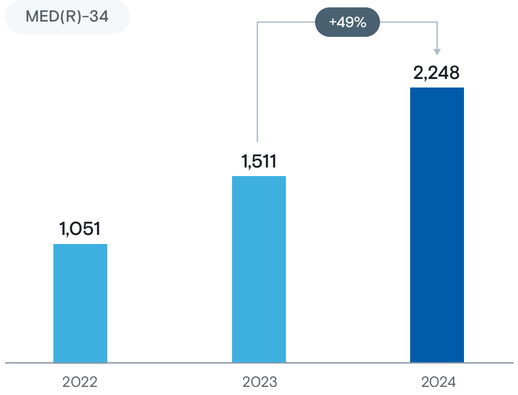
In 2024, monthly meetings between the MMK Group and the Magnitogorsk Administration continued, during which the most important issues of improving the urban area and achieving the goals set as part of the social programmes were discussed. Communication with representatives of local communities also takes place through face-to-face meetings and business correspondence.

As part of its cooperation with local communities, the MMK Group strives to provide residents of the city and the region with everything they need to create a comfortable standard of living. The following are the main areas of social investment of the MMK Group:

- health care, education, science and art support
- sports and recreational facilities development
- city infrastructure development
- organisation of public events
- industrial tourism development
- support for SMEs

**Trends in the MKK Group's social investments,** RUB million

MED(R)-34




As a socially responsible and sustainably developing Company, the MMK Group continues to invest a significant volume of social investments towards the development of its area of presence and supporting the growth of the non-profit sector in the region.

In the reporting period, the MMK Group's social investments amounted to RUB 2,248 million. The priority areas of support have not changed and remained the same in 2024. The majority of investments (50%) were aimed at implementing the charity programmes and supporting the public, non-profit and charitable organisations.




## Surveys of the beneficiaries

The MMK Group conducts an annual survey of the stakeholders to monitor and assess their satisfaction with the quality of implemented social programmes. For the third year in a row, this survey was held at the Metallurg foundation and covered participants of all charitable programmes implemented by the foundation.

In 2024, 2,365 people took part in the survey. The survey results showed that more than 95.5% of the respondents are fully satisfied with the foundation's social programmes. At the same time, 24.1% of beneficiaries noted that their quality of life had improved thanks to the foundation's support.

The findings of the survey served as the basis for developing an action plan aimed at improving charitable programmes and expanding the scope of services provided by the Metallurg foundation in 2025.

# Contribution to the social and economic development of a single-industry town

## Development of Infrastructure and urban environment

MMK is actively involved in the development of Magnitogorsk, working closely with the city administration to create a comfortable urban environment.

MED(NG)-3.3

The Company, as a city-forming enterprise, sees its mission in ensuring a high quality of life for its employees and their families, as well as in contributing to the social and economic development of the city. MMK's expenditures on improvement and integrated development of the city amounted to RUB 10 million in 2024.

To maintain a favourable social climate in the Chelyabinsk Region, MMK continues to develop important social facilities in Magnitogorsk: children's institutions, sports facilities, extracurricular education organisations, urban cultural and recreational spaces, transport infrastructure facilities, and healthcare services.

### Magnitogorsk is among the top 30 Russian cities with the highest quality of life

At the end of 2024, Magnitogorsk entered the top 30 for the first time (29th place) of the Quality of Life Index by the Financial University under the Government of the Russian Federation, improving by 12 positions compared to the 2023 ranking.

Within the index, Magnitogorsk entered the top 10 cities with a positive assessment of business conditions, road infrastructure and public transport.



### Infrastructure projects supported by the Company in 2024

| Project | Description | Findings |
|---|---|---|
| Modernisation of Metallurg-Magnitogorsk Sports Club infrastructure | • three new halls (two fitness halls and one gym) have been launched in the athletics arena of the sports complex<br>• installation of modern flooring has been completed in the specialised table tennis complex<br>• acquisition of a specialised aquatic harvester for cleaning the waters of the Magnitogorsk water reservoir from vegetation | • more than 20 types of wellness activities are currently being held in the new halls of the sports complex<br>• a new tennis court surface has been installed<br>• ensuring unobstructed access for sports vessels in the waters of the Magnitogorsk reservoir |
| Preparation phase of the overhaul of the Nothern bridge | As part of the preparation phase of the overhaul:<br>• the roadway of Kirov Street was widened to four-lane traffic<br>• free car parking | • the road capacity from Profsoyuznaya Street to Kirov Street was increased<br>• availability of free car parking for drivers was ensured |
| Construction of the Klyuchevoy residential complex | By Metallurgist's Day, the first building of the second phase of the “Klyuchevoy” residential complex was completed | Keys to new flats were handed over to 136 families, most of whom are MMK employees |

**136 FAMILIES**

**were handed keys to new flats**
most of whom are MMK employees

## Operation of Social Facilities in the Single-Industry Town with MKK's Support

**1**

### MMK Industrial Park

An area with a developed modern infrastructure designed for launching and developing business projects

**2**

### Children's Digital Education Centre IT-Cube

An educational institution offering the opportunity to take courses in the IT field

**3**

### Central Clinical Medical and Sanitary Unit

A medical facility with the state-of-art equipment

**4**

### Quantorium Children's Technopark

An extended education centre for children aimed at increasing interest in engineering and technical fields

**5**

### Metallurg-Magnitogorsk Sports Club

An institution for the development and popularisation of sports among the MMK employees and young people

**6**

### "Prityazhenie" Park

A year-round multifunctional park space for culture and recreation

**7**

### Metallurg Charitable Foundation

A foundation that provides financial and professional support to various social associations and initiatives

**8**

### Children's Social Assistance Centre Mosaic

A centre providing psychological and educational support to children with mental developmental disorders

**9**

### Abzakovo Ski Centre

A winter resort for lovers of active recreation

**10**

### Sanatorium Yubileiny

A medical and recreational complex for rest and recuperation

**11**

### Children's Health and Educational Complex

A year-round resort offering summer recreation for children and health services for large families and pensioners during the off-season

**12**

### Bannoye Ski Centre

A winter resort for lovers of active recreation



# ”Prityazhenie” is the brand of Magnitogorsk

One of MMK's key projects within the comprehensive development of the area and the improvement of urban environment comfort is the year-round “Prityazhenie” city resort in Magnitogorsk, which involves a radical transformation of 400 ha of land.

To date, following the completion of the three phases of the “Prityazhenie”, about 140 ha have been developed. These include two light and music fountains, children's playgrounds with attractions, a pedestrian boulevard, a lake with cascading waterfalls and a view bridge, a landscaped sandy beach, a sports training cluster for 18 sports, a multi-sports area, a roller park/ice skating rink with the longest skating season in the region, a view hill with an all-season coating for year-round skiing and tubing, 40 km of paths and tracks for various sports, an open-air amphitheatre stage, food outlets, and a staff training centre.

The “Prityazhenie” resort has become the main recreational area for residents, who actively participate in the development and enrichment of the resort space, as well as the most popular destination for tourists.




## Territory of the “Prityazhenie” city resort

The development of the “Prityazhenie” city resort supports the implementation of Priority No. 1 “Landscaping and Ecology” and Priority No. 4 “Development of Tourism Potential of Magnitogorsk”, as outlined in the Social and Economic Development Strategy of Magnitogorsk until 2035.

More about the “Prityazhenie” city resort

**4 MLN**

visitors since 2022

**> 20 RUB BLN**

total investment since the project started in 2019

## From undeveloped land to multifunctional urban space: a timeline of the construction of the “Prityazhenie” city resort



**2019**

**Project design commencement**



**2022**

**Opening of the First Construction Phase**

Implemented projects:

- Information Centre
- Food mall
- Pedestrian boulevard
- Modern children's playground
- Roller part (summer), ice rink (autumn-spring)



**2023**

**Opening of the Second Construction Phase**

Implemented projects:

- Two-level artificial lake with a promenade and event stage
- Ski hill with year-round coverage skiing and tubing
- Picnic island
- Sports court complex
- View bridge with lightening
- Four-level rope camp
- Eco trail
- Children's park
- Children's playgrounds, including themed ones



**2024**

**Opening of the Third Construction Phase**

Implemented projects:

- Light and music fountain "Steel Heart of the Motherland"
- The second hockey rink in the sports cluster
- Art Quarter with restaurants and shops
- Fair with fair stalls and updated range of products
- Staff Training Centre



**2025–2027**

**Opening of the Fourth Construction Phase 2025-2027**

Implemented projects:

- Indoor entertainment centre
- Year-round thermal resort
- Children's hockey academy
- Multidisciplinary medical centre
- Four-star hotel
- Residential complex

## A million-dollar idea

In 2024, the administration of the “Prityazhenie” city resort, with the support of MMK, announced the “A Million-Dollar Idea” competition among the students of Nosov Magnitogorsk State Technical University.

The student community was invited to design the thematic content of the indoor entertainment centre within the city resort, the construction of which is scheduled for completion in 2025.

According to MMK’s management, the creative initiative and innovative approach of young people from Magnitogorsk have the potential to elevate the “Prityazhenie” city resort to a new level, making it the main attraction in the city for the young generation.

**1 RUB MLN**

were awarded a cash prize the authors of the best idea

GRI 203-2

The "Prityazhenie" project has become a driver for the development of the southern regions of Magnitogorsk. Thanks to the resort, the capacity of the city's substation was increased by 15 MW and new roads were built, significantly reducing traffic congestion.

The city resort also had a positive impact on the city's ecology. A total of 98,000 tonnes of construction waste were removed from the previously abandoned site. At the same time, many trees on the site were preserved and integrated into the landscape of the current project. To date, over 5,700 trees, 340,000 shrubs, and one million perennial flowers have been planted.
The “Prityazhenie” project provides residents with opportunities for leisure and entertainment without leaving the city. The city resort annually reaffirms its status as a modern venue for events of various levels, from creative presentations, exhibitions, installations, and fairs to seminars, forums, and festivals of both city and national scale. In 2024, over 100 thousand guests attended mass entertainment events at the resort.

**Events at the “Prityazhenie” city resort in 2024:**

- “5 Verst” weekly race
- Valenki Winter Sports Festival
- Uralskaya Klassika summer and winter sports festival
- setting the Russian record for the largest Georgian ribbon by area
- Metallurgist’s Day events
- Student Day events and other student activities
- theatrical performance festivals
- themed fairs

A barrier-free environment for people with disabilities has been created on the territory of the “Prityazhenie” city resort. Annually, the resort serves as a venue for events held by local charities and the Resource Centre for people with disabilities. Training sessions at the resort’s archery range held on a systematic and free-of-charge basis for the beneficiaries of the Resource Centre. Additionally, a programme is in place for monthly visits to the “Prityazhenie” city resort for children from social institutions and specialised boarding schools in the city.
In addition, in 2024, mass charity events in support of children with special needs were held at the city resort timed to coincide with Children's Day, 1st September and New Year. These events were attended by over 10,000 guests.
At the same time, the “Prityazhenie” resort is a unique platform for social interaction, professional and amateur sports, and unlocking the creative potential of the younger generation.

**In 2024, the “Prityazhenie” project received a number of awards:**

- the finalist of the national award “Our Contribution” for implementing social programmes that contribute to achieving the goals of national projects
- the laureate of the “Impulse” award in the “Project of the Year. Social Infrastructure” category
- the winner of the “Impulse” Award from the Vedomosti newspaper in the “Social Infrastructure Project of the Year” category
- Russian Government Award for the best investment project in the development of tourism industry facilities
- top 1 sites and activities in the Chelyabinsk Region, according to the “Mediarazvedka” project of the travel service Tutu.ru

As a native resident I will say that Magnitogorsk has never been just an industrial city. Our city has interesting architecture, good climate, friendly people with character. The thing we lacked was social infrastructure, places for family holidays. MMK has made a lot of changes for the better. The number of tourists increased. Today we have a city with comfortable learning, working and living conditions. A lot of attention is paid to sports, elderly people and people with special health needs. The resort "Prityazhenie" is just a great idea, a grand project. You can ride the slopes in winter and sunbathe on the beach in summer. All year round within walking distance there's a place to spend time for all tastes. There is no such a thing anywhere in Russia. The scale of landscaping and MMK's tangible efforts to improve air quality are also encouraging.

**A.V. Fedotov**

TEACHER OF RUSSIAN LANGUAGE



## Entertainment and recreational programmes supported by the Company in 2024

| Programme | Description | Highlights |
|---|---|---|
| Group trips for employees and their families to the “Prityazhenie” city resort | A free programme of organised trips for employees of MMK Group subsidiaries and their families, offering around 40 activities to choose from:<br>• sports grounds<br>• playgrounds<br>• ski centre<br>• skating rink<br>• rope park<br>• picnic and beach recreation areas | • 10 MMK Group subsidiaries involved<br>• more than 15,000 participants |
| 50% discount vouchers for services at the “Prityazhenie” city resort | The programme entitles employees to a 50% discount on a wide range of resort services | • 24 discount services are available<br>• about 23.4 thousand vouchers were sold |
| “Health Leaders” | As part of the “Health Leaders’ programme, an additional agreement was signed for employees to visit sports facilities at the “Prityazhenie” city resort (ski hill, sports grounds)<br><br>For more information on the programme, see the “Our employees” section | About 1,000 participants |
| Group visits to the “Prityazhenie” city resort by students of special children's institutions of Magnitogorsk | The wellness programme for children's groups from social institutions and specialised boarding schools includes:<br>• excursion<br>• visit to seasonal facilities (skating rink, playgrounds, rope park)<br>• hot lunch | 500 children from 10 educational institutions |

# Improving public health

MED(NG)-1.4 MED(NG)-1.6

One of the priority areas MMK Group's social investments is to improve the healthcare system for its employees and residents of Magnitogorsk. The Company's healthcare infrastructure development costs amounted to RUB 51.6 million in the reporting year.

In 2024, in honour of the 60thanniversary of the Metallurg Sanatorium, a large-scale project was launched to build a new 95-room residential building. This will increase the sanatorium's occupancy rate to 3,700 people per year and expand recreation and treatment opportunities for MMK Group employees and their families.

In the reporting year, MMK continued to implement the ambitious development strategy of the Central Clinical Medical and Sanitary Unit approved until 2026.

**51.6 RUB MLN**

healthcare infrastructure development costs



## Purchasing an angiographic system

Thanks to the purchase of this system, in March 2025, the first hybrid operating room in the Chelyabinsk Region will be launched at the vascular surgery department of the Central Clinical Medical and Sanitary Unit. It will combine two operating rooms for open and endovascular interventions.

## Facility renovation

MMK financed the renovation of non-residential space, where a psycho-physiological examination room for the Group's employees was opened in 2024. It is equipped with psycho-diagnostic complexes, as well as the necessary furniture and inventory.

## Introducing a unified medical information system

In 2024, the project of implementing a unified medical information system was completed, aimed at significantly improving the quality of medical care. With its implementation, the storage of information on paper was eliminated. In addition, the system enables real-time analysis of department performance and optimises their operations.

## Financial support for health workers

In 2024, MMK provided monthly financial assistance to a specific category of medical workers of the Central Clinical Medical and Sanitary Unit who did not meet the criteria for special social payment from the Russian Government.

# Industrial tourism

MED(NG)-5.4

Industrial tourism for MMK is the result of the Company's consistent work to increase the openness of its own enterprise and to bust myths related to steelmaking operations.

Over the past five years, MMK has become one of the main centres of industrial tourism in Russia, and a platform for sharing experience with representatives of other regions of the country. MMK's costs for projects aimed at increasing the tourism attractiveness of the Russian Federation amounted to RUB 10 million in the reporting year.

The key goals of MMK's industrial tourism development programme are:

- raise public awareness of the industrial development of Magnitogorsk
- develop the tourist appeal of the city
- draw attention to the profession of a metallurgist

By developing the industrial tourism programme, MMK offers everyone the opportunity to experience firsthand the scale of the Combine, learn about the production process, and get acquainted with the working conditions of metallurgists.

At the end of 2024, eight themed tours are available for tourists, including the route for people with disabilities “Open Metallurgy”. In the reporting year, regulatory documentation was prepared that clearly outlines the procedure for organising visits to MMK industrial site and the principles for ensuring visitor safety.

MMK is interested in attracting young employees and is actively improving the prestige of metallurgical specialties. In 2024, MMK management decided to promote the development of career guidance as part of industrial tourism, targeting schoolchildren and students. Visiting the enterprises and getting acquainted with different professions in real time helps engage the younger generation in working at the city-forming enterprise.

> 60 THOUSAND VISITORS

attended MMK's enterprise tours from 2018

891

tours 2024

+42% to 2023

70

participant regions

17,318

tourists 2024

+27% to 2023

## Current excursion routes




## The Stories of the MKK Railway

In 2024, MMK launched a new children's tourist route “The Stories of the MKK Railway”, helping schoolchildren make career decisions.

As part of the excursion, young tourists learn about the largest metallurgical railway system in the country, its history and importance in present-day realities. They also get the chance to try out roles such as locomotive engineers and their assistants in a playful way.

MMK is actively working with the administration of Magnitogorsk to improve the existing routes. In 2024, the development of the new route “The First in Magnitka”, a joint project of MMK, Sitno, and the city administration, continued. The excursion route passes through the iconic places of Magnitogorsk, capturing the “Prityazhenie” city resort, and the industrial sites of both enterprises.

The first Competence centre for the development of industrial tourism in Russia operates at MMK, established with the support of the Ministry of Industry and Trade of the Russian Federation and the Agency for Strategic Initiatives. The Centre trains the development of safe tour routes, promotes the dissemination of best practices in career guidance and implementation of tours at industrial sites, and prepares specialists in the field of industrial tourism.

The MMK Competence Centre serves as a training base for representatives of other enterprises and municipalities in the Chelyabinsk Region.

MMK is a regular participant in round tables and conferences organised by regional authorities as part of the development of the region's tourist attractiveness.

In addition, in 2024, MMK participated in a number of all-Russian and international educational events in the field of industrial tourism:

- The “Industrial Tourism as a Brand and Strategy” international educational seminar
- The “More Than Travel” youth tourism forum
- Final of the “Open Industry” All-Russian Educational Programme for the Industrial Tourism Development

### Statistics on the number of tours and visitors in 2024

| Indicator | Number of tours | Number of visitors |
|---|---|---|
| Total tours, including by visitor category: | 891 | 17,318 |
| MMK guest delegations | 272 | 3,268 |
| incl. people with limited mobility | 2 | 23 |
| tourist groups | 236 | 3,329 |
| schoolchildren | 225 | 8,191 |
| MSTU students | 153 | 2,442 |
| veterans | 5 | 88 |

In 2024, MMK's industrial tourism received the following awards:

The Grand Prix of the All-Russian Tourism Award for the Best Industrial Tourism Route (“The First in Magnitka”)

First-degree diploma of the All-Russian Tourism Award for the Best route for people with disabilities (“Open Metallurgy”)

First degree diploma and two Grand Prix at the Pitch Session of the All-Russian Educational Programme for the Industrial Tourism Development “Open Industry”

Second-degree diploma at the First All-Russian Tourism Award “Tourist Cities”

The development of industrial tourism at the MMK supports the implementation of Priority No. 4 “Development of Tourism Potential of Magnitogorsk”, as outlined in the Social and Economic Development Strategy of Magnitogorsk until 2035, as well as the Strategy for Tourism Development in the Russian Federation until 2035.

## Inviting Friends to the Anniversary!

Under this slogan, the All-Russian Industrial Tourism Forum was held in Magnitogorsk in 2024, dedicated to the fifth anniversary of the development of this sector at MMK.

The event was organised by MMK together with the Agency for Strategic Initiatives and the Government of the Chelyabinsk Region. The forum was attended by around 100 participants from 15 regions of the country, including Krasnoyarsk Krai, Perm Krai, Chelyabinsk Region, St. Petersburg, Saratov, Barnaul, and other Russian cities.

**15**

regions of the country

## MMK-Industrial Park is a key support tool for SMEs

For over ten years, MMK has been actively supporting the development of small and medium-sized businesses in Magnitogorsk and Chelyabinsk Region. The key support tool is MMK-Industrial Park, which is a complex with a developed engineering infrastructure and railway network, as well as all conditions for the rapid launch of new production.

**66.5 HA**
area of Industrial Park

**94 %**
occupancy rate of the park

The MMK Industrial Park and its residents support the operation of systemic enterprises from various industries, contributing to import substitution and demonstrating steady economic growth. Currently, 47 enterprises operate on the site, 26 of which are specialised in industrial production. By the end of 2024, 1,136 jobs have been created on the site.

The MMK's industrial park has been accredited by the Ministry of Industry and Trade of the Russian Federation. This gives investors the opportunity to apply regional tax incentives and attract co-financing for investment projects from MMK. In 2024, as part of an agreement with a resident on a plastic pipe production project, MMK-Industrial Park carried out production facility preparation works totalling RUB 17.5 million. MMK-Industrial Park's share of co-financing amounted to 17%.



## MMK Import Substitution

In 2024, three new import-substituting production facilities opened at the MMK Industrial Park. Many of the products they produce will be used in MMK's technological processes.

In addition, the largest resident of the Industrial Park will be the Magnitogorsk Plant of Rolling Rolls, which is constructing a new workshop on its premises.

The project is being financed by the Industrial Development Fund. The project implementation cost will exceed RUB 12 billion, and the production capacity of the new shop will reach 16.2 thousand tonnes per year of import-substituting products. This type of product is virtually not produced in Russia, so the workshop's capacity is designed to meet the needs not only of MMK but also other leading metal product manufacturers.

The first phase of the plant is scheduled to launch by the Metallurgist's Day in 2025.

## Unlocking Opportunities Through Legislative Change

In the reporting year, MMK Industrial Park management submitted a request to the Ministry of Industry, New Technologies and Natural Resources of the Chelyabinsk Region to amend the land plot distance criterion for the Industrial Park from 2 to 10 kilometres.

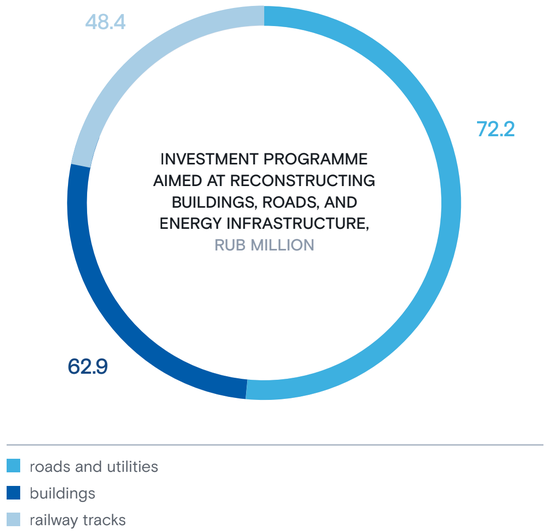
After thoroughly reviewing the request, specialists of the Ministry of Industry gave a positive response regarding the possibility of amending the relevant regulation. This opens up future opportunities for the development of the Industrial Park outside the calibration site – in the unused areas of both the city and MMK.

In 2024, MMK's Industrial Park continued its investment programme aimed at reconstructing buildings, roads, and energy infrastructure.

In the reporting period, MMK-Industrial Park invested RUB 183.5 million in the reconstruction of buildings and energy and transport facilities.

In 2024, MMK-Industrial Park participated in the following profile events:

- The webinar “Practical Aspects of Creating and Developing Infrastructure” held as part of the nationwide programme “Infrastructure Development Leaders – 2024” The representatives of the Park shared their experience in creating and developing the Industrial Park and infrastructure with representatives of other regional investment platforms
- The INRUSSIA forum and exhibition together with the Minister of Industry, New Technologies and Natural Resources of the Chelyabinsk Region and teh Park's residents. The representatives of the Industrial Park shared practical experience in developing investment sites and established business contacts with foreign investors




MMK's support of SMEs in the region contributes to the implementation of Priority No. 2 “Diversification of the economy of Magnitogorsk” as outlined in the Social and Economic Development Strategy of Magnitogorsk until 2035.

More about MMK's Industrial Park activities

## Investment programme results for the reconstruction of MMK-Industrial Park

| Planned for 2024 | Highlights |
|---|---|
| Preparation of premises in line with the requirements of SMEs | 5,000 m² of premises were prepared: load-bearing structures, roof structures and water supply networks were repaired. More than RUB 50 million were spent |
| Establishment of at least three new production facilities, leasing at least 8,000 m² of space | Three new production facilities were established:<br>• a company producing overhead cranes with a lifting capacity of up to 50 tonnes<br>• a company producing micro-calcite<br>• a company producing plastic pipes with diameters from 20 mm to 450 mm<br>21 thousand m² of space was leased out |
| Implementation of a demolition programme for dilapidated and hazardous buildings with a total area of 25,127 m² | Three capital construction facilities with a total area of 25,531 m² were demolished:<br>• a canteen building<br>• an open rolled billet storage facility<br>• a steel-wire workshop No. 1 |
| Replacement of a two kilometre section of the fire and drinking water pipeline | One kilometre of fire and drinking water pipeline was installed |
| Replacement of asphalt concrete pavement on the area of 20,000 m² | 11,000 m² of asphalt pavement was replaced |
| Replacement of a 100-metre section of railway track | A 325-metre section of railway tracks was replaced |
| Automation of the railway freight recognition system | An automated system for recognising wagon number and freight presence was put into operation |
| Renovation of power supply facilities | 3,650 metres of cable lines and wiring were installed |

# Support for local community development

## Supporting sports and healthy lifestyles

MED(NG)-1.10

The MMK Group provides comprehensive annual support for the development of sports in the region. In 2024, the Company invested RUB 413.4 million in maintaining sports facilities and organising regional and federal-level sports events.

**511.2 RUB MLN**

Total spending on mass sports support

### Organising and financing of sports events in 2024

| Event | Description | Highlights |
|---|---|---|
| Stage of the Russian Beach Volleyball Championship | • promoting beach volleyball and healthy lifestyle among local residents<br>• enhancing athletic skills<br>• strengthening friendly relations with athletes from other regions of Russia | 19 men's and 15 women's teams took part in the event |
| All-Russian Rowing Competition named after Olympic champion I. A. Kravtsov | • maintaining the athlete training system and the integrity of sport competitions<br>• promoting rowing sports<br>• identifying the strongest rowing athletes among the residents of Russian regions | • 43 athletes took part in the event, including members of the Russian national team<br>• athletes from the Metallurg-Magnitogorsk SC won one gold and three bronze medals |
| All-Russian festival of the All-Russian Complex “Ready for Labour and Defence” among labour collectives, state civil servants of the Russian Federation, and municipal employees | Promoting healthy lifestyles and physical culture among workers | • 352 people from 44 teams took part in the event<br>• MMK’s team took second place |

## Development of sailing on the Ural River

Thanks to MMK’s financial support, eight modern sailing yachts were purchased in 2024, and five sailing competitions were held in the waters of the Ural River and on Lake Bannoye, including the “Magnitka Cup” interregional competition.

Athletes of the Metallurg-Magnitogorsk club won 4 gold, 18 silver and 18 bronze medals at regional and All-Russian sailing competitions, including 2 bronze medals of the Russian championships.

In addition, MMK’s support enables athletes to participate in international competitions. Evgenia Solovyova, an athlete from the Metallurg-Magnitogorsk SC, became the silver medalist at the “Gelendzhik Regatta” international competition. She was also awarded the sports title of “Candidate for Master of Sports”.




## Grassroots hockey in Magnitogorsk

Grassroots hockey is actively developing in Magnitogorsk. In 2024, a new phase began with the creation of two multi-purpose sports fields supported by MKK and the Metallurg hockey club.

One of these fields hosts matches of the adult ‘Hockey in Valenki’ league. Hundreds of children engage in sports year-round, free of charge, under the supervision of professional coaches of the Metallurg hockey club.

# Supporting arts and creativity

MED(NG)-2.9

MMK annually contributes to the development of culture and art in the region.

**206 RUB MLN**

In the reporting year, MMK's expenditure on infrastructure development in the fields of culture, arts, and folk art

In 2024, thanks to the initiative of MMK's information, public relations and advertising department, the “MMK Through the Eyes of Artists” project was implemented in Magnitogorsk. As part of the project, participants joined an industrial plein-air session, which resulted in the opening of an exhibition of the same name at the Magnitogorsk Art Gallery. The project aims to present MMK and its employees through the eyes of artists. The participants' works are available in the company's industrial gallery on MMK's official website. In addition, the organisers plan to launch an exhibition of artworks created by the artists directly in the workshops of the plant. Such plein-air sessions help to enrich the cultural life of the city.

MMK, in collaboration with the administration of Magnitogorsk, organises cultural events aimed at the cultural development of employees, city and regional residents, as well as the patriotic upbringing of the younger generation.



## Organising and financing of cultural events in 2024

| Event | Description | Highlights |
|---|---|---|
| Metallurgist's Day | Musical and theatrical performance with participation of top national artists and local ensembles. Honouring the most important profession for Magnitogorsk | • honouring the most distinguished employees of the industry with honorary awards<br>• the event was highly rated by the visitors |
| Performances of the Gorky Moscow Art Academic Theatre | Performances of the Gorky Moscow Art Academic Theatre on the stage of the Magnitogorsk Pushkin Academic Drama Theatre | • the performances featuring leading theatre and film actors were shown to the employees and residents of the city and the region completely free of charge<br>• 1,200 people attended |
| Performance “12” by Nikita Mikhalkov | The show of “12” by Nikita Mikhalkov as part of the “Leading Theatres” programme on the stage of the Magnitogorsk Pushkin Academic Drama Theatre | • the performances featuring leading theatre and film actors were shown to the employees and residents of the city and the region completely free of charge<br>• 600 people attended |
| Festival “Thank You for the Victory” | A large-scale musical and theatrical performance featuring leading national performers<br>The festival took place on the steps of the legendary “Rear to the Front” monument | The festival was broadcast on federal channels and received high praise from the guests |

## Charity

MED(NG)-1.8

The MMK Group actively participates in charitable activities together with the Metallurg charitable foundation and various NPOs. In 2024, MMK continued to finance programmes to support pensioners, people with disabilities, single mothers and low-income citizens.

**1,117 RUB MLN**

an the reporting year, total expenditures on charity, support for public, non-profit, and charitable organisations

**647.4 RUB MLN**

was spend on support for socially vulnerable groups

## Mosaic Centre commissioning

In 2024, the construction of a new Mosaic centre for children with mental disorders was completed in Magnitogorsk with the financial support of MMK.

The multifunctional centre was established on the basis of the Metallurg CF. The first phase of the centre was opened in 2023, and included a multifunctional group work hall, a sports hall and a climbing wall. The centre currently accommodates up to 60 children at a time. It offers craft and creative workshops, and providing all the necessary conditions for an individual approach to each child.

After commissioning, the Mosaic centre will become the leading and most modern platform in the region for social adaptation and medical support for children with autism.

### Charity programmes implemented jointly with the Metallurg CF

| The Metallurg CF Integrated Programme | Programmes implemented jointly with MMK | Goal | 2024 highlights |
|---|---|---|---|
| XXI Century — for Children of the Southern Urals | Mother and Child Welfare | • stimulate fertility<br>• social support for motherhood and childhood | 2,860 women and 2,952 children were among the beneficiaries |
| | Friendly Family | Social support for large families | 2,199 families and 6,883 children are among the beneficiaries |
| Care Programme | Older Generation | • targeted financial assistance in cash and in kind<br>• free meals<br>• congratulating retired jubilarians | 26,483 beneficiaries |
| | Keep Your Health | Targeted financial assistance to pensioners and people with disabilities for high-tech surgeries, medical treatment, the purchase of expensive medicines, and rehabilitation equipment | 1,769 beneficiaries |
| | Active Longevity | • free vouchers for sanatorium and health resort stays<br>• wellness programmes at the geriatric centre of Central Clinic Medical and Sanitary Unit and the medical and social protection centre of the Foundation | 2,971 vouchers |
| | Leisure of the Elderly | Holding festive events | 28,473 participants |
| | Mercy | Social assistance to single people living in the specialised “Veteran” care house | 129 pensioners live in the “Veteran” care house |

In 2024, for the report event was held with the winners of the 2023 “Alloy of Good and Deed” grant competition. The authors of the best projects demonstrated the results for the reporting year and shared their future plans:

01.

Thanks to grant support, a unique city centre for adaptive games was created in Magnitogorsk

02.

The first orthodox day care group for children was opened in Magnitogorsk

03.

The student social theatre evolved into a full-fledged social animation studio “The Way of Kindness”

Winning the grant competition provides grant recipients with opportunities to participate in other prestigious competitions, such as the Governor of the Chelyabinsk Region's grant competitions and the Presidential Grants Fund contests.

## Feedback from NPOs on participation in the grant competition “Alloy of Good and Deed”

The "Alloy of Good and Deed” grant competition is a truly important event that helps NPOs implement their social projects and grow. The Foundation's employees offer comprehensive support to organisations at every stage: from application to project defence.

Thanks to participating in the competition, our organisation was able to bring our idea to life - introducing younger schoolchildren to our city and enterprise. Under the guidance of students and the Department of General History, we are now at the final stage of creating a historical board game about the city of Magnitogorsk.

**Olga Tugolukova**
ANPO Social Information and Educational Centre “Social Resource”



## Grant competition “Alloy of Good and Deed”

In 2024, the third grant competition of social projects “Alloy of Good and Deed” was held on the basis of the Metallurg CF, where 43 applications from non-profit organisations and individuals were considered.

**5 RUB MLN**

total amount of the grant competition in 2024

The purpose of the competition is to motivate local NPOs to develop new projects, solve social problems and improve the quality of life in the region. The areas of the competition in the reporting year were Magnitogorsk and rural areas of the Chelyabinsk Region (Agapovsky, Kizilsky, Nagaybaksky municipal districts).

The total amount of the grant competition in 2024 was increased by RUB 1 million compared to 2023 and totalled RUB 5 million.

Eight independent experts at the federal and regional levels were engaged for the project purposes. Following the evaluation, an in-person defense of the finalists took place. The winners were 18 initiatives.

Educational events are held for the participants of the grant competition, including group and individual (online) consultations on preparing grant applications. Participants are also invited to attend training as part of the NPO School.

## In 2024, MMK's charitable activities was awarded several honours:

the Metallurg Charitable Foundation was included in the top 10 (ranked eighth) in the rating of Russian charitable NPOs compiled by the RAEX agency

MMK was awarded the “honorary benefactor” status following the results of the regional social achievement competition “Changing the World”

More about the Metallurg CF

# Volunteering

MED(NG)-2.7

Thanks to active involvement of MMK's corporate volunteers, numerous charitable projects focused on the development of sports, environment protection, and cultural support are successfully being implemented.

The Union of Young Metallurgists provides necessary assistance in organising and conducting volunteer activities.

In the reporting year, the Company supported volunteer initiatives by its employees aimed at improving the urban environment and the ecology of the region. Volunteer projects included cleaning the water area of the Ural River and planting named alleys at the “Prityazhenie” resort.

Virtually every event organised by MMK, employees of the “Prityazhenie” city resort or members of the Union of Young Metallurgists involves corporate volunteers. In 2024, MMK's corporate volunteers participated in 12 city events involving a total of 4,264 participants. Corporate volunteers were involved in a patriotic event for Victory Day, during which two Russian records were set:

- the longest Georgian ribbon (596.5 m)
- the largest Georgian ribbon by area (4,235 m²)

**415 PEOPLE**

corporate volunteers

**11.7 RUB MLN**

were allocated by MMK for volunteer activities in 2024

**21**

projects were implemented by corporate volunteers in 2024



# Plans for 2025 and the medium term

## Renewal of Magnitogorsk's urban infrastructure

01. Creation of hockey rinks with heated all-season changing rooms
02. Preparation of design and estimate documentation and construction of a canteen with mineral water supply in the “Yubileiny” sanatorium
03. Completion of the second phase of the “Klyuchevoy’ residential complex
04. Renovation of the accommodation facilities at the “Abzakovo” ski resort and the “Yubileiny” sanatorium
05. Reconstruction of the “Lukomorye” recreation area
06. Construction of a four-star hotel on the territory of the “Prityazhenie” city resort

## Development of the “Prityazhenie” city resort

01. Launch of the entertainment centre featuring six functional areas for visitors of all ages
02. Opening of the year-round thermal resort (“Magic of Warmth”)

## Development of industrial tourism

01. Preparation of materials for career guidance tours within the Competence Centre
02. Development of career guidance routes
03. Participation in exhibitions and competitions on career guidance of schoolchildren and students, exchange of experience with other regions in this area

## Development of MKK Industrial Park

01. Reconstruction of industrial facilities for subsequent leasing
02. Negotiations with the administration of Magnitogorsk and the Federal State Budgetary Educational Institution of Higher Education (FSBEIHE) Nosov Magnitogorsk State Technical University on organisation of the following facilities in the administrative and utility spaces of the park's workshops: technopark, research and practical centres, business incubator, business park
03. Attracting investors to previously unused land plots with the provision of necessary utilities
04. Continuing the implementation of the energy and transport infrastructure renovation programme, including completion of the reconstruction of fire and drinking water networks

# RESPONSIBLE MANAGEMENT PRACTICES

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# Responsible management practices

## Approach

MMK strives to build trusting relationships with all stakeholders, including investors, employees, customers and partners through the implementation of an effective corporate governance system. The Company adheres to strict principles of business conduct and anti-corruption, actively informs its employees, and ensures protection of personal data and critical information infrastructure in full compliance with Russian legislation.

MMK actively uses innovations and digital technologies to maintain competitiveness and sustainable business development. An important aspect of its activities is transparency in procurement processes and formation of strong trusted relationships with stakeholders, which contributes to the stability of the enterprise through a reliable supply chain.

## Contribution towards SDGs







## Contribution to achievement of the national goals of the Russian Federation

- Self-fulfilment of each person, unlocking their talents, and educating a patriotic and socially responsible person
- Technological leadership
- Digital transformation of state and municipal administration, the economy, and social sphere

## Sustainability risks

- Corporate fraud
- Cyber risk

## Material topics

- Product quality and safety
- Anti-corruption and business ethics
- Information security
- Economic performance
- Innovation and digitalisation
- Corporate governance
- Responsible supply chain

## 2024 key highlights

**28** RUB BLN
the amount of taxes paid to the budget of the Chelyabinsk Region

**100** % OF THE EMPLOYEES
familiarised with the Anti-Corruption Policy

**65** REPORTS
received through the Security Directorate Hotline

**2.2** RUB BLN
economic effect due to application of advanced IT solutions

**922.8** RUB MLN
R & D and digitalisation investments

**9.14** POINTS OUT OF 10
customer satisfaction

**98** %
share of purchases from Russian suppliers

# Corporate culture

MMK has a history of more than 90 years, so we are working hard to preserve the corporate culture that has been developed by our successors for decades. People who stood at the origins of the enterprise unlikely knew the term “corporate culture”, but they understood very well what style of work reflected and defined everything MMK strives to.

Our priorities — the economic effect and quality — have not changed since that time. We establish partnership relations with all stakeholders, take care of the safety, health and well-being of our employees, and make every effort to ensure that MMK employees receive fair remuneration for their work and have the opportunity to realise their ambitions in our Company. MMK strives for continuous improvement in all areas, be it business processes and ways of doing business, employee opportunities or product quality.

The history and identity of MMK and Magnitogorsk are inseparably connected: it was the establishment of our Company here in the 1930s that formed the current appearance of the city. MMK is the major employer in the region, and we recognise the importance of our Company for the social, economic and environmental health of our home city. Our activities are initially aimed at improving the quality of life of people living in Magnitogorsk and creating new opportunities for development of the region.

Our corporate culture is based on the principles of integrity and transparency, so we use well-established mechanisms to combat misconduct and corruption in all forms and manifestations. This robust governance system enables us to develop trustworthy relations with all stakeholders.

We recognise our responsibility for the environmental impact of our operations and the need to value and protect the world around us. Our corporate culture reflects these priorities of the 21stcentury.

MMK’s 90-year-old corporate culture is one of our most valuable assets. We protect and develop it and hope that we will be able to follow its principles in the long term.



# Corporate governance

## Corporate governance approach

GRI 2-10 GRI 2-12 GRI 3-3

**MMK's sound approach to corporate governance, combined with its strong financial performance, makes it a leading modern Russian company and a reliable partner for investors in Russia and around the world.**

The Group is guided by international and Russian corporate governance standards, including the provisions of the Corporate Governance Code recommended by the Bank of Russia and the listing rules of the Moscow Exchange.

The Company engages proactively with stakeholders, including minority and foreign shareholders, on corporate governance matters. MMK adheres to a corporate-wide policy that applies to all its subsidiaries and affiliates and other legal entities of which it is a shareholder, founder or member.

MMK's corporate governance principles and rules are set out in the Company's Code of Corporate Governance, that was revised and approved by the Board of Directors on 20 December 2019.[1] These principles and rules are as follows:

- protection of shareholder and investor rights
- compliance with effective laws and internal documents
- equal treatment of all shareholders (including foreign and minority shareholders)
- mutual trust and respect for all stakeholders, open dialogue
- integrity of management
- commitment to continuous reduction and prevention of harmful environmental impacts, an approach that will provide an environmental perspective to new development projects, and deployment of the best available technologies

MMK follows these principles strictly and monitors new corporate governance requirements and best practices, continuously improving its own approach. This is specifically ensured through:

- the annual performance evaluation of the Board of Directors
- the Board of Directors' review of the report on compliance with the principles and recommendations of the Corporate Governance Code
- the Corporate Secretary's updates for the Board of Directors on changes in regulation and corporate governance practices
- communications with shareholders and investors and other stakeholders

## The MMK Group's Code of Ethics: corporate culture and values

GRI 2-23 GRI 2-24

We have been creating a culture of success for many years by rewarding achievements fairly. A wide range of strategies and initiatives supported and approved by the Board of Directors strengthen our culture and help us unite the values of our employees and MMK. We believe that people are our key resource and expect high standards of business conduct and professional achievements from our employees. Our corporate values, principles and requirements that underpin our business ethics are set out in the Group's Code of Ethics.

The Board of Directors is directly involved in developing MMK's corporate culture by approving internal policies and regulations. The corporate culture and values laid down by the Board of Directors in the MMK Group's Code of Ethics and other internal documents ensure that MMK enjoys confidence of the investment community and loyalty of its shareholders.

More information on MMK's key business ethics principles and values, see in Business ethics, anti-corruption, and feedback mechanisms.



[1] All MMK's internal documents are available on the Company's website.

# Compliance with best practices

GRI 2-23 GRI 2-24

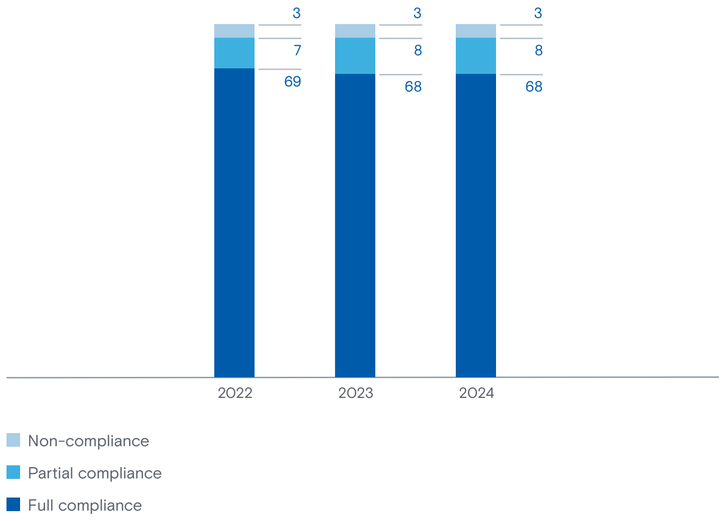
The Company complies with most of the corporate governance principles recommended by the Bank of Russia on 21 March 2014.

To assess its compliance with the principles set forth in MMK's Code of Corporate Governance, the Company used the recommendations for preparation of the report on compliance with the principles and recommendations of the Corporate Governance Code of the Bank of Russia.

The level of corporate governance over the last three years was assessed as part of the self-assessment of the Board of Directors' performance, as well as during the preparation of the Report on MMK's compliance with the principles and recommendations of the Corporate Governance Code in accordance with the methodology based on the "Recommendations for the Preparation of a Report on Compliance with the Principles and Recommendations of the Corporate Governance Code" (Annex to the letter of the Bank of Russia dated 27.12.2021 No. IN-06-28/102). The results were disclosed in annual reports.

Members of the Board of Directors, when assessing MMK's corporate governance over the past three years, have noted the compliance of MMK's corporate governance with a high level of best practices and progress in its improvement. Adaptation of the Company's corporate governance practice to modern realities is positively assessed.

## Compliance with the principles and recommendations of the Corporate Governance Code (Bank of Russia)




Of the 79 principles of MMK's Code of Corporate Governance, 76 principles (96.2%) were fully or partially complied with in 2024. For more details, see the section on MMK's Compliance with the Principles and Recommendations of the Corporate Governance Code.

Following the recommendations of MMK's Code of Corporate Governance and best corporate governance practices, the Company uses, in particular, the following mechanisms and tools (in accordance with its Charter and internal regulations):

- the deadline for shareholders to submit proposals for the agenda of the Annual General Shareholders' Meeting has been set – this should be done within 60 days of the end of the financial year
- rules of responding to shareholders' questions during the meeting have been established
- an additional means of communications with shareholders has been provided – e-mail: shareholder@mmk.ru
- an electronic voting system (STATUS online. Shareholder page) is used – it enables every shareholder to exercise their right to vote freely and in the simplest and most convenient way
- the list of matters to be decided on by a majority vote of all elected members of the Board of Directors and the list of matters to be decided on by the Board of Directors through in-person voting has been expanded
- there is a collective executive body, the Management Board, whose main functions are to review the MMK Group's financial and economic plan (budget), forecast financial and economic indicators for the MMK Group, approve representatives in the MMK Group's companies and approve directives for the representatives to make decisions at general shareholders' meetings and meetings of boards of directors
- there are representatives within the MMK Group companies to improve the quality of management decisions. The representatives are guided by the Regulations on Representatives approved by MMK's CEO and the directives approved by MMK's Management Board
- the Board of Directors is required to pass resolutions not only on transactions specified in Russian laws but also on transactions with a value exceeding 10% of the book value of the Company's assets, as well as on transactions to dispose of real estate regardless of transaction value
- the procedures for succession and selection of nominees to the Board of Directors are set out in MMK's Regulations on the Board of Directors and applied in practice
- MMK's governing bodies can use electronic technologies in accordance with the Company's Charter and internal regulations and they do so in practice
- regular, open strategy sessions involving independent directors to discuss the implementation of the Company's portfolio of strategic initiatives and its key performance indicators (KPI) system are held
- particular attention is paid to sustainability matters. The ESG approach is embedded in all aspects of MMK's business and affects its decision-making. Our sustainability priorities are integrated into the Company's strategy. MMK promotes development of the region where it operates, social well-being of local communities and preservation of the environment by meeting its economic obligations, social and environmental goals

# Disclosure policy (information policy)

GRI 2-23 GRI 2-24

In 2008, the Board of Directors approved MMK's Information Policy. The CEO is responsible for announcing the Company's performance.

The Information Policy of MMK is aligned with applicable Russian laws, the Corporate Governance Code recommended by the Bank of Russia, and international best corporate governance practices.

The Company's Information Policy is focused on promoting the rights of shareholders and investors to material information relevant to taking investment and management decisions, as well as on protecting sensitive information about the Company, disclosure of which may result in damages to the Company and its shareholders.

The key principles of the Information Policy are:

- ensuring the right of shareholders, investors and other stakeholders to information in line with applicable Russian laws
- regular, consistent and timely information disclosure
- complete, up-to-date and reliable information, comparability of disclosed data
- accessibility
- equal and unhindered access to information and documents for shareholders upon request
- reasonable balance between transparency and confidentiality

In 2024 PJSC MMK, under sanctions pressure and in line with Article 92.2 of the Federal Law on Joint Stock Companies and Decree of the Russian Government No. 1102 dated 04 July 2023, limited the amount of information disclosed and provided to third parties in order to minimise the risks of imposing restrictive measures.

## Board of Directors' evaluation

GRI 2-18

Every year since 2008, the Board of Directors has evaluated its own performance and that of its members and Committees. This helps increase the Board of Directors' efficiency, identify areas for improvement and make better MMK's corporate governance practice. The results of the evaluation are set out in MMK's Annual Report. Following the evaluation, the Board of Directors approves an action plan to improve the Company's practices.

To conduct an independent performance evaluation of the Board of Directors, MMK periodically engages an external organisation (consultant) that must be approved by the Board of Directors upon a proposal from the Nomination and Remuneration Committee.

For the last three years, the self-evaluation process has been conducted through questionnaires. During this period, positive dynamics were noted in all criteria that were in the focus and improvement of the work of the Board of Directors and its Committees. In 2023, for comparable criteria, the number of positive ratings mainly increased.

On 25 December 2024, MMK's Board of Directors resolved to make a self-evaluation of its own performance and that of its members and Committees in 2025.

## Results of self-evaluation of the Board of Directors in 2024

As a result of the self-evaluation carried out for 2024, the members of the Board of Directors noted a high level of MMK's corporate governance and its compliance with international practices.

The high level of top management, constructive, well-coordinated teamwork of management and the Board of Directors are positively assessed.

In general, the Board of Directors is working effectively. Its Committees discuss their agenda in great detail, and the issues discussed are key to the Company's operations. Members of the Board of Directors gave a positive (satisfactory) personal rating to each member of the Board of Directors.

At the same time, comments and proposals are made that imply additional attention to changes in the environment and market conditions, including operational and commercial efficiency, development of new technologies in the industry, as well as issues of subsidiaries, including consideration of problem areas and projects.

# Corporate governance improvement programme

GRI 2-17

On 25 October 2021, the Corporate Governance Improvement Programme up to 2024 was approved by the MMK's Board of Directors. It focuses on the following areas:

### Strategy

Development of communication between the management and independent members of the Board of Directors on strategy issues in view of current challenges and the changing environment; introduction of regular strategic sessions of the Board of Directors to consider strategy issues as a whole; consideration of the possibility and feasibility of updating: the HR policy and the HR management strategy, internal regulations on the system of succession planning for MMK's key executives, and the competence development programme for MMK's key executives.

### Meetings of the Board of Directors and its Committees

Development of the practice when the Committee chairmen give reports on the work of their Committees at Board meetings; greater involvement of external experts to discuss specific issues at Committee meetings (if appropriate); implementation of an electronic document flow system for MMK's governing bodies and the MMK Group companies.

### Remuneration system for Board members, executive bodies, and other key executives

Consideration of possibility and feasibility of determining the amount and criteria for payment of remuneration to Board members in the Regulation on the Procedure of Remuneration and Compensation of Expenses of the Members of the Board of Directors of MMK, taking into account the market practice, the Company's needs and engagement of the desired directors.

### Risk management and internal control

Provision of information to the Audit Committee regarding new industry risks or new risks in MMK's operations; provision of information to the Audit Committee regarding the best practices in risk management, internal control and internal audit at public industrial companies.

### Composition and competence of the Board of Directors

Consideration of the possibility and feasibility of strengthening the policy on ensuring diversity and equal opportunities for members of the Board of Directors to implement MMK's strategy subject to the principles of overall competence, balance, diversification, individualisation, independence and information transparency based on the relevant provisions of the UK Corporate Governance Code and the Corporate Governance Code recommended by the Bank of Russia and the best practice of corporate governance.

### Stakeholder engagement, ESG, information disclosure

Development and approval, by the Board of Directors, of a map of MMK's key stakeholders, their expectations, communication channels and persons responsible for communicating with them, as well as the stakeholder engagement strategy (including the role of the Board of Directors and the management) and its implementation plans (including in view of international ESG reporting standards); consideration of the possibility of changing disclosure practices subject to changes in laws and best corporate governance practices.

# Communication of the Board of Directors with stakeholders

Establishing a constructive dialogue with all stakeholders is very important for the Company.

This tool allows us, on the one hand, to inform stakeholders of the Company's efforts and achievements in the area of social, environmental and management initiatives and, on the other hand, to find out what issues are the most important for each stakeholder in order to improve operations and disclose information in these areas.

Under the sanctions policy of Western countries, from 2022 the external communications of the Company, members of its Board of Directors and executive management have limited.

## Overview of MMK's corporate governance model and practice

GRI 2-9

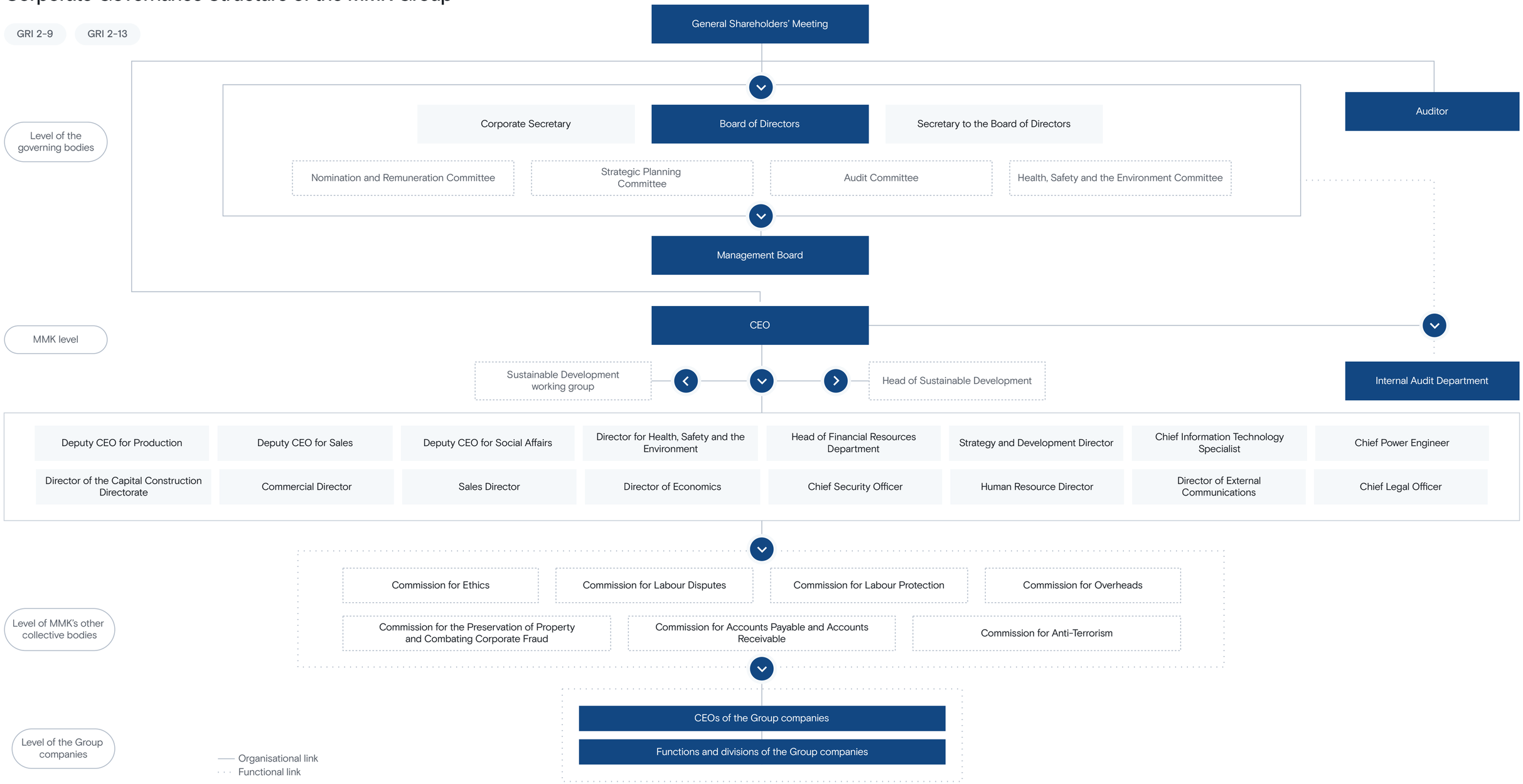
MMK's corporate governance structure is aligned with global best practice, and comprises the following bodies:

- General Shareholders' Meeting
- Board of Directors
- Management Board (collective executive body)
- CEO (sole executive body)



# Corporate Governance Structure of the MMK Group

GRI 2-9 GRI 2-13



# General Shareholders' Meeting

GRI 2-10

The General Shareholders' Meeting is the Company's supreme governing body.

Shareholders exercise their right to participate in management of the Company by voting at General Shareholders' Meetings, including on matters relating to election of members of the Board of Directors, appointment of auditors, approval of the Company's annual report and financial statements, distribution of profits, including payment of dividends, etc.

The authority of and the procedure for convening and holding the General Shareholders' Meeting are established by Russian laws, the Charter and the Regulations on the General Shareholders' Meeting of MMK.

The Company's internal documents on the procedure for holding the General Shareholders' Meeting outline, among other things, the following options:

- sending voting ballots to respective shareholders to e-mail addresses provided in the register of MMK shareholders and/or providing an online voting form on the website specified in the notice of an upcoming General Shareholders' Meeting
- submitting filled in voting ballots by persons entitled to participate in the General Shareholders' Meeting by e-mail to the address (shareholder@mmk.ru) specified in the notice of an upcoming General Shareholders' Meeting and/or filling in the online voting form on the website specified in the notice of an upcoming General Shareholders' Meeting
- filling in the online voting form on the website during a General Shareholders' Meeting (at an in-person meeting of shareholders to discuss agenda items and decide on matters put to a vote) in cases where the right to participate in the meeting has not been exercised otherwise earlier

These options have been available since 2017 through free-of-charge access to the online service of MMK's registrar STATUS online. Shareholder page, including its mobile version. Shareholder Page is a secure multifunctional information resource to provide services to shareholders online and enable them to take part in the Company's corporate activities, such as e-voting at General Shareholders' Meetings.

The Company also uses the email address shareholder@mmk.ru. to communicate with shareholders, including in preparation for General Shareholders' Meetings.

In the future, the Company will consider the possibility of organising a video conference of the General Shareholders' Meeting or ensuring remote participation of shareholders in the General Shareholders' Meeting (upon entry into force of the relevant amendments to the legislation of the Russian Federation) held in person.

The notice of an upcoming General Shareholders' Meeting and respective information (materials) to be provided to persons entitled to participate in the General Shareholders' Meeting are disclosed in Russian and English on the Company's website as and when required by the Charter and the Regulations on the General Shareholders' Meeting of MMK, at least 30 days before the date of the General Shareholders' Meeting.

Shareholders (a shareholder) holding in aggregate at least 2% of the Company's voting shares have (has) the right to propose agenda items to be discussed at the Annual General Shareholders' Meeting and nominees to the Board of Directors (up to the number of MMK's Board members) and the sole executive body (clauses 10.11–10.14 of MMK's Charter, clause 3 of the Regulations on MMK's General Shareholders' Meeting).

MMK shareholders (a shareholder) that are (is) not on the shareholder register also have the right to propose agenda items and nominees by giving appropriate instructions (directives) to the person who keeps record of their rights to shares. Such instructions (directives) are given in accordance with the rules set out in the securities laws of the Russian Federation.

In addition to mandatory information and materials specified by Russian laws, the Company provides shareholders with more information and materials on agenda items to be discussed at the General Shareholders' Meeting in line with the Corporate Governance Code recommended by the Bank of Russia, including directions on how to reach the venue of the meeting.

The Company's independent registrar functions as a counting commission of the General Shareholders' Meeting.

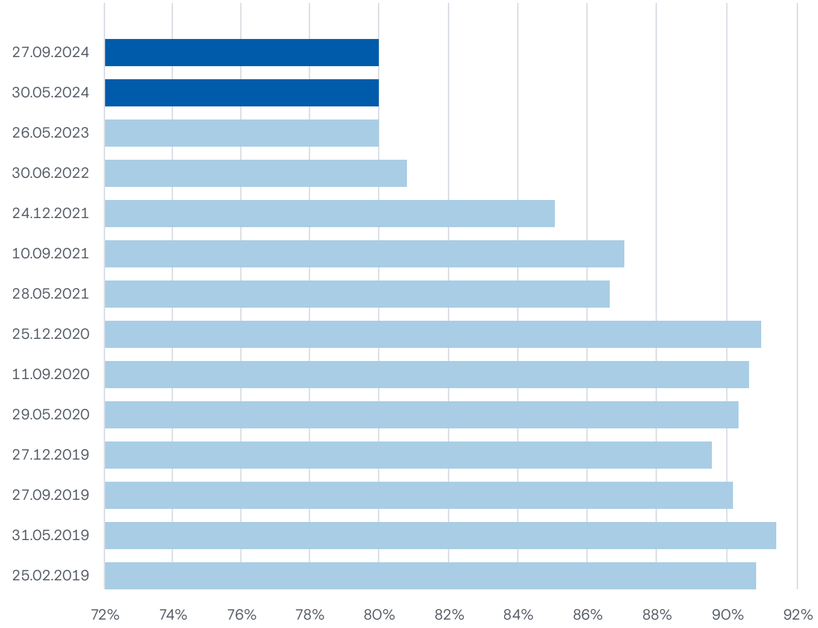
The voting results and decisions taken by the General Shareholders' Meeting are disclosed in line with Russian laws on the Company's website.

On 30 May 2024, the Annual General Shareholders' Meeting was held with the following agenda:

- Approval of the annual report and annual financial statements of PJSC MMK for the 2023 reporting year
- Distribution of profits, including the payment (announcement) of dividends for the 2023 reporting year
- Election of members to the Board of Directors of PJSC MMK
- Approval of the Auditor of PJSC MMK
- Approval of the amount of remuneration and compensation paid to the members of the Board of Directors of PJSC MMK

On 27 September 2024, the extraordinary General Shareholders' Meeting was held with the following agenda: payment of dividends on outstanding ordinary shares of PJSC MMK based on the results of the 1H of the reporting year 2024.

**Quorum at General Shareholders' Meetings of MMK, %**




In the reporting year, the CEO and members of the Management Board fulfilled the instructions of the Board of Directors concerning standard procedural issues related to the preparation for the General Shareholders' Meetings.

# MMK's Board of Directors

GRI 2-12

MMK's Board of Directors is responsible for the overall supervision of the Company's operations, excluding matters reserved by the law for the General Shareholders' Meeting.

The Board of Directors is responsible for approving the priority areas of MMK's and the Group's business, developing and approving MMK's and the Group's development strategy and controlling its implementation, approving long-term plans, programmes, policies, forming basic principles and approaches to organisation of the risk management and internal control system, managing sustainable development issues, making decisions on the Company's financial and business activities, controlling the activities of the Company's executive bodies, and performing other key functions. The Board of Directors is accountable to the Company's shareholders, and is elected by the resolution of the General Shareholders' Meeting (by cumulative voting).

The Board's activities are regulated by the Charter and internal documents of MMK available on the Company's website.

Board members have sufficient time to perform their duties, which they acknowledge in a written statement on acceptance to stand for election to the Company's Board of Directors.

Board meetings are held on a regular basis, at least once every two months, in accordance with the approved plan. The most important matters to be resolved by the Board of Directors are addressed at in-person meetings (including those held through video conferences), and are usually reviewed in advance by the Board Committees – to facilitate comprehensive discussion and informed decision-making.

The Chairman of the Board of Directors arranges the Board's activities and ensures effective work of the Board and its Committees. The Chairman also performs the following functions:

- convenes the meetings of the Board of Directors, arranges for timely and proper notification of the Board members of convening a Board meeting
- ensures preparation of an agenda for the Board meeting and takes all steps necessary for timely provision of directors with information (materials) required to pass resolutions on the agenda items
- chairs the Board meetings, ensures compliance with the procedure for holding the Board meetings
- ensures that the Board arrives at the most efficient resolutions on agenda items
- enables directors to express their point of view on matters under review, ensures a constructive and friendly atmosphere at the Board meetings, facilitates search for a resolution agreed by the Board members in the interests of the shareholders
- arranges for keeping the minutes of meetings, signs them, and is responsible for their correctness and timeliness
- chairs the General Shareholders' Meeting
- follows up on resolutions of the Board of Directors and the General Shareholders' Meeting
- interacts and keeps in touch with other bodies and employees of the Company in order to obtain in a timely manner the most complete and reliable information necessary for the Board of Directors to pass resolutions and ensure effective interaction of the said bodies and employees of the Company with the Board of Directors and third parties



## Composition of the Board of Directors

GRI 2-9 GRI 2-10 MED(R)-37 MED(R)-44

The Board of Directors consists of ten members.

The composition of the Board is well balanced, including in terms of directors' qualifications, experience and diversity, as well as the number of independent directors.

Board members are elected based on required skills in line with the Company's strategic priorities, including its focus on sustainability. Requirements for nominees are considered and determined when implementing succession procedures stipulated by the Regulations on the Board of Directors of MMK.

In 2024, five Board members were recognised as independent, which complies with the requirements of MMK's Charter, the Corporate Governance Code recommended by the Bank of Russia, the Listing Rules of the Moscow Exchange and best practice.

Members of the Board of Directors are considered to be independent if they are sufficiently professional, experienced and capable of adopting their own position and making fair and unbiased judgements, free from any influence of the Company's executive bodies, individual groups of shareholders, or other stakeholders. Generally, a nominee (elected director) who is related to the Company, to its significant shareholder, significant counterparty or competitor, or to the government, may not be considered independent.

Independence criteria, including criteria showing relation to the Company, its significant shareholders, significant counterparty, competitors or government or municipal entities, are determined in accordance with the Corporate Governance Code recommended by the Bank of Russia's Letter No. 06-52/2463 dated 10 April 2014, and the Listing Rules of the Moscow Exchange.

### Independent Directors



- Executive
- Non-executive
- Independent

**50 %**

independent Directors

### Gender Composition of the Board of Directors



**20 %**

women

### Average age of Director



- 50+
- 41-50 years old

**58.6 YEARS**

average age

### Average length of service on the Board of Directors



- >20 years
- 10-20 years
- 5-9 years
- <5 years

**6.8 YEARS**

average length of service on the Board of Directors

**2.6 YEARS**

independent Directors

Independent directors play an important role in ensuring efficient performance of the Board of Directors' functions, including protection of shareholder interests. Independent directors on the Board contribute to passing objective resolutions on matters under review, enhancing governance effectiveness and shareholders' and investors' trust in the Company. Their qualifications, experience and constructive criticism enable the Board of Directors to make more informed decisions on agenda items.

Independent directors played a major role in updating the portfolio of strategic initiatives up to 2025, developing KPIs and evaluating the performance of executive bodies, performing an external assessment of the Board of Directors' performance, evaluating the effectiveness of the risk management and internal control system, assessing the Company's efforts to ensure industrial and environmental safety, etc. Independent directors also play an important role in the Board Committees.

The Board of Directors, based on recommendations of the Nomination and Remuneration Committee, assesses compliance of the nominees to the Board of Directors with the independence criteria and regularly reviews compliance of the independent directors with these criteria.

In certain exceptional cases, the Board of Directors may recognise its member (a nominee to the Board of Directors) as independent (compliant with the independence criteria) despite any formal criteria of being related to the Company, its significant shareholder, counterparty or competitor, the government, or a municipal entity, if this relationship does not affect the person's ability to make independent, fair and unbiased judgements.

## Key Competencies of the Board Members of PJSC MMK

GRI 2-17

| | Members of the Board of Directors (the current members) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Necessary competencies** | **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **No. of competencies demonstrated** |
| | | | | | Baseline competencies | | | | | | |
| Strategic planning | + | + | + | + | + | + | + | + | + | + | 10 |
| Risk management | + | + | + | + | + | + | + | + | + | | 9 |
| Finance and investment | + | + | | | + | + | + | + | + | | 7 |
| Accounting and audit | | + | | | | + | + | + | + | | 5 |
| Human capital management | + | | | | + | + | + | + | + | + | 7 |
| Knowledge of specific sectors and markets where the Company operates | + | + | + | + | + | | | + | | | 6 |
| Corporate governance | + | + | | | + | + | + | + | + | + | 8 |
| | | | | | Specialised competencies, including subject to the Company's long-term development goals | | | | | | |
| Occupational health and safety | + | | + | + | + | | | + | | + | 6 |
| Sustainability (incl. ESG factors) | + | | + | | + | | | | + | | 4 |
| Information technology, cybersecurity | | + | | | | + | + | + | + | + | 6 |
| Emerging technologies (incl. decarbonisation, etc.) | + | | + | + | + | | | + | | + | 6 |

## Activities of the MMK's Board

The Board of Directors' procedures are set out in the Regulations on the Board of Directors of MMK. The meetings of the Board of Directors are convened by the Chairman of the Board of Directors and held both in person (through video conferences) and in absentia.

## Number of the meetings of the Board of Directors (in person and in absentia)

MED(R)-36

From 1 January 2024 to 31 December 2024, 13 meetings of the Board of Directors were held – six in person and seven decisions were made in absentia.

## Personal attendance of current Board members at the meetings of the MMK's Board of Directors:

| | Meetings of the Board of Directors | | |
|---|---|---|---|
| Member of the Board of Directors | Participation in in-person meetings, including written opinions | Participation in absentee voting | Total meetings held in person/ in absentia |
| 1 | 6 | 7 | 13 |
| 2 | 6 | 7 | 13 |
| 3 | 6 | 7 | 13 |
| 4 | 6 | 7 | 13 |
| 5 | 6 | 7 | 13 |
| 6 | 6 | 7 | 13 |
| 7 | 6 | 7 | 13 |
| 8 | 6 | 7 | 13 |
| 9 | 6 | 7 | 13 |
| 10 | 6 | 7 | 13 |

The new composition of the Board of Directors of PJSC MMK was elected by the Annual General Shareholders' Meeting on 30 May 2024 (composition of the Board of Directors of PJSC MMK has not changed in relation to the composition elected by the Annual General Shareholders' Meeting on 26 May 2023).



# Board Focus in 2024

GRI 2-12

In accordance with the Federal Law On Joint Stock Companies and the Corporate Governance Code recommended by the Central Bank of the Russian Federation and the MMK's Charter, the Board of Directors performs general management of the Company's operations, ensures the rights of shareholders, determines the Company's development strategy and priority business lines, makes decisions on the Company's financial and business operations and other issues stipulated by the Federal Law On Joint Stock Companies and the Company's Charter.

| Areas of focus | Matters considered |
|---|---|
| Board leadership and the Company's purpose | Progress on MMK's priority focus area "To be the best supplier":<br>• Implementation of the strategic initiative "Customer Focus." Consideration of the main development scenarios for the industry and markets in 2025<br>• Implementation of the strategic initiative "Superior product portfolio" |
| | The progress report on MMK's Environmental Programme implementation in 2024. The MMK Group's Environmental Policy in 2024.<br>Progress on MMK's priority focus area – To be a responsible, sustainable business:<br>• Implementation of the strategic initiative "Corporate culture of opportunities"<br>• Implementation of the strategic initiative "Continuous improvement of environmental performance and reduction in $CO_2$ emissions"<br>• Implementation of the strategic initiative "Zero injuries"<br>Status of MMK's IT strategy and digitalisation strategy implementation<br>Main areas of the MMK Group's HR policy<br>Progress on the MMK's priority focus area - Innovation at the MMK Group in 2023. Implementation of the Baby Capex projects |
| | Progress on MMK's priority focus area "To be a leader in operational excellence":<br>• Implementation of the strategic initiative "Excellence in procurement and supply chain management"<br>• Main areas of the MMK Group's Procurement Policy |
| | Reports by MMK's CEO on the activities of MMK for the respective periods of 2024<br>Approval of the 2023 report of the Board of Directors on the Results of the MMK's Priority Activities |
| | Resolution to perform transactions in line with sub-clause 11.18.31 of the MMK's Charter<br>Approval of interested party transactions |

| Areas of focus | Matters considered |
|---|---|
| Division of responsibilities | Preliminary approval of the MMK's Annual Report for 2023 |
| | Consideration of matters related to the convocation of and preparation for the MMK's Annual General Shareholders' Meeting<br>Formation of the collective executive body – MMK's Management Board<br>Approval of the MMK's organisational structure |
| Composition, succession and evaluation | Organisation of activities of MMK's Board of Directors, including matters related to establishment of the Board's Committees and approval of the work plan for the Board of Directors of MMK for 2024–2025<br>Resolution to perform a self-evaluation of the Board's performance and that of its members and committees<br>Consideration of requirements for the nominees for the Board of Directors of MMK and relevant assessment criteria |
| Audit, risk and internal control | Implementation of the Dividend Policy<br>Evaluation of performance of the comprehensive risk management system and analysis of performance of the internal control system at MMK in 2023<br>Consideration of the internal audit opinion on reliability and efficiency of MMK's risk management and internal control system in 2023<br>Progress on MMK's priority focus area "Report on current cybersecurity activities"<br>Approval of the MMK's Anti-Corruption Policy as amended |
| | Financial and business performance of MMK and the MMK Group for the reporting periods and approval of the financial and business plan (budget) of MMK and the MMK Group for FY 2025<br>Auditor related issues: determining the amount of the auditor's fees and making recommendations to the Annual General Shareholders' Meeting of MMK with respect to selection of the auditor |
| Remuneration | Report on achievement of company-wide KPIs in 2023<br>Recommendations for the Annual General Shareholders' Meeting regarding the remuneration and compensation payable to the members of the MMK's Board of Directors |

# Committees of the Board of Directors

GRI 2-9 GRI 2-12

Four committees are formed and operate under the Board of Directors:

### Audit Committee

MMK's Board of Directors considers the matters within the Board's competence related to control over the Company's financial and business activity, including the assessment of whether MMK's auditor is independent and has no conflict of interest, assessment of quality of the audit of financial statements and control over the reliability and efficiency of the risk management and internal control system

### Nomination and Remuneration Committee

MMK's Board of Directors pre-reviews matters within the Board's competence related to the Company's priorities for its HR policy, succession planning and professional competence of nominees to the Board of Directors, executive bodies and other key executives, as well as remuneration of members of the MMK's governing bodies and other key executives

### Strategic Planning Committee

MMK's Board of Directors considers matters within the Board's competence related to strategic planning, corporate governance, finance and economics, the Company's credit and dividend policies

### Health, Safety and the Environment Committee

MMK's Board of Directors considers health, safety and environmental matters

The Board Committees were set up to improve the Board's performance, review critical matters within its competence and prepare respective recommendations. The Committees are governed by the Regulations on the Board of Directors Committees of MMK.

The Committees submit their performance reports to the Board of Directors no later than 30 business days prior to the date of the Annual General Shareholders' Meeting.

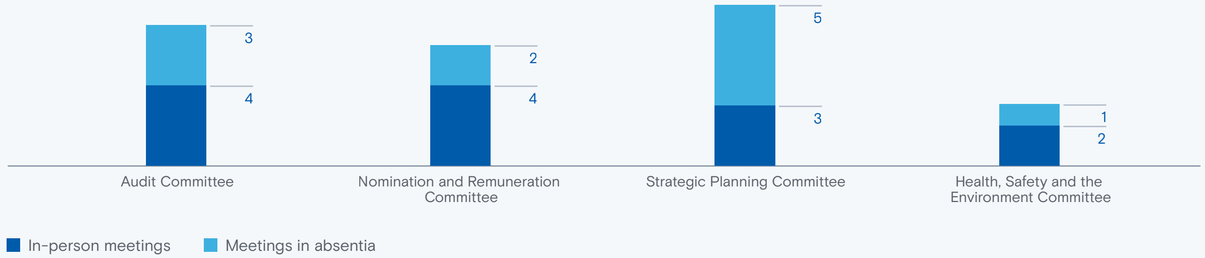
The current composition of the Committees is aligned with the Corporate Governance Code recommended by the Bank of Russia, the Listing Rules of the Moscow Exchange and the MMK's internal documents.

## Number of Committee meetings

MED(R)-38

The participation rate of the Board of Directors' members in committee meetings was 100% for the period from 1 January 2024 to 31 December 2024.

### Number of Committee meetings




### Participation of current Board members in the Committee meetings

| Member of the Board of Directors (member of the Committee) | Audit Committee | Nomination and Remuneration Committee | Strategic Planning Committee | Health, Safety and the Environment Committee |
|---|---|---|---|---|
| 1 | | | 8/8 | |
| 2 | | | 8/8 | |
| 3 | 7/7 | 6/6 | 8/8 | |
| 4 | 7/7 | 6/6 | 8/8 | |
| 5 | 7/7 | 6/6 | | 3/3 |
| 6 | | | 8/8 | 3/3 |
| 7 | 7/7 | 6/6 | | |
| 8 | | 2[1]/6 | | 3/3 |
| 9 | | | 8/8 | 3/3 |
| 10 | | | 8/8 | |

[1] Member of the Committee since 31 May 2024 (Resolution of the MMK's Board of Directors, Minutes No. 1).

# Audit Committee

The Committee consists of 4 independent directors

## Committee functions

The Audit Committee of the MMK's Board of Directors considers in advance the matters within the Board's competence related to control over the Company's financial and business activity, including the assessment of whether MMK's auditor is independent and has no conflict of interest, the assessment of the quality of the audit of financial statements and control over the reliability and efficiency of the risk management and internal control system, and prepares recommendations for the Board of Directors to pass resolutions on these matters.

Regulations on the Board of Directors Committees of MMK (approved by the Resolution of the Board of Directors on 24 December 2020):

The external auditor, the Head of the Internal Audit Department, functional directors, and the Corporate Secretary of MMK take an active part in the Committee meetings.

## Committee's areas of focus in 2024

| Areas of focus | Committee's efforts |
|---|---|
| External audit and financial statements | During the year, the Committee together with the audit firm Business Solutions and Technologies Joint Stock Company (DRT JSC) reviewed draft opinions on the results of the quarterly reviews of consolidated financial statements submitted for review prior to the signing and publication of the statements in accordance with the best corporate governance practices, as well as an opinion on the results of the audit of the MMK's financial statements and the MMK Group's consolidated financial statements for 2023. The Committee prepared an assessment of the audit firm's performance and conclusions on the results of the financial statements audits (under RAS and IFRS) for 2023.<br><br>The Committee has approved the provision by DRT Consulting LLC (affiliated with the MMK's auditor DRT JSC) of services other than the audit of the financial statements.<br><br>With regard to the planning of the external audit for 2024, the audit firm provides information regarding the most important areas/stages of the audit of the Group's consolidated financial statements.<br><br>A recommendation was prepared on the appointment of the audit firm and the amount of the service fee payable to the MMK's audit firm. |
| Internal audit | Consideration of quarterly reports on the results of internal audits and control over the implementation of corrective actions based on the results of internal audits for 2023.<br><br>Recommendation for approval the MMK's Internal Audit work plan for 2025 was prepared. |
| Risk management and internal control | The Committee prepared recommendations for the Board of Directors concerning the results of assessing the effectiveness of the comprehensive risk management and internal control system at MMK in 2023 based on the assessment of its maturity level and compliance with the recommendations of the Central Bank of the Russian Federation (Information Letter No. IN-06-28/143 dated 1 October 2020).<br><br>The Committee reviewed the Internal Audit Department's opinion on reliability and effectiveness of the MMK's risk management and internal control system in 2023 and recommended that it be included in the information (materials) to be provided to persons entitled to attend the MMK's Annual General Shareholders' Meeting in line with paragraph 3 of Article 52 of the Federal Law "On Joint-Stock Companies".<br><br>The results of the risk materialisation monitoring in 2023 were considered, and the map of the MMK Group's key risks for 2024 was drawn up.<br><br>To automate key procedures of the risk management and internal control system, the Internal Audit is implementing the project "Digitalisation of the risk management process and the internal control system," the implementation of which was considered by the Committee.<br><br>A report on compliance with the MMK Group's Code of Ethics, which represents corporate norms, principles and requirements that are the basis for ethical business conduct, was reviewed. |

# Nomination and Remuneration Committee

The Committee consists of 5 independent directors

## Committee functions

The Nomination and Remuneration Committee of the MMK's Board of Directors pre-reviews matters within the Board's competence related to the Company's priorities for its HR policy, succession planning and professional competence of nominees to the Board of Directors, executive bodies and other key executives, as well as remuneration of members of the MMK's governing bodies and other key executives, and prepares recommendations for the Board of Directors to pass resolutions on these matters.

Regulations on the Board of Directors Committees of MMK (approved by the Resolution of the Board of Directors on 24 December 2020):

The Human Resources Director, the Corporate Secretary of MMK, functional directors and heads of business units take an active part in the Committee meetings.

## Committee's areas of focus in 2024

| Areas of focus | Committee's efforts |
|---|---|
| HR policy, succession planning and professional competence of nominees for the Board of Directors, executive bodies and other key executives | A report on the implementation of the main areas of the MMK Group's priority HR initiatives in 2023 and measures to implement the "Corporate Culture of Opportunities" strategic initiative was reviewed. A recommendation was prepared to approve the MMK Group's HR priorities for 2024.<br><br>Proposals received from shareholders were preliminarily reviewed and recommendations on nominating candidates to the MMK's Board of Directors were prepared. Together with the Committee, proposals were made to improve the efficiency of the Board of Directors in 2024, requirements for candidates to the Board of Directors and criteria for their evaluation were determined, and the annual report reflects the results of the self-assessment of the Board of Directors, committees and members of the Board of Directors conducted in 2023.<br><br>The implementation of social programmes to support MMK employees and measures aimed at improving the quality of life and the quality of the environment that meets the requirements of comfort for the development and retention of young professionals were studied. |
| Building an efficient remuneration system for the Board of Directors, executive bodies and other key executives | The Committee prepared proposals for the Annual General Shareholders' Meeting regarding the remuneration and compensation payable to the members of the MMK's Board of Directors.<br><br>The results of MMK Group's corporate-wide KPIs in 2023 were summarised, and the forecast of the results of corporate-wide KPIs in 2024 was reviewed. |



# Strategic Planning Committee

The Committee consists of 3 independent directors, 3 executive directors and 1 non-executive director.

## Committee functions

The Strategic Planning Committee of the MMK's Board of Directors considers matters within the Board's competence related to strategic planning, corporate governance, finance and economics, the Company's credit and dividend policies, and prepares recommendations for the Board of Directors to pass resolutions on these matters.

Regulations on the Board of Directors Committees of MMK (approved by the Resolution of the Board of Directors on 24 December 2020):

The Committee meetings are attended by the CEO, functional directors, directors of the MMK Group companies, heads of business units, and the Corporate Secretary of MMK.

## Committee's areas of focus in 2024

| Areas of focus | Committee's efforts |
|---|---|
| Budget planning and financing | During the year the CEO informed the Committee of the performance of MMK and the Group. The Committee considered the financial and business performance of MMK and the MMK Group for 2023 and forecast results until the end of 2024. A recommendation to approve the financial and business plan (budget) of MMK and the MMK Group for the financial year 2025 was prepared. |
| Strategic management | In accordance with MMK's focus areas in 2024, the Committee considered the implementation of the strategic initiatives "Excellence in procurement and supply chain management", "Customer focus", "Superior product portfolio", reviewed the reports on the main priorities in procurement, sales, sustainable development, innovation, cooperation with investors, implementation of the IT strategy and digitalisation strategy, cybersecurity, and management of the MMK Group companies – MMK-UGOL, MMK Metalurji, MMK-LMZ, MMK Metiz. |
| Corporate governance | In line with its functions, the Committee pre-reviewed the matters related to the preparation and conduct of the Annual General Shareholders' Meeting and recommended the Board of Directors to:<br>• pre-approve the annual report of MMK for 2023 (together with the annual financial statements) and approve the 2023 report of the Board of Directors on the results of MMK's priority activities<br>• approve the distribution of profits for the 2023 reporting year<br>The Committee reviewed the draft Report on MMK's compliance with the principles and recommendations of the Corporate Governance Code in 2023 and made recommendations on its inclusion in the annual report. |



# Health, Safety and the Environment Committee[1]

GRI 403-4 GRI 14.16.5

The Committee comprises 2 independent and 2 executive directors, one of whom is a woman.

## Committee functions

The Health, Safety and the Environment Committee of the MMK's Board of Directors considers health, safety and environmental matters within the Board's competence and prepares recommendations for the Board of Directors to pass resolutions on these matters.

Regulations on the Board of Directors Committees of MMK (approved by the Resolution of the Board of Directors on 24 December 2020):

Functional directors and directors of the MMK Group companies, heads of business units, and the Corporate Secretary of MMK attend the Committee meetings.

## Committee's areas of focus in 2024

| Areas of focus | Committee's efforts |
|---|---|
| Occupational health and safety | The Committee considered the MMK's occupational health and safety performance for 2023–2024, including implementation of the programme of measures to reduce the occupational risk of injuries to MMK's employees, and issues of mentoring and organisation of work with young employees.<br><br>The Committee considered the implementation of the "Zero injuries" strategic initiative, technical and behavioral measures to improve the safety culture among the MMK Group's employees, and prepared recommendations to the Board of Directors.<br><br>Special attention was paid to accidents occurred at work, analysis of the causes of accidents in 2024 was considered, and proposals were prepared to organise measures aimed at identifying and preventing hazardous actions. |
| Environment | The Company's key environmental focus is the reduction of emissions at industrial facilities.<br><br>During the year the Committee monitors key environmental performance indicators of MMK. The Committee reviewed the results of activities in the field of environmental protection and environmental safety for 2023, goals and objectives for 2024, including:<br>• dynamics of changes in emissions and discharges of pollutants<br>• ongoing projects to reduce the share of pollutants<br>• emission control by automatic measuring systems<br>• issues of landscaping, conservation of biological diversity<br><br>Recommendations were prepared to the Board of Directors on the results of the implementation of the environmental programme in 2024 and the implementation of the strategic initiative "Continuous improvement of environmental performance and reduction in $CO_2$ emissions". |

[1] There shall be no discrimination on the basis of gender or other grounds in the election of the Health, Safety and the Environment Committee.

# MMK executive bodies

GRI 2-9 GRI 2-13 GRI 2-16

MMK has two executive bodies — the Management Board is the collective executive body, and the CEO is the sole executive body.

They are governed by the Regulations on the Collective Executive Body – the Management Board, and the Regulations on the Individual Executive Body – the CEO of MMK.

The executive bodies regularly report at meetings of the Board of Directors on their activities as per the plan approved by the Board of Directors.

The remit of the Company's governing bodies is set out in the MMK's Charter.

## MMK Management Board

The collective executive body — the Management Board — manages the Company's day-to-day operations within its remit specified in the MMK's Charter and the approved work plan of the MMK's Management Board. The Management Board reports to the Board of Directors and the General Shareholders' Meeting.

**15** MEMBERS

Management Board consists

**2** WOMEN

among the Management Board members

**5.2** YEARS

average length of service of a member of the Management Board as a member of MMK's collegial executive body

## Distribution of functional responsibilities (competences) of the Management Board members within the MMK Group

01.
General management of the Management Board in accordance with the MMK's Charter
Strategic management

02.
Economy

03.
Social policy
Administrative activities

04.
Strategic development
Project activities
Integration policy
Sustainable development
Investor communication

05.
Technical policy. Production operations
Capital construction

06.
Material and technical support

07.
Public relations (at city and regional levels)
Advertising

08.
Capital construction

09.
Fiscal policy

10.
HR Policy
Personnel management

11.
Sales policy
Marketing

12.
Information technologies
Developing of the corporate information system
Digitalisation strategy

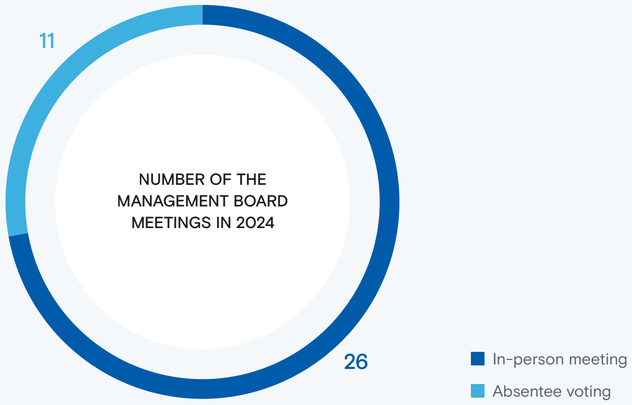
13.
Occupational health and safety
Environmental protection

14.
Legal support
Property management

15.
Ensuring safety

In 2024, the Management Board held 37 meetings and reviewed the following matters:

- analysis of the MMK Group's financial and business performance
- key indicators of the MMK Group's financial and economic plan (budget)
- reports by the MMK Group companies on their operational, economic, financial and business performance
- business processes across the MMK Group by business area
- implementation of strategic initiatives
- changing the shareholding, acquiring and disposing of shares in other organisations
- approval of directives for MMK representatives at the Group companies
- approval of the Company's representatives and directives to representatives in the MMK Group companies
- approval of the work plan of MMK's Management Board




## Sole executive body

GRI 2-11 GRI 2-13

The Company's sole executive body is the CEO who acts on behalf of the Company and represents its interests in accordance with the Charter and the Regulations on the Sole Executive Body – the CEO.

The CEO manages the Company's day-to-day operations and regularly reports to the Board of Directors in accordance with the approved schedule of its meetings.

The CEO is elected (appointed) by the General Shareholders' Meeting for four years and may be reelected (reappointed) for an unlimited number of terms.

## Corporate Secretary

The Corporate Secretary ensures efficient ongoing communication with the shareholders, coordinates MMK's efforts to protect shareholder rights and interests, and supports efficient performance of the General Shareholders' Meeting, the Board of Directors, and its Committees.

The Corporate Secretary is appointed on an annual basis, and can be removed by the CEO – based on the resolution of the Board of Directors.

The Corporate Secretary's functions, rights, duties and responsibility are outlined in the Regulations on the Corporate Secretary of MMK approved by the Board of Directors.

The Corporate Secretary is guided by Russian laws, MMK's Charter, internal documents, resolutions of the General Shareholders' Meeting, and the Board of Directors.

Victor Sedov has been the Corporate Secretary of MMK since 2021.

| Name | Victor Sedov |
|---|---|
| Background | Mr. Sedov has been working at the legal service of MMK since 1997 |
| Education and qualifications | Nosov Magnitogorsk Institute of Mining and Metallurgy, 1987, Electrical Engineer<br><br>Ural Academy of Public Administration, 1996, Lawyer<br><br>Russian School of Private Law, 2002, Master of Private Law |

# Remuneration of the board members and the management

## Remuneration of the Board members

GRI 2-19 GRI 2-20

The amount of remuneration to be paid to members of the Board of Directors is approved annually by the Company's General Shareholders' Meeting in accordance with the recommendations of the Board of Directors. In determining remuneration, the Company is guided by the need to offer sufficient motivation to retain high-skilled specialists, as well as by the interests of shareholders and other stakeholders.

All remuneration payments are made in accordance with the Regulation on the Procedure for Remuneration and Compensation of Expenses of the Members of the Board of Directors of PJSC MMK. The Regulation sets out the remuneration amount and payment terms and procedure. During the reporting period, the Company's Board of Directors comprised three categories of directors: executive directors, non-executive directors and independent directors. Remuneration for membership of the Board of Directors is paid only to independent and non-executive directors. The annual remuneration amount is fixed in contracts concluded with independent and non-executive members of the Board of Directors.

The established annual remuneration is paid to directors on a monthly basis via bank transfer for the period when they perform their duties. In addition, Board members are compensated for their documented expenses. The compensation covers the following expenses:

- travelling to meeting venues and return
- accommodation for the duration of meetings
- communication and postal services

The Company's Annual General Shareholders' Meeting, held on 30 May 2024, approved the amount of remuneration and compensation to the Board of Directors members for the performance of their duties in 2024–2025 in the total amount of RUB 150 million. An aggregate remuneration of RUB 120 million annually was approved for the period 2022-2024.

## Remuneration of the Management Board members

GRI 2-19 GRI 2-20

MMK pays no additional remuneration to members of the Management Board for performing their duties, or reimbursement of related expenses. Members of the Management Board are paid salaries for the performance of their official duties at MMK, which consist of fixed and variable parts. The variable part (system of KPIs) depends on the performance indicators of the Company. Members of the Management Board hold shares in MMK, which drives alignment of their interests and their commitment to achieving the set targets.

Remuneration of the MMK's CEO includes a monthly salary and an annual bonus. Its amount reflects the CEO's qualifications and contribution to the achievement of the Company's financial results. The CEO has the right to receive bonus, which is paid at the end of the year, in accordance with the decision of the Nomination and Remuneration Committee of the Board of Directors and the Board of Directors. Under the current KPI system, the CEO's bonus depends on the achievement of performance indicators. Actual performance is measured against the previous financial year.

The KPIs for members of the Management Board have been developed taking into account their individual responsibility and efficiency. The KPIs for the CEO include the Company's financial and production results, operational efficiency, social responsibility and occupational safety indicators, including achievement of zero fatalities. The system for calculating the annual bonus for the Company's CEO and other members of the Management Board has been developed to meet these indicators.

The Company deems the remuneration payable to its top management to be sufficient to attract, motivate and retain competent and skilled specialists and to ensure that they exercise their rights and fulfill their duties in good faith in the best interests of MMK.



# Report of MMK's Board of Directors

## Corporate governance

Please see the description of the Group's corporate governance structure and rules on pages 185 and 189 of this Annual Report.

## Financial statements

The Board of Directors believes that the information (based on the restrictions established by effective laws) disclosed on pages 207–208 of the Annual Report provides shareholders with the data necessary to assess the Company's performance, business model, and strategy.

## Disclosure of information that may affect duties of members of the governing bodies

In line with effective laws of the Russian Federation, members of the Board of Directors (and members of the Management Board) notify the Company of:

- any circumstances that may lead to a Board member being declared interested in completion of a transaction by the Company, by completing a notice in the form approved by the Bank of Russia
- any other information that may affect the performance of the duties of a member of the Board of Directors (and a member of the Management Board), by completing a questionnaire of a member of MMK's governing body
- any circumstances that lead to a Board member losing independence. Information on a Board member losing the status of an independent director is disclosed on the website

## Indemnification of directors

MMK, at its own expense, arranges for insurance of the liability of members of the Board of Directors for obligations arising as a result of the Company's losses caused by actions (inaction) of members of the Board of Directors during the period when they exercise their rights and perform their duties.

## Election and succession policy of MMK's Board of Directors

In accordance with the Federal Law "On Joint Stock Companies", members of the Board of Directors are elected to the Board annually by the General Shareholders' Meeting and may be re-elected an unlimited number of times. Only an individual may be a member of the Board of Directors.
According to the effective laws of the Russian Federation and the Company's internal documents, MMK takes measures to ensure succession of the Board members, to nominate candidates to the Board of Directors whose personal and professional qualities and reputation convincingly demonstrate that they will act in the interests of the Company and its shareholders, and to nominate candidates for the Board of Directors who meet the criteria for independent directors.

The Board of Directors of MMK, on recommendation of the Nomination and Remuneration Committee, annually:

- analyses the current composition of the MMK's Board of Directors and the competencies necessary to implement MMK's strategy, meet internal and external challenges facing MMK, ensure succession of members of the Board of Directors
- assesses compliance of the nominees for the Board of Directors with independence criteria and reviews compliance of independent directors with the independence criteria on a regular basis. Information on compliance of the Board members with the independence criteria is disclosed in the Annual Report and on the Company's website

To ensure compliance with the Code of Corporate Governance and make decisions to elect Board members more justified and sufficient, the Board of Directors, on recommendation of the Nomination and Remuneration Committee, issues recommendations with respect to voting on this agenda item at the General Shareholders' Meeting, and ensures that this information is communicated to the MMK's shareholders.

## MMK's Annual General Shareholders' Meeting

The Annual General Shareholders' Meeting of MMK will be held on 30 of May 2025. Taking into account all aspects considered by the Board of Directors during the year, the Board of Directors has given its preliminary approval for the MMK's Annual Report for 2024.

## Competence of the Board of Directors and functions of the Board Committees

The matters to be resolved by the Board of Directors are given in MMK's Charter.

The functions of the Board of Directors' Committees are set out in the Regulations on the Board of Directors' Committees of MMK.

The competence of the Board of Directors and the functions of its Committees are updated when the Russian laws are amended and if necessary.

## Share capital structure

There are no special restrictions on the size of the shareholding or the share transfer other than those stipulated by the Russian laws.

The Board of Directors is not aware of any agreements between shareholders that may result in restrictions on the transfer of shares or voting rights.

As at 31 December 2024, the MMK Group companies did not hold treasury shares.

According to available information, MMK's share capital structure as at the end of 2024 does not contain offshore companies holding more than 5% of the Company's shares.

## Dividends

On 30.05.2024 MMK's Annual General Shareholders' Meeting resolved to pay dividends based on the results of the reporting year 2023 on MMK's outstanding ordinary shares in the amount of RUB 2,752 (including tax) per share. Dividends shall be paid in cash, by bank transfer and within the terms established by the Federal Law "On Joint-Stock Companies".

MMK's Extraordinary General Shareholders' Meeting of 27.09.2024 resolved to pay dividends on MMK's outstanding ordinary shares in the amount of RUB 2,494 per share, based on the results of the six months of the reporting year 2024 (including tax) per share. Dividends shall be paid in cash, by bank transfer, and within the terms established by the Federal Law "On Joint-Stock Companies".

# Internal Audit

## Internal Audit Department

MMK has established the Internal Audit Department – to provide informed, independent and objective assurances and advice designed to add value and improve performance.

The Head of the Internal Audit Department functionally reports to the Audit Committee of the MMK's Board of Directors, and administratively reports to MMK's CEO, which ensures sufficient independence to perform internal audit functions.

Internal audit helps MMK achieve its goals by bringing a systematic, disciplined approach that evaluates and improves the effectiveness of risk management, control and corporate governance processes.

## Key performance results of the Internal Audit Department in the reporting year

Based on the results of 12 internal audits in 8 business processes, MMK issued recommendations aimed at eliminating the identified concerns and improving the efficiency of business processes.

The assessment of MMK's internal control and risk management systems showed that the Company provides an objective, fair and clear view of the current state and future prospects, integrity and transparency of the Company's reporting, as well as reasonable and acceptable risk exposure.

Also, at the request of chief specialists, heads of functional and production divisions, during the year consultations were held on risk management, internal control and corporate governance issues.

## The Internal Audit Department's main functions are to:

- perform independent and objective assessment of reliability and effectiveness of MMK's internal control system in line with the risk-based approach
- develop recommendations to eliminate gaps identified during the audits and oversee their implementation
- advise MMK's management on establishment and functioning of the internal control system

Effectiveness of the internal control system is assessed based on continuous monitoring of sufficient and reasonable use of resources, asset integrity and compliance with the laws and MMK's internal regulations, as well as on the results of measures taken to eliminate violations and gaps and improve the internal control system.

Audits to check the efficiency of the risk management system cover:

- completeness and correctness of risk identification and assessment by MMK's management (across all management levels)
- effectiveness of control procedures and other risk management measures
- analysis of information about materialised risks

The Head of the Internal Audit Department takes part in the Audit Committee meetings on a quarterly basis to inform the Committee on:

- proposed annual work plan of the Internal Audit Department that takes into account prioritised risk-focused key business processes and controls, as well as macroeconomic environment and available resources
- progress on the plan (including information on significant risks, violations/gaps, results and the status of implementation of the Internal Audit Department's recommendations and proposals) and challenges faced by the Department
- assessment of the adequacy and maturity of the elements of MMK's internal control and risk management systems for effective risk management

The Internal Audit Department is guided by:

- International Standards for the Professional Practice of Internal Auditing
- The Code of Ethics for internal auditors
- MMK's internal regulations on internal audit

## Results of assessing efficiency of the internal control and audit system in the reporting year

The Internal Audit Department evaluates the effectiveness of the risk management and internal control system and provides this information to the Audit Committee and the Board of Directors. During the assessment of the efficiency of the risk management and internal control system in 2024, it was established that risk management and internal control procedures are integrated into the Company's activities at all management levels, are carried out without significant deficiencies that could affect the operational efficiency of the Company's activities and the reliability of financial statements, and that risks are constantly monitored and control procedures are improved.

The results of the assessment, formed on the basis of maturity level models and analysis of the effectiveness of each component of the risk management and internal control system, as well as development plans, are considered annually by the Board of Directors. In addition, the Internal Audit Department provides shareholders with an opinion on reliability and efficiency of MMK's risk management and internal control system in preparation for the Annual General Shareholders' Meeting.

# Control and risk management

## Audit firm

Joint Stock Company Business Solutions and Technologies is the firm currently providing audit of the MMK's individual and consolidated financial statements. Business Solutions and Technologies was selected on a competitive basis and complies with the requirements of the Russian legislation imposed on audit firms in terms of independence and absence of conflict of interest.

The Company has developed a list of procedures to ensure compliance with independence and conflict of interest requirements. The firm's membership of the Self-Regulatory Organisation of Auditors also guarantees compliance with independence requirements.

## Evaluation of the external audit by the Audit Committee

The Audit Committee of the MMK's Board of Directors, within the scope of its functions, together with the Company's external auditor, shall:

- analyse and discuss significant issues that have arisen in the course of the independent external audit of the Company, including issues that the external auditor of the Company is required to discuss under the requirements of accounting standards or audit standards
- discuss draft reviews, opinions on the results of the audit of the Company's interim consolidated financial statements, as well as the auditor's report on the audit of the Company's financial statements and the consolidated financial statements for the year ended prior to their presentation to shareholders at the General Shareholders' Meeting, evaluate the quality of the audit of the Company's financial statements
- discuss the principles of independence and absence of conflict of interest, receive and review a written statement prepared by the Company's auditor describing all relationships between the Company's auditor and the Company, and consider circumstances that may affect the objectivity, independence of the Company's auditor

Based on the results for 2024, the Audit Committee of the MMK's Board of Directors positively assessed the quality of the audit of MMK's financial statements (prepared under RAS and IFRS) for 2024 and the auditor's reports provided by the audit firm Joint Stock Company Business Solutions and Technologies. The audit was performed in accordance with Russian auditing legislation and international audit standards. The audit firm acted independently, professionally and objectively in conducting the audit.

## External auditor selection process

The basic principles of organising and conducting external audit, the procedure and criteria for selecting audit firms, approaches to ensuring compliance by audit firms with the principles of independence and the absence of conflicts of interest are set out in Federal Law No. 307-FZ dated 30 December 2008 "On Auditing", regulations of the Central Bank, the Ministry of Finance of the Russian Federation, etc., as well as MMK's internal documents.

Due to lack of developed rules for holding an open tender to enter into agreement on performance of a statutory audit of financial statements of publicly important entities at MMK in 2023, a closed tender was held to select a firm that will provide services in auditing the financial statements of PJSC MMK and the consolidated IFRS financial statements of the MMK Group for 2023-2025 in accordance with the PJSC MMK's Regulations on the Procedure for Entering into Service Agreements with Auditors, Accounting and Tax Consultants.

In accordance with the PJSC MMK's Regulations on the Procedure for Entering into Service Agreements with Auditors, Accounting and Tax Consultants, a Tender Commission to conduct a competitive selection (tender) of an external audit firm was established.

For participants in the tender, MMK's Tender Commission defined the criteria for evaluating bids for participation in the tender to enter into the audit services agreement, developed in compliance with the recommendations of the Bank of Russia,[1] such as:

Non-cost criteria:

- qualitative characteristics of the entity
- qualification of the tender participant
- assessment of the adequacy of audit resources considering the scope of audit services provided
- high professional reputation, with inclusion in the necessary registers in accordance with the legislation of the Russian Federation
- mechanisms in place to prevent actions that give rise to a conflict of interest or threaten to give rise to a conflict of interest for the auditor

Cost criteria:

- price defined by the terms of an agreement

**8.3** MLN RUB

Remuneration of the external auditor for the non-audit services provided amounted in the reporting year

The above criteria for evaluating bids for participation in the tender to enter into the audit services agreement were approved by the Audit Committee of the MMK's Board of Directors.

In addition, the Audit Committee of the MMK's Board of Directors exercised control at all stages of the competitive selection of the audit firm, starting from determining the need to hold a closed tender, approving the requirements (selection criteria) imposed on the participants in the tender, considering the scope of audit services, including assessment of independence, objectivity and absence of a conflict of interest of potential candidates, reviewing the results of the tender, and ending with recommendations to the MMK's Board of Directors on the candidacy of the audit firm and the audit fee.

In turn, the MMK's Board of Directors determines the auditor's remuneration and recommends to the Annual General Shareholders' Meeting a candidate to be appointed as the Company's auditor. Based on this recommendation, an audit firm is appointed by the Annual General Shareholders' Meeting.



[1] Set forth in Appendix 3 to Information Letter No. IN-06-28/143 dated 1 October 2020.

# Information for investors

MMK strives to maintain a proactive and open dialogue with all representatives of the investment community.

## Share capital flow during the year

MMK's authorised capital comprises 11,174,330,000 ordinary registered shares with a par value of RUB 1 each. All shares are outstanding.

As at 7 May 2024 (the record date for the 30 May 2024 Annual General Meeting), the Company had 693,711 shareholders.




DISTRIBUTION OF MMK SHAREHOLDERS BY CATEGORIES IN 2024, %[1]

Institutional investors  Retail investors

## Share capital structure

Free float accounts for 20.2% of the share capital or 2,261 million shares.

In 2022, under sanctions pressure PJSC MMK did not disclose or provide to the third parties part of information, including information on its ownership structure, to avoid restrictive measures. It was made in line with Article 92.2 of the Federal Law "On Joint Stock Companies".

### The amount of MMK's dividend payments for the last five years[2]

| Year for which dividends were declared | Dividend per share, RUB | Dividends accrued |
|---|---|---|
| 2019 (Q1, H1, 9M and FY) | 5.335 | 59,615 911 |
| 2020 (H1, 9M and FY) | 3.943 | 44,060 591 |
| 2021 (Q1, H1, 9M) | 7.988 | 89,261 1,218 |
| 2022 | – | – – |
| 2023 | 2.752 | 30,752 345 |
| 2024 (H1) | 2.494 | 27,869 302 |

## Report on the payment of declared (accrued) dividends on MMK's shares

The current Regulations on the Dividend Policy of MMK were approved by the Board of Directors of MMK on 13 November 2019 (Minutes No. 8).

MMK's dividend policy is based on the balance between shareholder interests and the Company's need for further development and technological upgrades.

In making recommendations for the dividend amount, the Board of Directors is guided by the following principles:

- as a rule, the dividend payment will be at least 100% of the free cash flow if the net debt to EBITDA ratio is < 1
- as a rule, the dividend payment will be at least 50% of the free cash flow if the net debt to EBITDA ratio is > 1

MMK pays (declares) dividends annually and aims to pay out dividends on a quarterly basis provided that its current financial position is stable.

When recommending the dividend amount, the Board of Directors may also use other indicators in addition to the free cash flow calculated on the basis of MMK's IFRS consolidated financial statements. Such indicators may include the net profit as reported in the MMK's IFRS consolidated financial statements or the net profit as reported in the MMK's financial statements prepared in accordance with the Russian Accounting Standards.

On 30 May 2024, the Annual General Shareholders' Meeting resolved to pay dividends based on the results of the reporting year 2023 on PJSC MMK's outstanding ordinary shares in the amount of RUB 2.752 (tax included) per share.

On 27 September 2024, the Extraordinary General Shareholders' Meeting resolved to pay dividends based on the results of the six months of the reporting year 2024 on PJSC MMK's outstanding ordinary shares in the amount of RUB 2.494 (tax included) per share.

[1] As a percentage of the free float, including retail investors – physical individuals, as at December 2024.

[2] Dividends accrued for a calendar year in accordance with the Dividend Policy.

# MMK shares traded on the Moscow Stock Exchange (MOEX)

## Stock exchanges where MMK's shares and GDRs are traded

| Stock exchange | Issuer code |
|---|---|
| MOEX | MAGN |

## Identification numbers of MMK's securities

| | |
|---|---|
| CUSIP:[1] - MOEX | X5171A103 |
| ISIN:[2] - MOEX | RU0009084396 |

## Summary information on MMK's ordinary shares

| | Moscow Stock Exchange, RUB/share | |
|---|---|---|
| | 2023 | 2024 |
| Yearly high | 55.765 | 59.9 |
| Yearly low | 33.125 | 29.575 |
| Year-end price | 52.165 | 39.195 |
| Trading volume, RUB million | 213,707 | 282,583 |

## Share prices and trading volumes on the Moscow Stock Exchange in 2024, RUB million, RUB/share




# MMK's credit ratings[3]

In October 2024, the Analytical Credit Rating Agency (ACRA) confirmed MMK's credit rating at AA+ (RU) with a stable outlook.

MMK's credit rating is based on its strong market position, diversified product portfolio and the Company's leadership and exclusive competencies in the premium segment that accounts for a significant share in the sales structure.

| | ACRA |
|---|---|
| Credit rating | AA+(RU) |
| Outlook | Stable |
| Last rating action | 1 October 2024 |

## MMK's index membership

| Index names | Index codes | Weight, % |
|---|---|---|
| Moscow Exchange indices[4] | | |
| Moscow Exchange Index and RTS Index | IMOEX, RTSI | 0.79 |
| Broad Market Index | MICEXBMI, RUBMI | 0.73 |
| Moscow Exchange Active Management Index | IMOEXW | 1.01 |
| Metals and Mining Index | MOEXMM, RTSmm | 6.87 |
| Sustainability Vector Index | MRSV | 4.46 |
| Responsibility and Transparency Index | MRRT | 0.94 |
| MOEX Russia Index – RAEX ESG | MESG | 4.77 |
| MOEX Shariah Index | MXSHAR | 8.95 |

[1] CUSIP (Committee on Unified Security Identification Procedures) is an identification number assigned to shares for the purpose of facilitating clearing and settlement of trades.
[2] ISIN (International Securities Identification Number) is an international share identification code.
[3] As at 27 December 2024.
[4] As at 29 December 2023, for RAEX ESG index at 13 February 2024.

# Analytical coverage

Analysts from leading Russian banks, brokers and investment companies, including Sberbank CIB, Alfa Bank, Renaissance Capital, BCS, Veles, Sinara, Gazprombank, Tinkoff provide regular coverage of MMK's operations. For more details, see the Investor page on the Company's website.

# Information on the Company's Registrar

JSC Registrar Company STATUS (indefinite license No. 10-000-1-00304 issued by the Russian Federal Financial Markets Service on 12 March 2004) is responsible for maintaining MMK's shareholder register.

The Registrar's registered office is located at: Ring Park Business Centre, 23 Novokhokhlovskaya St., Bld. 1, Moscow, 109052, Russian Federation

Tel.: +7 (495) 280 04 87

E-mail: office@rostatus.ru

Magnitogorsk Branch of JSC STATUS:
6 Gertsena Street, office 20, Magnitogorsk, Chelyabinsk Region, 455001

Tel.: +7 (3519) 25 60 22, +7 (3519) 25 60 23

# Board oversight

The Board of Directors receives information on communication with the investors covering key investor meetings and activities, shareholder and investor feedback.

# Investor relations

One of the Company's top priorities is to ensure open communication with investors and shareholders. The Company's management maintains a dialogue with the investment community by:

- participating in international conferences and forums, online and offline
- holding presentations, conference calls and webcasts – to discuss the market situation and the Company's performance for the reporting period
- holding regular face-to-face and online meetings with investors and analysts – organising site visits
- organising site visits
- holding the Investor Day

During 2024 the Company continued to communicate with the investment community:

- 3 site visits took place
- active communication with HNWI investors was carried out
- the Company participated in conferences and non-deal roadshows
- more than 140 meetings and calls with institutional investors were held

## Communication with retail investors

In 2024, the number of retail investors in MMK shares continued to grow, increasing by 20% as compared to 2023, to 724,000 investors. The share of long-term investors remained unchanged at 64%, reflecting retail investors' confidence in the fundamental value of MMK shares.

We continued to communicate with retail investors to improve the perception of the Company and to maintain a dialogue with the potential and existing retail investors. Social media results:

- arrival of investor subscribers of the Harmful Investor telegram channel
- broadcast on the YouTube channel MarketPower, more than 2.2 thousand views
- participation in the annual Smart-Lab conference in Moscow
- MMK blog on MarketPower created

# Information disclosure

The Company ensures that any material information is communicated to all stakeholders at the same time.

## Main information disclosure channels

**Interfax**, an information disclosure server. The Company publishes information in accordance with the laws (the Law on the Securities Market and the Law on Joint Stock Companies).

**The Magnitogorsk Metal newspaper.** In accordance with the Charter, the Company informs the public of its operations through mass media – the Magnitogorsk Metal newspaper and the TV-IN TV channel.

**Corporate website.** The Company regularly publishes updates on its activities and press releases about important corporate events, as well as its financial and operating performance. In 2021, the design of the website was updated, and the Investor page was improved. The Company publishes its Annual Report on its website every year.

For more details, see the Investor page on the Company's website.

**E-mail.** The Company keeps investors up to date on its activities by sending out:

- press releases on important corporate events and its financial and operating performance
- metals and raw materials market overviews prepared by the Company's strategy and IR teams

You can contact our Investor Relations team by e-mail at ir@mmk.ru.

**Telegram channel.** MMK has launched its official channel to provide timely and accurate information on its IR[1] and PR[2] activities (review of financial and operating performance, summaries of conference calls with the top management, announcements of upcoming events and conferences for investors, videos, official comments, etc.).

**Blogs on thematic websites.** The Company's corporate blogs on Smart-lab website, Tinkoff Pulse portal, Sberbank Investments, BCS Profit, MarketPower have been launched to provide retail investors with timely and accurate information on the Company's IR- and PR activities. In addition, on these resources we publish educational content related to the iron and steel sector – to improve the knowledge of professional market participants and to train new ones.

**Social media.** MMK also uses social media as an additional channel of information disclosure. Corporate and industry news and publications in Russian and foreign media can be found on our official pages on:

TELEGRAM | DZEN | RUTUBE | LINKEDIN | SMART-LAB | TINKOFF PULSE | BCS | VKONTAKTE | X (TWITTER) | PINTEREST

[1] Investor relations.

[2] Public relations.

# Generation and distribution of economic value

## Economic value

GRI 201-1 GRI 3-3

The MMK Group is one of the leading iron and steel companies in Russia. The Company's main production site is located in the single-industry town of Magnitogorsk, whose budget and main incomes depend on MMK's operations. The Group makes a significant contribution to the social and economic development of the Chelyabinsk Region, based on the principles of sustainable development and striving to create added value for all stakeholders.

In the course of its operations, MMK creates direct economic value that is distributed to a wide range of stakeholders. At the same time, the Company responsibly implements its dividend policy in accordance with its obligations to shareholders. For more details on the basic terms, conditions and procedure for accrual and payment of dividends, see the Regulations on the Dividend Policy.

## Tax policy

GRI 207-1 GRI 207-2

The MMK Group is the largest taxpayer in the Chelyabinsk Region and responsibly complies with the requirements of the Tax Code of the Russian Federation. The Company's business strategy and Sustainable Development Strategy are inseparably linked to a good faith approach to tax payment.

The Company makes the required contributions in full and on a timely basis, contributing to the development of the national economy and the economies of the regions where it operates, and maintaining corporate practices at a high level.

### Direct economic value generated and distributed,[1] RUB million

GRI 201-1 MED(R)-1

| | 2022 | 2023 | 2024 |
|---|---|---|---|
| Direct economic value generated | 704,675 | 774,151 | 789,276 |
| Revenue[2] | 699,817 | 763,390 | 768,466 |
| Income from financial investments[2] | 4,758 | 10,661 | 18,393 |
| Income from disposal of tangible assets | 100 | 100 | 2,417 |
| Economic value distributed | (649,826) | (654,681) | (765,479) |
| Operating expenses | (595,258) | (617,967) | (670,791) |
| including salary and insurance contributions[2] | (51,934) | (58,182) | (79,117) |
| Payments to capital providers | (32,292) | (2,884) | (59,677) |
| including dividends paid[2] | (29,629) | 0 | (57,696) |
| including finance expenses[2] | (2,663) | (2,884) | (1,981) |
| Tax expenses | (20,189) | (30,761) | (32,300) |
| including income tax (on expenses)[2] | (18,973) | (28,981) | (30,018) |
| including taxes other than income tax[2] | (1,216) | (1,780) | (2,282) |
| Investments in local communities | (2,087) | (3,069) | (2,711) |
| Economic value retained | 54,849 | 119,470 | 22,982 |

[1] The values for 2022–2023 have been adjusted due to a change in the methodology for calculating income tax in the Report.
[2] The figures are based on the consolidated IFRS financial statements of MMK and the MMK Group.

# Tax policy management

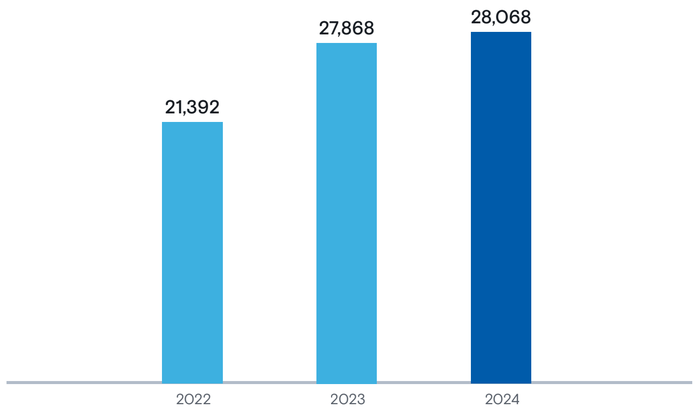
GRI 207-1 GRI 207-2

The MMK's tax policy is integrated into the Company's financial policy. Accounting and tax accounting in the Russian Federation is performed by a separate subsidiary established by the MMK Group. In subsidiaries of foreign jurisdictions, accounting functions are decentralised due to differences in tax legislation.

For accounting purposes MMK is governed by the Accounting Policy of PJSC MMK, which came into effect in 2018. MMK CEO is responsible for overseeing the implementation of the policy provisions.

Tax deductions are reviewed on an annual basis during the external audit of the financial statements.

## Taxes paid[1] to the budget of the Chelyabinsk Region, RUB million




[1] Including personal income tax.

## Compliance and tax risk management

GRI 207-1 GRI 207-2

The MMK Group conducts regular tax compliance assessments, including identification of tax risks. To mitigate such risks, MMK improves internal control systems for compliance with legal requirements and informs employees in a timely manner in case of changes in legislation.

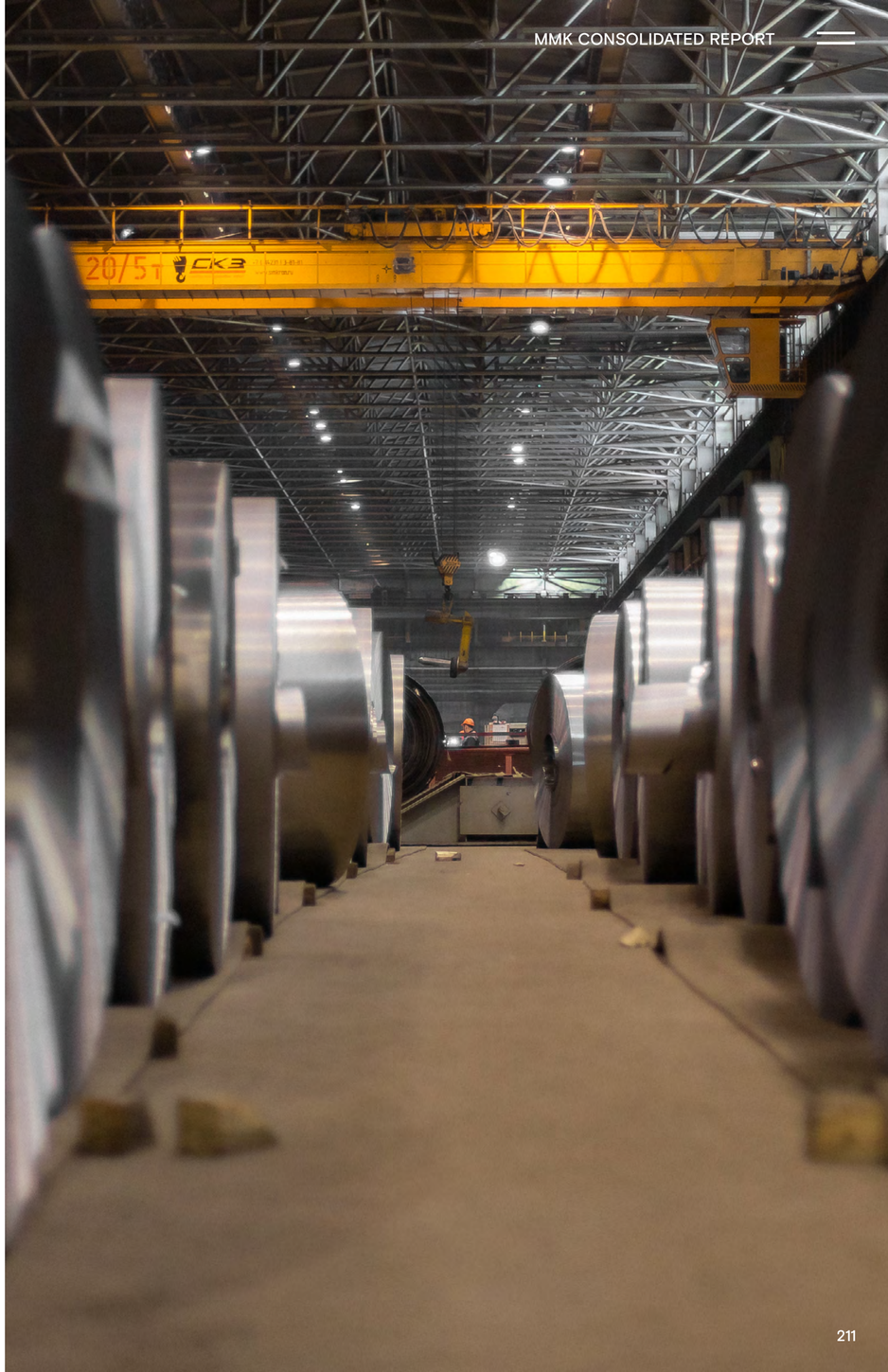
No risks related to MMK's tax policy identified in 2024.

## Interaction with tax authorities

GRI 207-3

The MMK Group takes a responsible approach to interaction with tax authorities. The Company has a tax monitoring regime, which ensures prompt interaction with the tax service, and mitigates tax risks through remote access to the Company's information systems and reporting. In order to effectively implement monitoring, MMK is developing its practices in using the automated information system “Nalog-3” (Tax-3). Besides, the Company regularly tests new interaction scenarios approved by the Federal Tax Service of Russia.

MMK participates in the discussion of taxation issues within the Russian Steel and Russian Union of Industrialists and Entrepreneurs associations, making proposals in development of amendments to the legislation of the Russian Federation.



# Business ethics, anti-corruption and feedback mechanisms

The MMK Group adheres to high ethical principles in its business activities and complies with applicable anti-corruption and business ethics laws.

The Group's main regulatory documents on business ethics and anti-corruption are:

01.

The Code of Ethics of MMK Group

02.

Regulations on the Procedure of Settlement of OJSC MMK's Corporate Conflicts

03.

Anti-corruption Policy of MMK

04.

Standard on the MMK Group's Anti-Corruption Compliance System[1]

## Approach to business ethics management

GRI 3-3 GRI 2-23 GRI 2-24

MMK Group's Code of Ethics is the principle regulatory document that establishes corporate norms, principles and requirements for doing business. The Code takes into account the latest changes in the anti-monopoly and anti-corruption regulations, as well as the provisions of the MMK Group Strategy.

The Code regulates the behaviour of the Company's employees and the fundamentals of stakeholder engagement. Equal application of the Code's provisions to all stakeholders helps prevent potential negative impacts on business processes, including unethical behaviour, economic losses and human rights violations. Adherence to ethical standards contributes to the transparency of business practices and strengthens public trust in the Company.

Employees are introduced to the Code of Ethics when being employed. If the Code is updated, heads of business units shall ensure that employees are familiarised with the new version. MMK Group regularly reminds employees of the need to comply with the provisions of the Code through mailings and annual surveys. These measures help to prevent potential violations, as well as to reinforce positive corporate practices already in place among stakeholders.



[1] The document is not publicly available.

## Anti-corruption management

GRI 2-23 GRI 2-24 GRI 3-3 GRI 205-3

The updated version of the Anti-corruption policy sets forth MMK's main principles and provisions for preventing corruption. The Policy considers the requirements of the legislation of the Russian Federation and establishes an irreconcilable attitude to any forms and manifestations of corruption at all levels.

Anti-corruption issues are managed on the principles of integrity, openness and honesty in relations with stakeholders. Compliance with the Policy is ensured by the Security Directorate of MMK: it assesses corruption risks, checks for conflicts of interest, and processes respective reports received through the Hotline.

MMK's CEO monitors the implementation of anti-corruption measures, which ensures a high level of intolerance to corruption. In addition, MMK performs internal audits to ensure compliance with the requirements of anti-corruption legislation, and also involves an internal control function to review key areas of activity for compliance with the requirements of the Anti-Corruption Policy.

The following initiatives were implemented as part of the measures aimed at combating corruption in 2024:

- Increase in the number of business processes with corruption risk maps, as well as placing information materials on MMK's website and in internal media, which helped to raise awareness among employees
- Launch of a unified anti-corruption compliance system in the Company, which enabled the Company to expand the use of a systematic approach to combating corruption
- Expansion of regulatory documents to cover MMK Group organisations, training of employees of the Group companies
- Increased coverage of conflict of interest declarations among MMK personnel, which helps to reduce the risk of conflict of interest

No cases of corruption were recorded at the MMK Group in 2024, as was the case over the past three years

## Compliance risk management

GRI 205-1

MMK has a unified risk management system (RMS) integrated into all business processes. Compliance risks, being an important part of the RMS and internal control function, are included in MMK Group's Risk Map.

The MMK Group classifies sanctions for violation of laws and anti-corruption risks as compliance risks. To minimise the risk of violation of laws, the Company improves its internal control over compliance with legislative requirements, and timely informs employees about changes in legislative norms and law enforcement practices.

To mitigate anti-corruption risks, MMK upgrades anti-corruption audits of various stakeholders: candidates for management positions, employees participating in the procurement process, business partners and subcontractors. Particular attention is paid to verifying the integrity of counterparties. For this purpose, the MMK Group regularly improves the criteria for their assessment and requests extended documentation for relevant verification.

The Company's corruption risk assessment is carried out in accordance with regulatory documents and involves MMK employees completing conflict of interest declarations, processing incoming information from stakeholders, and updating the list of positions with increased corruption risk.

In the reporting year, corruption risks were assessed in sales and procurement departments. A sample assessment was performed on maintenance processes.

In 2024, no realised corruption risks were recorded at the MMK Group

## Raising stakeholder awareness

GRI 205-2

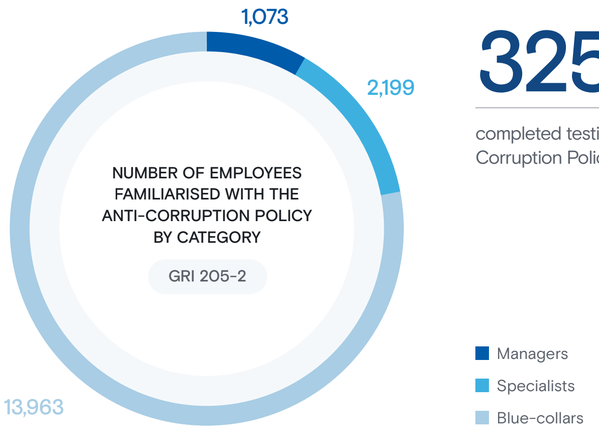
MMK informs its stakeholders of key standards in the area of business ethics and anti-corruption – to support the corporate culture at all levels. In the reporting year, 100% of the Company's business partners were familiarised with the Company's Anti-Corruption Policy and procedures, including 2,525 suppliers and 1,014 contractors.

**3,539**

business partners familiarised with the Company's Anti-Corruption Policy and procedures in 2024

MMK communicates the provisions of the Anti-Corruption Policy to external stakeholders: an anti-corruption clause is included in each contract with the counterparty. MMK also checks its counterparties for corruption risks. For this purpose, the counterparties provide MMK with an expanded scope of documents to confirm their adherence to the principles declared in MMK's provisions. To improve existing practices in this area, MMK regularly updates reliability and integrity assessment criteria.

MMK employees are required to regularly study the content of internal regulations and undergo annual certification. In 2024, 100% of MMK's top management bodies and employees were familiarised with the Company's Anti-Corruption Policy and procedures. Heads and specialists of structural divisions participate in specialised trainings on business ethics and anti-corruption, which ensures a high level of awareness within MMK.




**325** EMPLOYEES

completed testing, including Anti-Corruption Policy issues in 2024

## Hotline

GRI 2-25 GRI 2-26 GRI 205-3

Stakeholders may report actual or suspected violations of business ethics and anti-corruption through the 24/7 anonymous Hotline of the Security Directorate. The Company's Anti-Corruption Policy guarantees that the employees will not be subject to retaliation or sanctions for reporting corruption.

In 2024, 65 reports were received by the Security Directorate's Hotline, 20 of which from contractors regarding the quality of procurement tenders and abuse of authority by employees. As a result of the audits, in three cases MMK implemented corrective measures aimed at strengthening control procedures.

The MMK Group has a separate anonymous Hotline for reports on business ethics ethics@mmk.ru. The Hotline is supervised by the Commission for Ethics, which carries out preventive measures against unethical behaviour.

In 2024, the Hotline received nine reports (which is 5 reports more as compared to 2023) on unethical behavior of employees when communicating with colleagues. All the reports were addressed, the conflict situations were resolved. The Company is actively working to raise employee awareness of the Ethics Hotline. The increase in the number of reports indicates that employees have become more trusting of the Hotline's capabilities and the Commission's activities.

## Conflict of interest management

GRI 2-15

As part of measures aimed at compliance with business ethics practices and prevention of corruption, MMK promptly identifies, manages and prevents conflicts of interest in the activities of employees.

The Company is governed by the Regulations on the Procedure of Settlement of OJSC MMK's Corporate Conflicts, which takes into account the legal requirements of the Russian Federation and the provisions of international standards. Conflicts of interest between members of the Company's Board of Directors are regulated by the Regulations on the Board of Directors of PJSC MMK. The familiarisation of MMK employees with the provisions of internal documents is mandatory, and is recorded against signature.

In order to prevent conflicts of interest, MMK endeavours to distribute the job responsibilities of employees in such a way as to eliminate the likelihood of conflicts of interest. If a candidate applies for a position included in the list of positions of employees with increased corruption risk, he/she must submit a completed conflict of interest declaration. Subsequently, such employees should submit this declaration on a regular basis. MMK also keeps records of stakeholders and stakeholder transactions. The relevance of the register is ensured by timely updating of the questionnaire and informing members of the Management Board. Based on the results of these measures, a Report on stakeholder transactions is prepared annually and approved by the Board of Directors.

In accordance with the Regulations on Prevention and Settlement of Conflicts of Interest, employees are required to report a potential or arising conflict. MMK considers such information under condition of anonymity.

MMK assesses the risks associated with conflicts of interest. In 2024, two cases of such risks without causing material damage were identified. Corrective measures included implementing organisational and staffing measures to reduce the likelihood of future conflicts of interest.



# Information security and cyber risks

## Management approach

GRI 3-3 GRI 2-23

MMK Group demonstrates its commitment to information security (IS) and user privacy and cyber risk management.

The approach to information security management is enshrined in a fundamental internal document – PJSC MMK Information Security Policy. This document describes high-level protection goals and objectives to be guided by, as well as the basic principles of MMK's information security management system.

When handling information, MMK is guided by the principles set out in Personal Data Processing Policy, which was developed to meet the requirements of national legislation in the field of personal data. This set of rules serves as a basis for development of local regulations governing the processing of personal data of employees and other subjects of personal data at MMK.

Based on many years of experience and international best practices, MMK is constantly improving its cyber risk management system.

In 2024, as part of the development of the IS system, new regulatory documents were approved and some existing regulatory documents were updated. In particular, to ensure the protection of critical information infrastructure facilities, the following regulations were approved:

- Security Policy for Significant Critical Information Infrastructure Facilities of PJSC MMK
- Regulations on the Rules for Safe Operation of Significant Facilities of MMK's Critical Information Infrastructure
- Regulations on Administrators of the Information Protection System for Significant Facilities of MMK's Critical Information Infrastructure

MMK has a well-developed IS management system in place, ensuring timely identification and elimination of breaches of IT infrastructure security and personal data confidentiality.

## Information security management structure

| | |
|---|---|
| Information Security Group of PJSC MMK Security Service | • Development of information security requirements for corporate information systems<br>• Identification of threats and assessment of information security risks<br>• Control over compliance with trade secrets requirements to establish |
| Personal Data Protection Commission at PJSC MMK | • Development of draft internal regulations on personal data protection<br>• Taking the necessary organisational and technical measures to protect personal data from illegal or accidental access |
| Commission for Technical Protection of Automated Process Control Systems (APCS) of PJSC MMK and the MMK Group entities | • Compliance with the legislation on technical information protection<br>• Analysis of information security threats<br>• Development and implementation of APCS technical protection measures |
| Commission for Technical Protection of Corporate Information Systems (other than APCS) of PJSC MMK and the MMK Group entities | • Compliance with the legislation on technical information protection<br>• Analysis of information security threats<br>• Development and implementation of measures of technical protection of corporate information systems (other than APCS) |
| Commission for Categorising and Ensuring the Security of PJSC MMK's Critical Information Infrastructure | • Control of compliance with the legislation on protection of critical information infrastructure<br>• Development and implementation of the measures to ensure protection of critical information infrastructure |
| PJSC MMK Commission for Trade Secret Protection | • Compliance with the legislation on protection of confidential information<br>• Development and implementation of confidential information protection measures<br>• Confidential information access control |

# Cybersecurity and data privacy risk management

During the reporting period, a number of cyber incidents of various degrees of complexity were recorded, emphasising the relevance and necessity of continuous improvement of information protection mechanisms at MMK.

## Measures to eliminate violations in cyber security management taken in 2024

| Cyber incidents | Implications | Corrective measures |
|---|---|---|
| Viral activity (spyware virus) in social networks of MMK's production division | No material damage or adverse impacts | Complete antivirus scan of network nodes performed<br>Unscheduled password changes performed<br>Transition to specialised antivirus software completed |
| Unauthorized online activity on one of MMK's public information resources | No material damage or adverse impacts | Technical measures were taken to eliminate infrastructure deficiencies and vulnerabilities that are a potential causes of unauthorized network activity |
| A cyberattack on the infrastructure of one of the MMK Group's companies, resulting in disruption of key IT services | Temporary unavailability of the Company's IT services | Organisational and technical measures taken to eliminate the deficiencies and vulnerabilities in the IT infrastructure that were used in the cyberattack |

# Cybersecurity training for employees

MMK actively invests in cybersecurity awareness among employees, recognising the key role of the human factor in preventing incidents. During 2024, 686 MMK employees successfully completed online IS training courses.

To assess the effectiveness of cybersecurity training for employees, 24 phishing training mailings were conducted in 2024, covering 2,341 employees. MMK provides training to employees on identifying and promptly responding to cybersecurity threats by contacting security@mmk.ru.



# Increasing the level of information security and confidential data

In 2024, 493 violations of information security requirements were identified within MMK Group's operations. As a result of internal investigations, disciplinary sanctions were imposed against 217 employees.

In the reporting year, MMK made efforts to introduce new technologies and initiatives to improve the security of information systems and confidential data.

### MMK promotes IT import substitution

MMK is actively implementing an import substitution programme in IT and information security, recognising technological independence as a key factor in cyber resilience. MMK cooperates closely with the Metallurgy Industrial Competence Centre and relevant ministries, monitors and implements promising domestic developments. In 2024, MMK launched a targeted two-year IS program with 15 projects aimed at ensuring technological independence and improving cybersecurity.

## Implemented projects to improve information security and confidential data in 2024

| Project | Organisational and technical measures programme to protect production IT solutions | Ensuring continuity of IT services, including implementation of the relevant project portfolios |
|---|---|---|
| Measures | • Designing a security system to protect critical information infrastructure<br>• Independent IT infrastructure penetration testing for security assessment purposes<br>• Introducing the IS incident monitoring and response center<br>• Introducing the two-factor authentication system for access to critical IT assets<br>• Introducing the enhanced endpoint protection system<br>• Implementing a privileged access management system<br>• Launching a project on updating MMK's personal data protection system | • Establishing the IT continuity competence center at LLC MMK-Informservice<br>• Introducing the MMK's IT continuity management strategy<br>• Forming the concept of IT continuity management methodologies and processes<br>• Updating the list of the MMK's critical information systems<br>• Implementing 8 projects within the IT Continuity portfolio |
| Result | Improvement of the IT solutions security by implementing a process for monitoring and responding to IS incidents | • Improvement of IT infrastructure fault tolerance<br>• Optimisation of current and future IT resiliency costs<br>• Improvement of response to IT service interruptions |

# Innovation, research, and digitalisation

## Digitalisation and Innovation

### Management approach

GRI 3-3

MMK Group actively uses digital technologies and innovation solutions in production and business processes. This is an integral part of all strategic activities of the Group, and enables it to ensure its market leadership by maintaining high productivity and developing a sustainable business.

The Company has a developed management system for digital transformation.

### Key elements of the MMK Group digital transformation

| Departments | Functionality |
|---|---|
| Digital Committee | • Updating the Digitalisation Strategy<br>• Review of initiatives and approval of project launch<br>• Project progress monitoring |
| Expert Group on Digitalisation | • Generation of new ideas and business applications<br>• Quality control of developed initiatives |
| Project Office | • Development of initiatives and project management |
| Centres of Excellence | • Ensuring competences for project implementation<br>• Design, development and implementation of digital initiatives |

MMK's digitalisation activities are governed by the digitalisation project management regulations, which were updated in 2024 in connection with the commissioning of the new information system Evolution.

### Digitalisation Strategy 2025

Since 2019, MMK Group has implemented the Digitalisation Strategy 2025, the goal of which is to create additional opportunities for implementation of the MMK Group's strategic priorities through the advanced technology and a comprehensive approach to digitalisation in line with the Industry 4.0 concept.

MMK's Digitalisation Strategy is implemented in five-year cycles, the first of which ended in 2024.

### Place of the Digitalisation Strategy




**95** PROJECTS

in digital transformation implemented over a five-year cycle

11 projects — in 2024

**6.8** RUB BLN

economic effect from application of advanced IT solutions over a five-year cycle

2.2 RUB bln — in 2024

### The most significant digitalisation projects implemented in 2024

| | | Planned annual economic effect |
|---|---|---|
| 01. | Product quality control system on technological schedules in production-technological laboratories | → 44 RUB MLN |
| 02. | Dynamic management system of technological risks in the Science and Technology Centre (STC) | → 50 RUB MLN |
| 03. | Tracking system for pig iron ladles in the blast furnace shop | → 41 RUB MLN |

## Digital Project Management

MMK uses the following approach for developing digital products:

- elaboration of an initiative
- development and implementation of a digital product within the project, with subsequent analysis of the results and factoring the experience in new products
- product exploitation and post-investment monitoring

## Digitalisation projects

The following can be highlighted among MMK's digitalisation projects implemented in 2024:

- implementation of a digital solution based on artificial intelligence, which allows specialists to manage oxygen supply to blast furnaces, optimising furnace operation for pig iron production
- launch of an automated system for checking the characteristics of profile rolled sheets based on machine vision technology, which optimises the production process and improves product quality
- introduction of a dynamic technological risk management system that identifies non-standard operating modes and special production situations with violation of technological parameters for all main production flows of the enterprise

## MMK digitalised the management of project activities

In 2024, as part of the internal automation of MMK project management, the Evolution project management information system based on the Russian Visary Project platform was implemented.

The solution allows to:

- manage an unlimited number of projects, programmes and portfolios simultaneously
- plan and control the execution of activities, including setting deadlines
- maintain and manage the project budget
- track the progress of tasks
- monitor achievement of goals

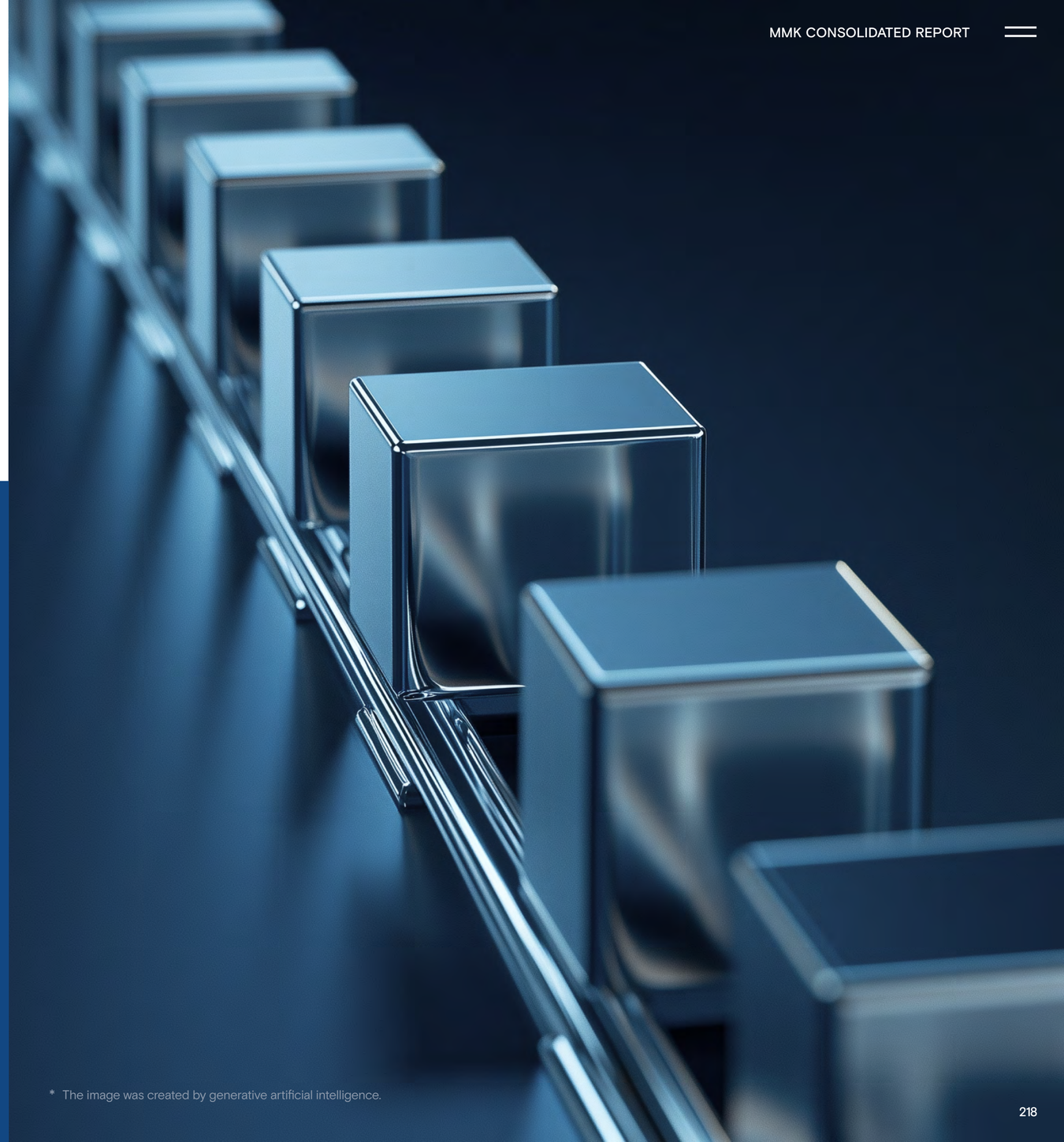
Also, in the reporting year, the project to develop an idea support module in the Evolution system was launched. In the nearest future, it enables MMK to create an integrated project management system from conceiving to implementing and analysing the efficiency of investments upon completion.

## Updated corporate portal for employees

In 2024, the development of an updated corporate portal for MMK employees was completed in order to improve communication among more than 50,000 employees.

The new portal, created on the 1C-Bitrix platform, provides MMK employees with access to key corporate information and internal systems, including work schedules, division and company news, and personalised widgets. The portal is also equipped with a gamification system that allows employees to accumulate points and exchange them into gifts for active use of the system.

The integration of the portal with MMK HR information system and the unified digital platform ATACH was an important aspect of the project. This will allow employees to receive notifications about tasks, labour discipline, workwear and upcoming holidays.



* The image was created by generative artificial intelligence.

# Innovation transformation projects

The strategic projects of MMK in innovation transformation are implemented in the following areas:

| DIRECTIONS | PROJECTS |
|---|---|
| Import Substitution Projects | • Revision of IT landscape components |
| Digitalisation Strategy Projects | • Digitalisation of management activities<br>• Innovative digital diagnostics and predictive tools<br>• Prescriptive analytics<br>• AI-technologies |
| ESG-Agenda Projects | • Personnel detection in hazardous areas<br>• ML-monitoring of gas emissions<br>• ML-monitoring of excess emissions |

MMK strives to implement innovative technologies and innovations – to ensure its technological leadership.

| Project | Description | Expected benefits |
|---|---|---|
| Smart Warehouse System | Implementation of a real-time inventory accounting and analysis system. This solution enables Bin location warehousing, control and monitoring of received and shipped rolled steel, as well as accelerates document flow | Improving storage efficiency |
| Artificial Intelligence-based Safety System of Personnel Detection | Implementation of Artificial Intelligence-based Safety System of Personnel Detection in MMK's blast furnace shop. There are plans to implement the project at other divisions | Assisting in achieving zero injuries at enterprises |
| Digital Quality Analysis | Development of a corporate online platform for tracking the production technology execution and provision of services to consumers | Automating calculations of key performance metrics, eliminating uncertainty and human factor in quality control and attestations |



* The image was created by generative artificial intelligence.

# Digital transformation of maintenance and repairs

Implementation of digital solutions in the field of maintenance and repairs is performed as part of the goal “Increase the efficiency of equipment” of the Effective Production strategic initiative. 49 out of 86 technical measures were developed and implemented in 2024.

For each of the measures, an economic effect was calculated based on the reduced duration of unscheduled downtime of the main units or reduced total cost of ownership of assets. Detailed digital record of the equipment failures and consequences, as well as detailed accounting for maintenance and repair costs allow determining the points of application of effective technical measures.

**463.9 RUB MLN**

economic effect of digital transformation of maintenance and repairs in 2024

## Projects of MMK in the field of digital transformation of maintenance and repairs in 2024

| Project | Description | Results |
|---|---|---|
| Digital worker model (pilot HRM-10) | Successful testing of the digital worker model in a pilot zone | Signing a feasibility report on replication of the implemented pilot to other MMK rolling mill divisions |
| MMK Predictive Diagnostics Centre | Predictive Diagnostics Centre of MMK is equipped with the necessary equipment and integrated with 8 predictive diagnosis systems | Ensuring maximum efficiency of process equipment monitoring |
| New version of Maintenance and Repairs mobile application | Transition to a new version of the mobile application was due to technical limitations, changes in business requirements and the addition of new functions:<br>• control of repair personnel workload<br>• acceptance of work at two stages<br>• accounting of non-regulatory operations<br>Also implemented a reminder system of past accidents, as well as the transition to Linux OS within the framework of import substitution | About 3,400 users received an optimised interface and enhanced functionality providing an annual economic effect of RUB 30.7 mln |
| Digital twin of the main electric drives of stands of the Mill 2000 HRM-10 | Software and hardware complex for recording deviations in the operating parameters of electric engines and reduce costs of their restoration | Expected economic effect — RUB 35.7 mln per year |
| Single dispatcher of weighing stations of PJSC MMK (development of a software and hardware complex based on automated data entry technology) | 20 railroad and road checkpoints are equipped with the necessary equipment and their operation is integrated into a single system<br>Software for the recognition of vehicle license plates and integration with weighing systems is also developed | Industrial commissioning is planned for 2025. It is expected that labour costs will decrease and the economic effect will be RUB 27.9 mln per year |
| Launching a system for hyperlocal control of the thermal state of the body of blast furnaces at the blast furnace shop based on wireless data transfer technologies | Eliot sensors were installed to collect and analyse data, and integration with the Predictive Analysis and AI Centre was performed | Reducing accident risk, increasing productivity and eliminating the need for personnel access to gas-hazardous areas<br>Expected economic effect — RUB 7.65 mln per furnace |
| Technological audit of digitalisation projects with monitoring and/or predictive analysis systems | Technological audit was performed for 5 implemented projects. Based on the audit results, recommendations were prepared for improvement and integration of these projects into the Predictive Analysis and AI Centre | The recommendations allowed to optimise costs for upgrading and launching the systems in a fully functional mode |
| Condition diagnosis system and predictive analysis of electrical equipment of ore dressing mills | The system uses IIoT sensors to collect and analyse data, as well as mathematical modelling and machine learning techniques to predict the state of nodes | Accident prevention and increased uptime of equipment<br>The expected economic effect is RUB 18.9 mln per year |

## Interaction with partners

Over many years, MMK has actively cooperated with major federal and regional organisations to implement project solutions in the field of innovation and digitalisation. A number of joint projects were implemented in 2024.

| Partner | Interaction |
|---|---|
| | The results of the joint project on implementation of the automated system for measuring section geometry of mill 170 were summarised, and preparations for its upgrading to mills 370 and 450 were started |
| KPOK | Providing MMK with server infrastructure with the necessary capacities, as well as network equipment for digital projects |
| MEGAFON | Signed an agreement to develop a digital platform for cyclic traffic flow management |
| SBER | The following perspective directions of cooperation were determined: virtual lawyer, application of neural networks for document handling, application of voice technologies, implementation of a platform for developing AI-assistants |
| | Development of a roadmap for migrating external websites of MMK Group companies to VK hosting |



MMK's interaction with Magnitogorsk State Technical University named after G.I. Nosov, a key university of a single-industry town, contributes to the implementation of Priority No. 3 of the Strategy of Socio-Economic Development of Magnitogorsk for the period until 2035

## Research and development

The main area of the Contracted R & D Programme is determined by the projects aimed at developing and implementing new production technologies for various types of products. The key criteria for selecting topics to be included in the Programme are the expected economic result from the implementation of the developed solutions and the high demand from potential consumers for new types of products.

In 2024, total R & D investments amounted to RUB 372.8 million. A significant reduction in investments in the areas of Metallurgical Production, Rolling Production and End-to-End Technologies was due to a reduction in projects implemented in 2024. Energy investments were increased due to the implementation of new projects not included in the 2023 programme.

**12 CONTRACTS**

with innovative companies, research institutes and other organisations were concluded in 2024

**372.8 RUB MLN**

total investment in R & D in 2024

### Total investments in R & D by area, RUB million

MED(R)-4

| Indicator | 2022 | 2023 | 2024 |
|---|---|---|---|
| Investment in R & D, including | 605.6 | 533.0 | 372.8 |
| Metallurgical production | 102.4 | 106.6 | 56.8 |
| Rolling operations and end-to-end technologies | 386.1 | 329.1 | 153.0 |
| High-tech production and projects under the federal target programmes | 58.4 | 82.5 | 98.0 |
| Energy | 11.5 | 1.5 | 37.7 |
| Environmental protection and industrial safety | 43.3 | 13.3 | 26.3 |
| Pre-design research | 4.0 | 0.0 | 1.1 |

MED(NG)-2.3

In 2024, the costs of MMK for research and (or) development exceeded management costs in 1.65 times.

## Research and Development Centre of MMK

In the framework of scientific and innovation activities, MMK gives high importance to the Research and Development Centre. The Centre is engaged in implementing projects to reduce production costs, improve product quality, ensure compliance with customer expectations, introduce modern resource-saving equipment and innovative products. In addition to improving production efficiency, the work of the Centre is aimed at improving the environment of Magnitogorsk. Research and Development Centre implements the above activities independently and jointly with leading Russian scientific and research organisations under R & D agreements.

**12** PROJECTS

of R & D were implemented by the Research and Development Centre in cooperation with interested in R & D services of MMK in 2024

## Popularisation of innovation activities

As part of increasing the interest of the Company's employees in R & D activities, MMK holds an annual Scientific and Technical Conference (STC), where the expert panel evaluates projects and developments for improving metallurgical production prepared by young specialists. In 2024, more than 130 MMK employees participated in the 24th STC.

# Rationalisation activities

Rationalisation is an important element of MMK's corporate culture. For this purpose, MMK strives to stimulate and encourage the technical creativity of its employees by supporting their initiative in generating ideas. This allows the Company to strengthen its leadership position, achieve new competitive advantages, and improve the current processes. For more details on MMK's corporate culture, see the Corporate Culture section.

Employees can apply for consideration of their own initiative through:

01. Energy Management Platform website

02. Evolution mobile application

03. Evolution system website

04. Information stand in the business unit

**555.1** RUB MLN

economic effect of rational employee initiatives
in 2024

In 2024, the MMK Rationalisers rationalisation and innovation programme continued to scale up to attract the creative potential of the employees. During the year, expert panels reviewed 7,177 proposed initiatives, of which 5,482 (76.4%) were approved for implementation, and 4,428 were successfully implemented.

## Popularisation of rationalisations

Holding regular contests, seminars, and other events, the Company management motivates employees to share their ideas. The business units hold the quarterly Best Idea to Solve Problematic Topics contest, the winners of which receive material incentives. MMK also organises rationalisation contests for the employees: Best Young Innovator and Inventor of PJSC MMK (for young employees up to and including 35 years of age) and Best Innovation Proposal of PJSC MMK. A promotional campaign Fresh Idea is organised to coincide with the Innovator and Inventor Day.

## Digital Olympus awards

In 2024, the fourth annual conference 'MMK on the way to digitalisation' was held, based on the results of which the best employees are awarded the 'Digital Olympus' corporate prize.

The winner in the Best Digital Project nomination was a complex project to implement a system for recognising defects and sheet geometry based on machine vision technology. The expected annual economic effect from the implemented system will amount to RUB 53 million.

The winner in the Best Digital Initiative nomination was recognised a project to implement a system for controlling heat supply processes during blast furnace air heater cycles. The expected annual economic effect from the implemented system will amount to RUB 19 million.

# Awards

MMK received three gold medals at the Metal-Expo 2024 international industrial exhibition for the following high-tech developments:

01.

Joint initiative with Magnitogorsk State Technical University named after G.I. Nosov on innovative technology for production of steel long products with improved technical characteristics for the machine building, construction and automotive industries

02.

Joint project of MMK and I.P. Bardin Central Research Institute of Ferrous Metallurgy for development and introduction of new steel for bridge construction into MMK's production facilities

03.

Joint activities with JSC NPP Mashprom for development of production and implementation in MMK's coke shop of high gas density coke furnace doors to minimise pollutant emissions into the atmosphere

CNews AWARDS

MMK's project to implement business process analytics using Task Mining technology was awarded the CNews Awards IT prize with the support of the MinTsifry of Russia in the category “Digital Twins: Project of the Year”. The project is aimed at improving efficiency and optimising the Company's production, administrative and other processes.

gia 2024

MMK's project to develop a digital system for efficient planning of the entire production cycle was awarded the GIA-2024 Corporate Innovation Award in the category ‘Internal Innovation of the Year’. The project is aimed at achieving maximum utilisation of MMK's capacities, increasing production efficiency and optimising sales.

ПРИОРИТЕТ 2024

The Winner of the national IT award PRIORITY: DIGITAL 2024 in the Corporate Digital Solutions category. MMK presented its own project management system, Evolution, which made it possible to synchronise the work of teams on projects in one visual space and increase the transparency and efficiency of project activities.

АРХИМЕД

The Company was awarded two gold and two silver prizes at the XXVII Moscow International Salon of Inventions and Innovative Technologies ‘Archimedes-2024’, and was also awarded diplomas ‘Honour and Gratitude’ and ‘For Active Participation in the Salon ’Archimedes-2024’.



# Product quality and customer relations

## Quality management

GRI 3-3 GRI 2-23

Product quality control is an integral part of the MMK Group's strategy, which contributes to customer loyalty and the Company's success in terms of production and economic performance.

The principal document regulating quality control is the PJSC MMK Quality Policy. The key objectives of the policy are aimed at the development and production of competitive high-quality steel products that meet consumers' demands and expectations and ensure MMK's economic stability.

The Group's quality management system is aimed at product quality compliance and meets the requirements of GOST R ISO 9001-2015 and GOST R 58139-2018. MMK continues to expand its certification base. Thus, in 2024, compliance of key production units with the requirements of GOST RV 0015-002-2020 was ensured.

### Risk management

MMK adheres to a risk-oriented approach to product quality assurance, which enables timely identification of potential non-conformities and thus minimises negative economic and reputational consequences. The main risk is the risk of manufacturing products whose quality does not meet customer requirements and expectations. In the reporting year, as part of measures aimed at mitigating this risk, MMK continued to take into consideration the factor of sanctions restrictions aimed at import substitution of materials and equipment. No new risks related to quality control were identified in 2024.

### Audit of the quality control system

MMK regularly conducts internal and external audits of its quality control system. In 2024, 41 internal audits of the quality control system in MMK's structural divisions were conducted, resulting in confirmation of product compliance with the established requirements. In addition, external audits were conducted to confirm MMK's compliance with the requirements of GOST R ISO 9001-2015, GOST R 58139-2018, STO Gazprom 9000-2018, GOST RV 0015-002-2020.

### Quality control management activities

MMK aims to continuously improve its quality control system. For this purpose, a program of activities for 2024-2026 with an annual funding of RUB 1 billion was approved. MMK's planned and ongoing activities include various initiatives aimed at comprehensively improving its approach to product quality assurance, including:

- Development of Product Creation Process (PCP) visualisation, including Button, Traffic Light and PAK information systems for predictive analytics, and implementation of dynamic technology management, which helped reduce the composite quality indicator from 1.60% in 2023 to 1.52% in 2024.
- Personalisation of the responsibility of PCP employees with the possibility of tracking the technology of implementation by a particular PCP employee, which also contributed to the reduction of the composite quality indicator.
- A dynamic mathematical model analysing oxygen supply to the blast furnace in an online format with 90% accuracy. The digital solution enables control of the iron smelting process, ensuring higher quality of manufactured products.
- Digital Quality Analysis project (2024-2028) – to create a corporate online platform for tracking the execution of manufacturing process and provision of services to consumers.
- System of dynamic technological risk management aimed at identifying the risk of manufacturing products of inappropriate quality.
- Pilot modernisation of the quality inspection system at one of the sheet rolling shops, which increased the percentage of defect recognition and classification.

## Expansion of MAGSTRONG product range

MMK continues to expand its range of steels under its own MAGSTRONG brand to meet the needs of Russian enterprises of any level for high-quality, high-strength and wear-resistant rolled steel products. MAGSTRONG steels are niche and premium products with a wide range of applications, and even exceeding imported analogues in some parameters.

The MAGSTRONG steel brand was presented at three major trade fairs in 2024:

01

XXXII International Specialised Exhibition of Mining Technologies "Russia's Coal and Mining 2024" in Novokuznetsk

02

9th International Specialised Exhibition "Metal Constructions 2024" in Moscow

03

YUGAGRO-2024 International Exhibition in Krasnodar

# Customer relations

GRI 2-29

Interaction with customers, as well as providing high-quality products, is part of MMK's strategy. MMK's focus is to continuously improve the level of service provided in order to meet customer expectations and to build long-term and trusting relationships.

## Market and distribution channels

MMK's customers include companies involved in welded pipe manufacturing, automotive, machine building, construction and building materials industries.

Russia is MMK's key sales market. The products are mainly supplied to the regions of the Urals, Volga region and Western Siberia. In addition to the Russian Federation, MMK works with neighbour countries due to geographical proximity and availability of logistics solutions.

## Arrangements for interaction with customers

GRI 2-29

Interaction with MMK's customers is carried out on a systematic basis through various communication channels. The most frequently used are videoconferences, off-site meetings with consumers, as well as working of coordination councils and regional representatives.

A new CRM system was launched in the reporting year as part of improving customer service, aimed at more efficient and faster handling of customer inquiries. MMK has a questionnaire system in place to better understand customer requests and satisfaction levels. The questionnaire is conducted in the CRM system quarterly for the automotive industry and annually for customers in other industries. The results obtained are taken into account by MMK when developing measures to improve quality and customer service.

The 8D ("eight steps to quality") claims procedure is under development. In 2024, the course "The 8D Method as a Tool for Continuous Improvement" was developed and implemented on the basis of an interactive training platform, aimed at improving the competence level of MMK employees involved in development of 8D reports. This innovation has improved the quality of completed reports and the effectiveness of implemented corrective measures.

**9.14** OUT OF 10

**points is customer satisfaction**
in 2024

### MMK's sales channels for sale of own products

- **Direct supplies** → Direct wholesale supplies to the customers in the Russian Federation and neighbouring countries
- **MMK Trading House**, **Marketplace Market.mmk.ru** → Small-scale wholesale and retail sales through a Group's specialised subsidiary, including online sales through its marketplace
- **Trading companies** → Wholesale supplies to foreign countries



# MMK Marketplace

MMK continues to sell its products through the corporate marketplace. The functionality of the online platform is constantly expanding: the industry's first mobile application and payment via Faster Payments System have been launched, integration with the electronic trading platform of one of the largest banks in the Russian Federation has been implemented, and online financial tools such as lending and bank guarantees are available to clients.

**150** TONNES

is the volume of product sales through the MMK's Marketplace in 2024

+88% increase as compared to 2023

**1** THSD

visits daily on MMK's online platform in 2024

# Procurement and supply chain management

## Approach to Management

GRI 2-6 GRI 3-3

MMK's supply chain refers to a variety of raw materials and products, which include personal protective equipment, reagent treatment technologies for defence water supply systems, refractory products and materials, lumber, steel pipes, and scrap and ferrous metals.

MMK's procurement activities are focused on ensuring the continuity of production processes and the quality of raw materials and products.

MMK's activities in supply chain management are regulated by internal documents. Supplier Development Guidelines determines the requirements to the quality management system (QMS) of suppliers, organisation of corrective measures in case of delivery of products of non-conforming quality, as well as auditing of the procurement via QMS.

Procurement is managed by the MMK's Commercial Directorate, which comprises two blocks: category-based (strategic) and operational. In 2024, the organisational structure of MMK's Commercial Directorate changed to consolidate responsibility for procurement and sales.

The position of Deputy CEO for Commerce was also introduced.

## Assessing supply chain risks

MMK assesses risks related to procurement and supply chain management.

### MMK supply chain risks assessment in 2024 and preventive measures

| Significant risk | Preventive measures |
|---|---|
| Supply of raw materials, supplies and equipment of inadequate quality | Presence of 'barrier' clauses on quality in contracts with suppliers |
| Reduction of the competitive environment for suppliers of material and technical resources (MTR) | Training of critical MTR suppliers in QMS tools<br><br>QMS audits of MTR suppliers |
| Disruption of global supply chains | Transition to import substitution and search for new suppliers in India and China by opening the Company's representation offices in these countries |

## Organisational structure of MMK's Commercial Directorate for Procurement Management

**Commercial Director**

| Category-based procurement (Category-based procurement management) | Operations (Operations procurement management) |
|---|---|
| • development of category-based strategies to achieve economic benefit<br>• development of the supplier selection criteria, including the MMK's online trading platform (OTP)<br>• conclusion of contracts and establishment of long-term relations with partners<br>• optimisation and updating of regulatory documents | • organisation and support of supplies for all procurement categories<br>• control over procurement for investment projects<br>• settlement of claims with suppliers |

**2.4 RUB BLN**

economic effect of the category-based approach from 2022 to 2024

To effectively manage procurement, the Commercial Directorate applies a category-based approach, with all purchased goods divided into categories.

A separate procurement strategy is applied for each category based on market analysis, costs, production requirements or customer requirements.

## Updating internal procurement management documents

In 2024, activities to update the regulatory documents in the area of procurement management and optimisation of the procurement department were carried out.

In the reporting year, MMK improved reporting forms and the analytical process in the procurement department, as well as expanded the description of business processes, which enhanced the transparency of the operating chain.

Also, in 2024, MMK's regulatory documents for procurement and supply chain management included environmental protection and anti-corruption compliance requirements for suppliers.

This will enable MMK to monitor the negative potential impact of suppliers in the field of environment, business ethics and anti-corruption.

# Supplier engagement

GRI 3-3 | GRI 204-1 | GRI 14.9.1 | MED(R)-8

## Supplier selection principles

MMK takes a responsible approach to selecting suppliers, guided, among other things, by the sustainable development principles. MMK's suppliers are selected taking into consideration Supplier Development Guidelines, where the requirements for potential and existing contractors are consolidated. This provides for cooperation with reliable business partners and production of high-quality products.

Within the framework of verification activities, MMK may perform a field technical audit of potential business partners to make sure that the necessary production facilities, materials and qualified employees are available.

When selecting suppliers among existing counterparties, their quarterly rating is taken into account. It includes indicators of quality, reliability and continuity of supply, and the level of quality system development.

An important aspect of MMK's responsible supply chain is selection of environmentally responsible suppliers, as stated in the MMK PJSC Environmental Policy. To minimise implementation of environmental risks, MMK communicates significant environmental requirements to suppliers and collects detailed information on the environmental management of counterparties.

**2,140**
suppliers in 2024

**96%**
of which are Russian suppliers

**19%**
share of suppliers registered in Chelyabinsk region

## Principles of interaction with suppliers

Interaction with the selected counterparties is based on MMK's principles and requirements in the field of environmental protection, labour protection, human rights (including prohibition of child and slave labour), business ethics and anti-corruption.

These provisions are stipulated in a typical supplier contract and encourage responsible business practices by counterparties.

## SME engagement

MMK aims to have a diversified supply chain that includes small and medium-sized enterprises (SMEs). In attracting SMEs, MMK is guided by Declaration on the Interaction of Large Businesses with SMEs.

The document establishes the key principles of SME support by large enterprises: market entry, modernisation of production and administrative processes, access to financing, use of infrastructure, development of human capital and competencies.

## Digitalisation of the procurement process

An important area in the development of MMK's procurement activities is digitalisation of the procurement process. Interaction with the counterparties is built using the SRM (Supplier Relationship Management) system. This system allows determining the key procurement categories and developing a strategy to manage them. Analysis of the procurement process and identification of weak areas is supported by the Process Mining system, which is under pilot operation.

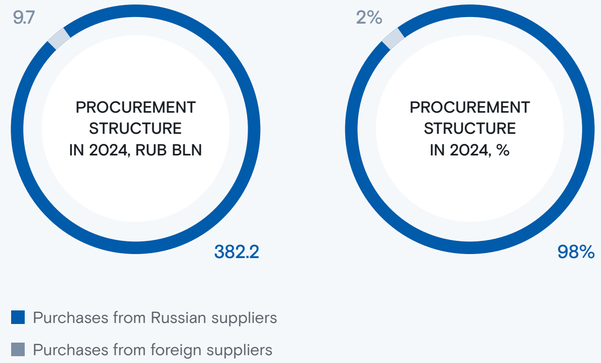
In 2024, the MMK Group also continued implementing the robot process automation (RPA) projects providing for a reduction in time spent on document handling, statistical data uploading and data collection.

**18.8 RUB MLN**
total annual effect of RPA projects

In the reporting year, MMK developed a self-service procurement system enabling customers to independently create an online order and reduce the burden on the internal procurement department.

**FROM 71 TO 86%**
the share of import-substituting equipment purchases in 2024 increased

GRI 204-1[1] | GRI 204-1 | MED(R)-8[1]




## MMK Trading Platform

MMK's open trading is held on its own Electronic Trading Platform (ETP). All counterparties registered in the system are permitted to participate.

The main function of the ETP is to ensure transparency and fairness in selecting a supplier. Each supplier undergoes an audit, and the platform awards it an authorised or prohibited status. In case the supplier receives a prohibited status, the conclusion of a contract will be prohibited by the system.

In addition, MMK includes the completion of environmental and anti-corruption compliance questionnaires in the ETP bargaining template.

[1] Russian suppliers are considered local suppliers.

# Plans for 2025 and the medium term

## Direct economic value generated and distributed

01. Proceeding work on new Tax-3 automated information system (AIS) interaction scenarios

## Business ethics, anti-corruption and feedback mechanisms

01. Joining of the MMK Group main entities to the Anti-Corruption Charter of the Russian Union of Industrialists and Entrepreneurs
02. Maintaining and strengthening a high level of corporate culture
03. Developing a centralised anti-corruption system

## Information security and cyber risks

01. Continued implementation of the Programme to Protect Production IT Solutions, including implementation of the relevant Project Portfolios and ensuring continuity of IT services

## Innovation, research and digitalisation

01. Creation of MMK's artificial intelligence centre to implement advanced AI solutions. The centre will combine competencies in mathematical modelling, computer vision and machine learning
02. Implementation of the Digitalisation Strategy 2025-2029, under which RUB 5 billion will be allocated for implementation of digital products based on the following priority technologies:
    - artificial intelligence
    - digital twins
    - BIM technologies
    - data warehouses
    - IIoT, next generation networks
    - mobile applications
    - BI systems
    - RPA
03. Creation of the Magnetic Valley, scientific and educational campus within the framework of the Memorandum of Cooperation with the Federal State Budget-Funded Educational Institution of Higher Education G.I. Nosov Magnitogorsk State Technical University (MSTU) for the period of five years
04. Proceeding equipping production sites with IIoT-based equipment monitoring and predictive analytics, mathematical modelling and machine learning systems

## Product quality and customer relations

01. Implementation of a programme to reduce metal consumption
02. Implementation of the quality programme within Product Creation Process
03. Implementation of survey programme (feedback from consumers of metal products produced by PJSC MMK)
04. Completion of 2024-2027 programme of measures aimed at improving the quality level of MMK's products
05. Implementation of the Digital Quality Analysis (DQA) project until 2027

## Procurement and supply chain management

01. Launch of a self-service procurement system with a payback period of one year
02. Launch of the first stage of the steel rolls shop in 2025, which will ensure using in-house rolls instead of purchasing rolls from Chinese manufacturers

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# About the Report

## Approach to reporting

GRI 2-3

The 2024 Consolidated Annual Report of the MMK Group (the “Report”) discloses financial, business, and operating data of PJSC MMK (“MMK”, the “Company”) and its subsidiaries (collectively, “MMK Group”, the “Group”) and sustainability results for the period from 1 January to 31 December 2024. The Report was published on 2 June 2025.

Each year MMK Group publishes annual reports and discloses up-to-date information on its operations for the reporting period in compliance with the requirements of the Russian legislation and international standards. The Group is committed to the principles of sustainable development and is guided by the best international ESG practices. In 2023, sustainability information was included in the Integrated Annual Report of the MMK Group. In 2024 the Company prepared the Consolidated Annual Report and the ESG Databook for more complete disclosure of quantitative information. Online versions of the reports and the ESG Databook are available at MMK’s corporate website.

In making the Report, the MMK Group followed the existing practice of preparing annual operating and financial statements. The Report contains a detailed description of the operating and financial performance of MMK and its subsidiaries, with a breakdown by key segments of the Group’s operations. The financial information is presented in accordance with the audited IFRS Consolidated Financial Statements prepared as at 31 December 2024.

In terms of sustainable development, the Report describes the Group’s operations and its environmental, social, and economic projects. The MMK Group prepared the Report in line with the principles and requirements for the content set out in the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) and referenced them in the disclosures (Reporting with reference). The Group also continued to use the SASB (Sustainability Accounting Standards Board) reporting standards. In addition, in the reporting period the Company disclosed the indicators for the first time in accordance with the Order of the Ministry of Economic Development No. 764 dated 1 November 2023 «On Approval of Methodological Recommendations for the Preparation of Sustainability Reporting» (MED (R) indices in the Report).

The Report discloses the approach to analysing and assessing climate risks, taking into account the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures), as well as the requirements of IFRS S2 Climate-Related Disclosures.

The Group’s contribution to achieving the UN Sustainable Development Goals has been described. Information on the Company’s contribution to the national development goals of the Russian Federation is also disclosed for the first time in accordance with the draft Resolution of the Government of the Russian Federation «On the Standard for Reporting on Sustainable Development and Requirements for the System for Verifying the Compliance of Organisations with the Standard of Public Business Capital» (prepared by the Ministry of Economic Development of Russia on 16 September 2024) (MED (NG) indices in the Report).

The MMK Group considers the interests of the investment community, rating agencies and other stakeholders in relation to the disclosed information, including those in the area of sustainable development. The Group intends to further improve the reporting practice and the quality of disclosures, demonstrate its commitment to disclose regular, reliable, and relevant information on significant ESG aspects, and have an open dialogue with all stakeholders to establish and maintain trusting relations and comply with their requests and wishes.

## The process of identifying material topics

GRI 3-1

In its operations, the MMK Group endeavours to take into account the opinions and interests of stakeholders through extensive interaction, including in determining material topics of the Report. In preparing the Report, the MMK Group identified material topics on environmental, social, and economic aspects. Having identified the material topics, the Group can:

- approve the content and structure of the Report
- determine the indicators for disclosure
- focus attention and resources on key areas of sustainable development

### The process of identifying material topics




For material topics, the Company identified its positive and negative impacts on economic, environmental and social aspects at the first stage, taking into account the requirements of industry standards and reporting guidelines, the Group’s annual reports and the Company’s press releases, as well as feedback from stakeholders.

The Company then identified the most significant positive and negative impacts through a questionnaire survey of MMK’s top management. At this stage, an online survey of representatives of external stakeholders and the MMK Group employees was conducted to assess the significance of the Company’s impact using a three-point scale (low, medium, high).

In the reporting year, 107 stakeholder representatives were interviewed as part of the process of identifying material topics: these were 43 internal (4 top managers, 39 employees) and 64 external (37 shareholders and investors, 16 customers, 4 suppliers and contractors, 4 representatives of local communities, 3 sustainability experts).

At the third stage, the final weighted average assessments of each topic were calculated, and material topics on each aspect of sustainable development were prioritised. As a result, a list of 17 material topics was approved.

All material topics identified are important for both MMK Group and its stakeholders. The Group equally complies with the GRI standards for each material topic and discloses topics of the highest significance in more detail.

# About the Report

## List of material topics in 2024

GRI 2-14 GRI 3-2

| | E-aspect | S-aspect | G-aspect |
|---|---|---|---|
| Priority 1 | Air emissions<br>Energy consumption and energy efficiency<br>GHG emissions and climate change | Occupational health and safety | Product quality and safety |
| Priority 2 | Biodiversity<br>Use of resources and waste management<br>Water management | Employee engagement | Anti-corruption and business ethics<br>Information security<br>Economic performance<br>Innovation and digitalisation |
| Priority 3 | | Human rights and equal opportunities<br>Local community development | Corporate governance<br>Responsible supply chain |

The information provided in the Report was reviewed by all the structural units of the MMK Group involved in sustainability management. The report was reviewed and agreed at the level of the Strategic Planning Committee and the HSE Committee and approved by the Board of Directors.

# About the Report

## Reporting boundaries

GRI 2-2

The operating and financial performance was presented in the Report in accordance with the scope of the consolidated IFRS financial statements of MMK (the parent company of the MMK Group) and Russian and foreign subsidiaries of the Group.

In the reporting year, sustainability information was disclosed for MMK and the Group's major subsidiaries that have the most significant environmental, social, and economic impacts. The amounts are consolidated at 100%, as the subsidiaries and associates are controlled by the MMK Group.

In future reporting periods, the MMK Group will continue developing the processes of collecting and processing non-financial information, preparing non-financial reports, and will try to unify the boundaries of disclosure on all material topics and indicators.

| | MMK | Subsidiaries of the MMK Group |
|---|---|---|
| ENVIRONMENTAL ASPECT | | |
| Climate change | + | 10 subsidiaries and Turkish asset MMK Metalurji |
| Energy consumption and energy efficiency | + | 10 subsidiaries and Turkish asset MMK Metalurji |
| Air quality | + | 10 subsidiaries and Turkish asset MMK Metalurji |
| Responsible water consumption and water discharge | + | 5 subsidiaries and Turkish asset MMK Metalurji |
| Resource efficiency and waste management | + | 10 subsidiaries and Turkish asset MMK Metalurji |
| Biodiversity conservation | + | 10 subsidiaries and Turkish asset MMK Metalurji |
| SOCIAL ASPECT | | |
| Occupational health and safety | + | 30 subsidiaries, Turkish asset MMK Metalurji, general contractor and one other contractor |
| HR management | + | 29 subsidiaries and Turkish asset MMK Metalurji |
| Social security | + | 36 subsidiaries |
| Human rights | + | 21 subsidiaries |
| Local communities | + | 36 subsidiaries |
| ECONOMIC ASPECT | | |
| Corporate governance | + | |
| Economic performance | + | In accordance with the IFRS disclosure perimeter |
| Anti-corruption and business ethics | + | |
| Information security and cyber risks | + | |
| Innovation, research and digitalisation | + | |
| Product quality and customer relations | + | |
| Procurement and supply chain management | + | |

## Data presentation specifics and calculation methods

GRI 2-4

Financial indicators are presented in the Report in Russian roubles. Other quantitative data are recorded using a generally accepted system of units of measurement. Quantitative data are presented in the Report in a three-year trend for the period 2022–2024. Where necessary, explanations on the dynamics of indicators in 2024 as compared to 2023 are provided.

The sources of data are the audited consolidated financial statements of the Group, and official forms of reporting that are provided annually to the state statistical bodies, and information from management reporting.

There were no significant changes in the measurement methods used or in the presentation of data in the reporting year. The Report does not contain any material restatements of historical indicators published in previous reports. Information on changes in the calculation and presentation methods, if any, is provided in the notes throughout the text of the Report.

## Verification

GRI 2-5

The MMK Group understands the importance of independent verification of non-financial information in order to provide reliable data to stakeholders. In selecting an independent auditor, the MMK Group relies on such criteria as the level of professional qualifications, quality of services provided, strict compliance with the requirements for auditor independence. The Audit Committee provides the Board of Directors with the recommendations for selection of an independent auditor. The independent auditor is approved on an annual basis by the annual general meeting of shareholders. In the current reporting period, the Group engaged Joint Stock Company Business Solutions and Technologies to verify the reliability of information on the selected sustainability indicators (sample information) disclosed in the Report.

Appropriate presentation of qualitative and quantitative information prepared in accordance with the GRI Standards on selected indicators (sample information) has been reviewed in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other than Audits, and Reviews of Historical Financial Information. The report on the results of the independent limited assurance review of sample information is available in the Appendix to the Report. For details of the scope of verification of the Independent Limited Assurance Review Report, see the Independent Limited Assurance Review Report and the GRI table in the Appendix to the Report. In the future, the Group plans to gradually expand the list of verified indicators.

# Independent Practitioner's Assurance Report

ДРТ ДЕЛОВЫЕ РЕШЕНИЯ И ТЕХНОЛОГИИ
BUSINESS SOLUTIONS AND TECHNOLOGIES

AO BST
5 Lesnaya Street
Moscow, 125047,
Russia

Tel: +7 (495) 787 06 00
Fax: +7 (495) 787 06 01
delret.ru

To the Board of Directors of PJSC MMK:

## Scope of limited assurance engagement

We performed an assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 to provide limited assurance of the Selected Data prepared with reference to the Global Reporting Initiatives Standards (the "GRI Standards") and application of Sustainability Accounting Standards Board (the "SASB Standards") presented in the Consolidated Annual Report of PJSC MMK (the "Company") for the year ended 31 December 2024 (the "Report").

## Selected Data

We carried out limited assurance procedures on accuracy of the following data for 2024 and included into the Report:

1. Of the Selected key performance indicators specified below in the section 'Selected non-financial performance data for limited assurance engagement', related to 2024 and included into the Report; and

2. Company's self-declaration of preparing its Report with reference to the GRI Standards as stated in section 'About the Report' of the above-mentioned Report.

## Our key limited assurance procedures

To achieve limited assurance, the ISAE 3000 requires that we review the processes, systems and competencies used to compile the areas on which we provide our assurance. Considering the risk of material error, we planned and performed our work to obtain all of the information and explanations we considered necessary to provide sufficient evidence to support our limited assurance conclusion.

To form our conclusion, we undertook the following procedures:

- Analyzed on a sample basis the key systems, processes, policies and controls relating to the collation, aggregation, validation and reporting processes of the selected sustainability performance indicators;
- Interviewed employees of the Company responsible for sustainability performance, policies and corresponding reporting;
- Conducted selective substantive testing to confirm accuracy of received data to the selected key performance indicators;
- Inquired management and senior executives to obtain an understanding of the overall governance and internal control environment, risk management, materiality assessment and stakeholder engagement processes relevant to the identification, management and reporting of the sustainability issues and selected performance indicators;
- Performed selective review of disclosures in the Report on compliance with the GRI Standards and SASB Standards.

## Inherent limitations and restriction on use

Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. Therefore fraud, errors or non-compliance may occur and not be detected. Additionally non-financial information, such as that included in the Report is subject to more inherent limitations than financial information, given the nature and methods used for determining, calculating and sampling or estimating such information.

Our work has been undertaken so that we might state to the Company those matters we are required to state to them in this Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our work, for this Report, or for the conclusions we have formed.

Our engagement provides limited assurance as defined in ISAE 3000.The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

## Roles and responsibilities

The Board of Directors is responsible for the preparation, accuracy and completeness of the sustainability information and statements contained within the Report. It is responsible for determining the Company's sustainability objectives and for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.

Our responsibility is to express a conclusion on the Selected Data based on our procedures. We conducted our engagement in accordance with the ISAE 3000.

## Independence and quality control

We are independent of the Company in accordance with the Auditor's Independence Rules and the Auditor's Professional Ethics Code, that are relevant to our audit of the financial statements in the Russian Federation together with the ethical requirements of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

The firm applies International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

# INDEPENDENT PRACTITIONER'S ASSURANCE REPORT

## Selected non-financial performance data for limited assurance engagement

We have been engaged by the Board of Directors of the Company to perform limited assurance procedures on accuracy of the following key performance data for 2024 included into the Report:

| | |
|---|---|
| Energy | Total energy consumption by the MMK Group, mln GJ;<br>Renewable energy consumption, mln GJ;<br>Consumption of purchased electricity, mln GJ;<br>Electricity sold (or transferred) to the third-party consumers, mln GJ;<br>Consumption of purchased heat power in hot water, mln GJ;<br>Consumption of purchased heat power in steam, mln GJ;<br>Heat power in hot water sold (or transferred) to the third-party consumers, mln GJ;<br>Heat power in steam sold (or transferred) to the third-party consumers, mln GJ;<br>Consumption of non-renewable fuel and energy resources by main types, %; |
| Water resources | Water withdrawal by source, megalitres;<br>Share of recirculating water supply, %;<br>Share of water withdrawal of the Group in a region of water scarcity, %; |
| Air emissions | Air pollutant emissions, tonnes; |
| Waste | Waste generation by type, thousand tonnes;<br>Return rate of generated solid industrial waste to the production cycle, %; |
| Occupational and Industrial Safety | Number of accidents at the MMK Group, person;<br>Number of accidents, general contractor, person; |
| Personnel Management | Headcount of the MMK Group at the end of the year, people;<br>Share of employees working in the Russian Federation and Turkey, %;<br>Headcount by gender, people;<br>Number of permanent employment contracts employees in the Russian Federation and Turkey, people;<br>Share of permanent employment contracts employees in the Russian Federation and Turkey broken down by gender, %;<br>Share of employees worked under fixed-term employment contracts, %;<br>Number of employees worked under fixed-term employment contracts in Turkey, people;<br>Share of employees worked under fixed-term employment contracts broken down by gender, %;<br>Number of employees worked full-time in the Russian Federation and Turkey, people;<br>Share of employees worked full-time broken down by gender, %;<br>Number of employees worked part-time in the Russian Federation and Turkey, people;<br>Share of employees with irregular working hours broken down by gender, %;<br>Turnover, %;<br>Share of women holding management positions, %; |
| Training and Education | Total hours of training at the MMK Group, person-hours;<br>Number of hours per male employee at the MMK Group, person-hours;<br>Number of hours per female employee at the MMK Group, person-hours;<br>Average number of hours per male employee at the MMK Group, person-hours;<br>Average number of hours per female employee at the MMK Group, person-hours; |
| Charity | The Group's investments in the development of local communities and charity, mln rubles. |

## Limited assurance conclusion

Based on the procedures performed and evidence obtained as part of limited assurance engagement, nothing has come to our attention that causes us to believe that the aforementioned Selected Data, as specified above in the section "Roles and responsibilities", is not prepared with reference to the GRI Standards and application of SASB Standards or is materially misstated.

Tursunov Timur Musliddinovich
Engagement partner
AO "Business Solutions and Technologies"
(ORNZ № 12006020384)

Moscow, Russia
28 April 2025

# Information on major transactions and interested-party transactions performed (concluded) by PJSC MMK in the reporting year

The information is not disclosed in accordance with the Resolution of the Government of the Russian Federation No. 1102 dated 04.07.2023 “On peculiarities of disclosure and (or) provision of information subject to disclosure and (or) provision in accordance with the requirements of the Federal Law ‘On Joint-Stock Companies’ and the Federal Law ‘On the Securities Market’”.

# Greenhouse Gas Emissions Verification by TÜV AUSTRIA Standards & Compliance

VERIFIZIERUNG | VERIFICATION | VÉRIFICATION | VERIFICACIÓN | ВЕРИФИКАЦИЯ

## VERIFICATION STATEMENT

TÜV AUSTRIA

It is hereby verified by TÜV AUSTRIA Standards & Compliance that

**MMK Group**
**93, ul. Kirova, Magnitogorsk, Chelyabinsk Region, 455000 Russia**

has calculated greenhouse gases emissions based on

**ISO 14064-1:2018 Greenhouse gases – Part 1:**
**Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals**

with the following attributes assessed and confirmed:

| | |
|---|---|
| Organizational Boundary | Operational Control |
| Reporting Period | 1st January 2024 to 31st December 2024 |
| Identification of the Greenhouse Gas (GHG) Statement | MMK Group Greenhouse Gas Emissions Report 2024, March 2025 |
| Reporting Boundary | Direct GHG emissions (Category 1), Indirect GHG emissions from imported energy (Category 2), Indirect GHG emissions (Categories 3, 4, 5, 6) |
| **Total GHG emissions** | **41 410 792 tCO2e** |
| Direct GHG emissions (Category 1) | 25 979 695 tCO2e |
| Indirect GHG emissions from imported energy (Category 2) | 1 301 828 tCO2e |
| Indirect GHG emissions (Category 3, 4, 5, 6) | 14 129 270 tCO2e |
| Level of Assurance | Limited |
| Materiality Level | 5% |

This statement contains additional information in Appendix 1

Statement No. TASC-V-20250331002 Issue date: 2025-03-31

STANDARDS & COMPLIANCE
conformity assessment based on ISO/IEC 17029:2019

TÜV AUSTRIA VERIFIED STANDARDS & COMPLIANCE ISO 14064-1:2018 Online Validation

Dipl. Ing. Pedro Pastrana Socorro
Verification representative

This verification was conducted in accordance with TÜV AUSTRIA Standards & Compliance regulation and confirms the data on greenhouse gases for the above-mentioned time period, all subsequent reporting periods are subject to additional verification

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VERIFIZIERUNG | VERIFICATION | VÉRIFICATION | VERIFICACIÓN | ВЕРИФИКАЦИЯ

Appendix 1 (sheet 1 of 7)
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TÜV AUSTRIA

**Sites Included in Organizational Boundary**
The approach to defining inventory boundaries was chosen based on an analysis of the requirements of stakeholders and the practice of disclosing indicators by companies in the mining and metallurgical sector.

The approach to determining the organizational boundaries of the inventory is determined on the basis of operational control. The reporting boundaries include all GHG emissions and removals from sources that meet the following criteria:
- the presence of direct operational control by the Company;
- belonging to assets where processes directly related to the production of metallurgical products are carried out.

GHG inventory boundaries include 12 main production assets of the MMK Group:
1. **MMK PJSC (Magnitogorsk Iron and Steel Works)**, 455000, Russia, Chelyabinsk Region, Magnitogorsk, ul. Kirova, 93
2. **Mekhanoremontny Komplex LLC**, 455000, Russia, Chelyabinsk Region, Magnitogorsk, ul. Kirova, 93
3. **Shlakservice LLC**, 455000, Russia, Chelyabinsk Region, Magnitogorsk, ul. Kirova, 93
4. **ATU LLC**, 455007, Russia, Magnitogorsk, Chelyabinsk Region, Przhevalskogo street, 4, room 1
5. **Magnitogorsky Zavod Prokatnyh Valkov CJSC**, 455000, Russia, Chelyabinsk Region, Magnitogorsk, ul. Kirova, 93, administrative building, workshop of molding machines, room 8
6. **MCRW LLC**, 455022, Russia, Chelyabinsk Region, Magnitogorsk, Beloretskoye highway, 11
7. **Ogneupor LLC**, 455019, Russia, Chelyabinsk Region, Magnitogorsk, ul. Kirova, 93, laboratory and office 311
8. **Buskul LLC**, 457225, Russia, Chelyabinsk Region, Chesmenskiy rayon, Buskulskiy settlement, ul. Zelyonaya, 24.
9. **MMK-COAL LLC**, 652607, Russia, Kemerovo Region, Belovo, ul. 1 Teleut, 27/2, room 1
10. **MMK-METIZ OJSC**, 455002, Russia, Chelyabinsk Region, Magnitogorsk, ul. Metiznikov, 5.
11. **MMK-Lysva Metallurgical Plant LLC**, 618900, Russia, Perm Region, Lysva, ul. Revolutsii, 58
12. **MMK Metalurji Sanayi, Ticaret ve Liman İşletmeciliği Anonim Şirketi**, ÖZERLİ MAHALLESİ, ALPARSLAN TÜRKEŞ BULVARI NO: 342/91 31600 DÖRTYOL / HATAY

**Reporting Boundary**
Direct GHG emissions (Category 1):
- emissions of carbon dioxide (CO2) from fuel combustion in stationary units;
- emissions of carbon dioxide (CO2) from fuel combustion by mobile units (for assets on the territory of the Russian Federation);
- emissions of carbon dioxide (CO2), methane (CH4) and nitrous oxide (N2O) from fuel combustion by mobile units (for assets outside the territory of the Russian Federation);
- emissions of carbon dioxide (CO2) from lime and sinter production;
- emissions of carbon dioxide (CO2) from coke production;
- emissions of carbon dioxide (CO2) from metallurgical production (production of iron and steel);
- emissions of carbon dioxide (CO2) from cement production and roasting of carbonaceous materials;
- fugitive emissions of methane (CH4) from underground coal mining.

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# Greenhouse Gas Emissions Verification by TÜV AUSTRIA Standards & Compliance

VERIFIZIERUNG | VERIFICATION | VÉRIFICATION | VERIFICACIÓN | ВЕРИФИКАЦИЯ

Appendix 1 (sheet 2 of 7)
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TÜV AUSTRIA

Indirect GHG emissions from imported energy (Category 2):
- carbon dioxide (CO2) emissions from imported electricity;
- carbon dioxide (CO2) emissions from imported heat.

Indirect GHG emissions converted to tones of carbon dioxide equivalent (tCO2e) from:
- transportation of external resources (raw and other materials) used in the production of products (Category 3);
- transportation of products to the buy-side (Category 3);
- production of external resources (raw and other materials) used in the production of products (Category 4);
- use of products from the organization (Category 5);
- energy consumption related to the production and transportation of fuel resources to the Group's assets not included in Categories 1 and 2 (Category 6).

**Exclusions From the Reporting Boundary**
The following emission sources, emissions from which are less than 5% of the total GHG emissions, were excluded:
- operation of refrigeration and climatic equipment;
- anthropogenic biogenic GHG emissions (anaerobic decomposition of organic matter in solid waste landfills and in wastewater);
- welding works outside the main technological processes;
- emissions from detonation of explosives;
- supply of materials, raw materials and finished goods, the weight of which does not exceed 5% of the total annual supplies of each company in the Group.

Due to the high uncertainty regarding the use of MMK Group products outside the Russian Federation, such emissions are not estimated, but emissions from transportation to ports/shipping points on the territory of the Russian Federation are taken into account.

MMK Metalurji Sanayi, Ticaret ve Liman İşletmeciliği Anonim Şirketi (Turkey) estimates GHG emissions from the supply chain of raw materials and finished products by sea from the shipping port to the delivery port as well as GHG emissions associated with deliveries by road from shipping point to delivery point within Turkey.

GHG emissions from mining and production of raw materials by MMK Group's production assets are not included in the indirect GHG emissions of MMK Group as they are included in the direct GHG emissions of production assets.

Emissions from transportation of raw materials between production assets of MMK Group are accounted for in the category of indirect GHG emissions from transportation of finished products of production assets.

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VERIFIZIERUNG | VERIFICATION | VÉRIFICATION | VERIFICACIÓN | ВЕРИФИКАЦИЯ

Appendix 1 (sheet 3 of 7)
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TÜV AUSTRIA

**Verification Activities**
The following were the verification activities undertaken:
- evaluation of the monitoring and control systems through interviewing employees, observation & inquiry;
- verification of the data through sampling recalculation, retracing, cross checking, reconciliation.

The data verified during verification are historical in nature.

The quantification and reporting of the GHG emissions have been independently verified by TÜV AUSTRIA Standards & Compliance against the specifications defined in ISO 14064-1:2018.

'MMK Group Greenhouse Gas Emissions Report 2024' are the responsibility of MMK PJSC and is historical in nature. MMK PJSC is responsible for the preparation and fair presentation of the GHG statement in accordance with the established criteria.

The verification activity has been carried out in accordance with ISO 14064-3:2019, the principles of ISO 14065:2020 and ISO/IEC 17029:2019. The verification activities applied in a limited level of assurance are less extensive in nature, timing and extent than in a reasonable level of assurance verification.

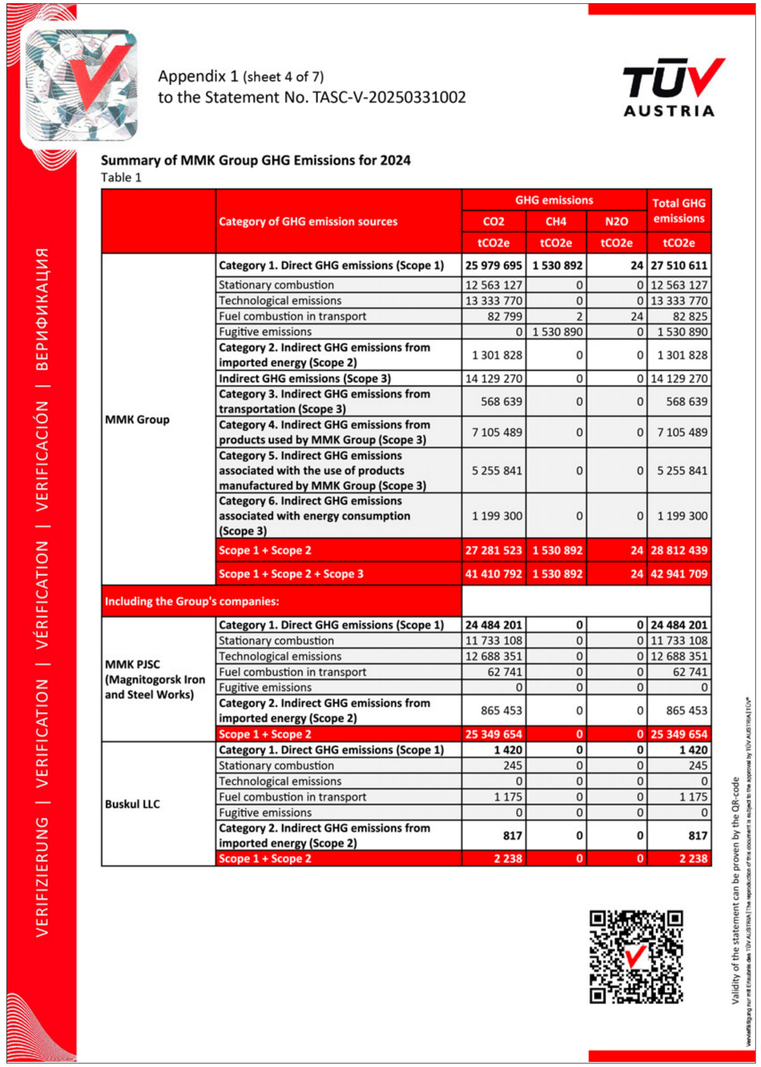
**Verification Opinion**
Verified with comments.

Based on the processes and procedures conducted, there is no evidence that the 'MMK Group Greenhouse Gas Emissions Report 2024', dated March 2025, produced by MMK PJSC:
- is not materially correct and is not a fair representation of GHG data and information;
- has not been prepared in accordance with ISO 14064-1:2018 Greenhouse gases - Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals.

Methane (CH4) and Nitrous Oxide (N2O) direct emissions from stationary combustion processes and from fuel combustion by mobile units are not included into total CO2e stated in the GHG Report, as methodology of Ministry of Natural Resources and Environment of the Russian Federation (approved by Order No. 371 of 27 May 2022) does not include these gases. These are de-minimis emissions and unlikely to impact on the total CO2e when rounded.

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# Greenhouse Gas Emissions Verification by TÜV AUSTRIA Standards & Compliance



VERIFIZIERUNG | VERIFICATION | VÉRIFICATION | VERIFICACIÓN | ВЕРИФИКАЦИЯ

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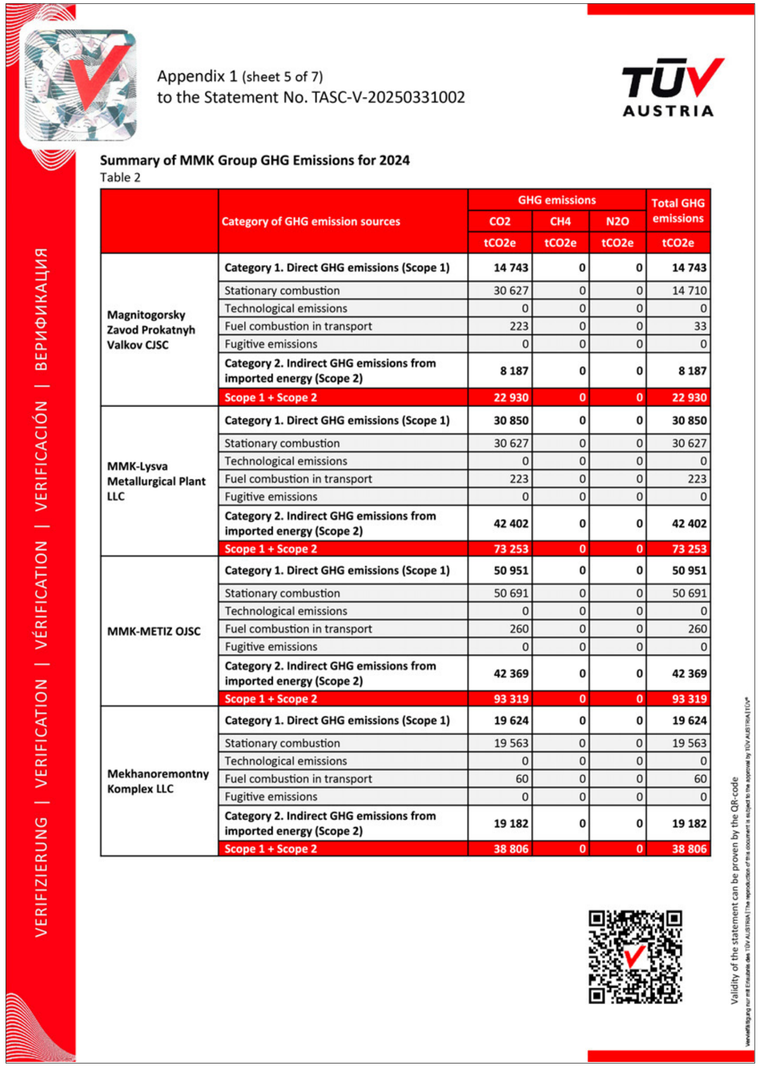
TÜV AUSTRIA

**Summary of MMK Group GHG Emissions for 2024**

Table 1

| | Category of GHG emission sources | GHG emissions | | | Total GHG emissions |
|---|---|---|---|---|---|
| | | CO2 | CH4 | N2O | |
| | | tCO2e | tCO2e | tCO2e | tCO2e |
| MMK Group | **Category 1. Direct GHG emissions (Scope 1)** | **25 979 695** | **1 530 892** | **24** | **27 510 611** |
| | Stationary combustion | 12 563 127 | 0 | 0 | 12 563 127 |
| | Technological emissions | 13 333 770 | 0 | 0 | 13 333 770 |
| | Fuel combustion in transport | 82 799 | 2 | 24 | 82 825 |
| | Fugitive emissions | 0 | 1 530 890 | 0 | 1 530 890 |
| | **Category 2. Indirect GHG emissions from imported energy (Scope 2)** | 1 301 828 | 0 | 0 | 1 301 828 |
| | **Indirect GHG emissions (Scope 3)** | 14 129 270 | 0 | 0 | 14 129 270 |
| | **Category 3. Indirect GHG emissions from transportation (Scope 3)** | 568 639 | 0 | 0 | 568 639 |
| | **Category 4. Indirect GHG emissions from products used by MMK Group (Scope 3)** | 7 105 489 | 0 | 0 | 7 105 489 |
| | **Category 5. Indirect GHG emissions associated with the use of products manufactured by MMK Group (Scope 3)** | 5 255 841 | 0 | 0 | 5 255 841 |
| | **Category 6. Indirect GHG emissions associated with energy consumption (Scope 3)** | 1 199 300 | 0 | 0 | 1 199 300 |
| | **Scope 1 + Scope 2** | **27 281 523** | **1 530 892** | **24** | **28 812 439** |
| | **Scope 1 + Scope 2 + Scope 3** | **41 410 792** | **1 530 892** | **24** | **42 941 709** |
| **Including the Group's companies:** | | | | | |
| MMK PJSC (Magnitogorsk Iron and Steel Works) | **Category 1. Direct GHG emissions (Scope 1)** | **24 484 201** | **0** | **0** | **24 484 201** |
| | Stationary combustion | 11 733 108 | 0 | 0 | 11 733 108 |
| | Technological emissions | 12 688 351 | 0 | 0 | 12 688 351 |
| | Fuel combustion in transport | 62 741 | 0 | 0 | 62 741 |
| | Fugitive emissions | 0 | 0 | 0 | 0 |
| | **Category 2. Indirect GHG emissions from imported energy (Scope 2)** | 865 453 | 0 | 0 | 865 453 |
| | **Scope 1 + Scope 2** | **25 349 654** | **0** | **0** | **25 349 654** |
| Buskul LLC | **Category 1. Direct GHG emissions (Scope 1)** | **1 420** | **0** | **0** | **1 420** |
| | Stationary combustion | 245 | 0 | 0 | 245 |
| | Technological emissions | 0 | 0 | 0 | 0 |
| | Fuel combustion in transport | 1 175 | 0 | 0 | 1 175 |
| | Fugitive emissions | 0 | 0 | 0 | 0 |
| | **Category 2. Indirect GHG emissions from imported energy (Scope 2)** | **817** | **0** | **0** | **817** |
| | **Scope 1 + Scope 2** | **2 238** | **0** | **0** | **2 238** |

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TÜV AUSTRIA

**Summary of MMK Group GHG Emissions for 2024**

Table 2

| | Category of GHG emission sources | GHG emissions | | | Total GHG emissions |
|---|---|---|---|---|---|
| | | CO2 | CH4 | N2O | |
| | | tCO2e | tCO2e | tCO2e | tCO2e |
| Magnitogorsky Zavod Prokatnyh Valkov CJSC | **Category 1. Direct GHG emissions (Scope 1)** | **14 743** | **0** | **0** | **14 743** |
| | Stationary combustion | 30 627 | 0 | 0 | 14 710 |
| | Technological emissions | 0 | 0 | 0 | 0 |
| | Fuel combustion in transport | 223 | 0 | 0 | 33 |
| | Fugitive emissions | 0 | 0 | 0 | 0 |
| | **Category 2. Indirect GHG emissions from imported energy (Scope 2)** | **8 187** | **0** | **0** | **8 187** |
| | **Scope 1 + Scope 2** | **22 930** | **0** | **0** | **22 930** |
| MMK-Lysva Metallurgical Plant LLC | **Category 1. Direct GHG emissions (Scope 1)** | **30 850** | **0** | **0** | **30 850** |
| | Stationary combustion | 30 627 | 0 | 0 | 30 627 |
| | Technological emissions | 0 | 0 | 0 | 0 |
| | Fuel combustion in transport | 223 | 0 | 0 | 223 |
| | Fugitive emissions | 0 | 0 | 0 | 0 |
| | **Category 2. Indirect GHG emissions from imported energy (Scope 2)** | **42 402** | **0** | **0** | **42 402** |
| | **Scope 1 + Scope 2** | **73 253** | **0** | **0** | **73 253** |
| MMK-METIZ OJSC | **Category 1. Direct GHG emissions (Scope 1)** | **50 951** | **0** | **0** | **50 951** |
| | Stationary combustion | 50 691 | 0 | 0 | 50 691 |
| | Technological emissions | 0 | 0 | 0 | 0 |
| | Fuel combustion in transport | 260 | 0 | 0 | 260 |
| | Fugitive emissions | 0 | 0 | 0 | 0 |
| | **Category 2. Indirect GHG emissions from imported energy (Scope 2)** | **42 369** | **0** | **0** | **42 369** |
| | **Scope 1 + Scope 2** | **93 319** | **0** | **0** | **93 319** |
| Mekhanoremontny Komplex LLC | **Category 1. Direct GHG emissions (Scope 1)** | **19 624** | **0** | **0** | **19 624** |
| | Stationary combustion | 19 563 | 0 | 0 | 19 563 |
| | Technological emissions | 0 | 0 | 0 | 0 |
| | Fuel combustion in transport | 60 | 0 | 0 | 60 |
| | Fugitive emissions | 0 | 0 | 0 | 0 |
| | **Category 2. Indirect GHG emissions from imported energy (Scope 2)** | **19 182** | **0** | **0** | **19 182** |
| | **Scope 1 + Scope 2** | **38 806** | **0** | **0** | **38 806** |

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# Greenhouse Gas Emissions Verification by TÜV AUSTRIA Standards & Compliance

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TÜV AUSTRIA

VERIFIZIERUNG | VERIFICATION | VÉRIFICATION | VERIFICACIÓN | ВЕРИФИКАЦИЯ

**Summary of MMK Group GHG Emissions for 2024**

Table 3

| | Category of GHG emission sources | GHG emissions | | | Total GHG emissions |
|---|---|---|---|---|---|
| | | CO2 | CH4 | N2O | |
| | | tCO2e | tCO2e | tCO2e | tCO2e |
| Ogneupor LLC | **Category 1. Direct GHG emissions (Scope 1)** | **45 323** | **0** | **0** | **45 323** |
| | Stationary combustion | 37 565 | 0 | 0 | 37 565 |
| | Technological emissions | 7 491 | 0 | 0 | 7 491 |
| | Fuel combustion in transport | 266 | 0 | 0 | 266 |
| | Fugitive emissions | 0 | 0 | 0 | 0 |
| | **Category 2. Indirect GHG emissions from imported energy (Scope 2)** | **6 769** | **0** | **0** | **6 769** |
| | **Scope 1 + Scope 2** | **52 092** | **0** | **0** | **52 092** |
| Shlakservice LLC | **Category 1. Direct GHG emissions (Scope 1)** | **9 985** | **0** | **0** | **9 985** |
| | Stationary combustion | 4 813 | 0 | 0 | 4 813 |
| | Technological emissions | 0 | 0 | 0 | 0 |
| | Fuel combustion in transport | 5 172 | 0 | 0 | 5 172 |
| | Fugitive emissions | 0 | 0 | 0 | 0 |
| | **Category 2. Indirect GHG emissions from imported energy (Scope 2)** | **11 645** | **0** | **0** | **11 645** |
| | **Scope 1 + Scope 2** | **21 630** | **0** | **0** | **21 630** |
| MMK-COAL LLC | **Category 1. Direct GHG emissions (Scope 1)** | **194 260** | **1 530 890** | **0** | **1 725 149** |
| | Stationary combustion | 184 501 | 0 | 0 | 184 501 |
| | Technological emissions | 0 | 0 | 0 | 0 |
| | Fuel combustion in transport | 9 758 | 0 | 0 | 9 758 |
| | Fugitive emissions | 0 | 1 530 890 | 0 | 1 530 890 |
| | **Category 2. Indirect GHG emissions from imported energy (Scope 2)** | **101 546** | **0** | **0** | **101 546** |
| | **Scope 1 + Scope 2** | **295 805** | **1 530 890** | **0** | **1 826 695** |
| MCRW LLC | **Category 1. Direct GHG emissions (Scope 1)** | **973 207** | **0** | **0** | **973 207** |
| | Stationary combustion | 405 036 | 0 | 0 | 405 036 |
| | Technological emissions | 566 632 | 0 | 0 | 566 632 |
| | Fuel combustion in transport | 1 539 | 0 | 0 | 1 539 |
| | Fugitive emissions | 0 | 0 | 0 | 0 |
| | **Category 2. Indirect GHG emissions from imported energy (Scope 2)** | **40 132** | **0** | **0** | **40 132** |
| | **Scope 1 + Scope 2** | **1 013 339** | **0** | **0** | **1 013 339** |

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TÜV AUSTRIA

VERIFIZIERUNG | VERIFICATION | VÉRIFICATION | VERIFICACIÓN | ВЕРИФИКАЦИЯ

**Summary of MMK Group GHG Emissions for 2024**

Table 4

| | Category of GHG emission sources | GHG emissions | | | Total GHG emissions |
|---|---|---|---|---|---|
| | | CO2 | CH4 | N2O | |
| | | tCO2e | tCO2e | tCO2e | tCO2e |
| MMK Metalurji Sanayi, Ticaret ve Liman İşletmeciliği Anonim Şirketi | **Category 1. Direct GHG emissions (Scope 1)** | **155 132** | **2** | **24** | **155 158** |
| | Stationary combustion | 82 267 | 0 | 0 | 82 267 |
| | Technological emissions | 71 296 | 0 | 0 | 71 296 |
| | Fuel combustion in transport | 1 570 | 2 | 24 | 1 596 |
| | Fugitive emissions | 0 | 0 | 0 | 0 |
| | **Category 2. Indirect GHG emissions from imported energy (Scope 2)** | **161 773** | **0** | **0** | **161 773** |
| | **Scope 1 + Scope 2** | **316 905** | **3** | **31** | **316 905** |
| ATU LLC | **Category 2. Indirect GHG emissions from imported energy (Scope 2)** | **1 552** | **0** | **0** | **1 552** |
| | **Scope 2** | **1 552** | **0** | **0** | **695** |

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# Report on MMK's compliance with the principles and recommendations of the Corporate Governance Code

(the assessment methodology is based on the Recommendations on Preparation of the Report on Compliance with the Corporate Governance Code (appendix to the Letter of the Bank of Russia No. IN-06-28/102 dated 27.12.2021)

This report on the Company's compliance with the principles and recommendations of the Corporate Governance Code was reviewed by the MMK's Board of Directors at its meeting held on 23.04.2025 (Minutes № 14 of 23.04.2025).

The Board of Directors certifies that all data in this Report contains full and reliable information on compliance by the Company with the principles and recommendations of the Corporate Governance Code for the 2024 reporting year.

The assessment methodology is based on the Recommendations on Preparation of the Report on Compliance with the Corporate Governance Code (appendix to Letter of the Bank of Russia No. IN-06-28/102 dated 27.12.2021)

| No. | Corporate governance principles | Criteria for assessment compliance with the corporate governance principle | Compliance status | Reasons for non-compliance |
|---|---|---|---|---|
| 1.1 | The Company shall ensure equal and fair treatment of all shareholders in exercising their corporate governance rights. | | | |
| 1.1.1 | The Company ensures the most favourable conditions for its shareholders to participate in the general meeting, develop an informed position on the agenda items of the general meeting, coordinate their actions, and voice their opinions on the items considered. | 1. The Company provides accessible means of communication with the Company, such as a hotline, email or online forum, to enable shareholders to express their opinions and send questions on the agenda in preparation for a general meeting.<br>The Company arranged the above means of communication and provided them to its shareholders in preparation for each general meeting held in the reporting period. | → Full<br>Partial<br>None | |
| 1.1.2 | The procedure for giving a notice of, and providing relevant materials for, the general meeting enables the shareholders to properly prepare for attending the general meeting. | 1. In the reporting period, the notice of the general meeting of shareholders is posted (published) on the Company's website at least 30 days before the date of the general meeting, unless a longer term is required by law.<br>2. The notice of an upcoming meeting specifies the documents required for admission.<br>3. Shareholders were given access to the information on who proposed the agenda items and nominees to the Company's Board of Directors and the audit commission (if the Company's Charter provides for its formation). | → Full<br>Partial<br>None | |
| 1.1.3 | In preparing for, and holding of, the general meeting, shareholders were able to receive information on the meeting and related materials, put questions to the Company's executive bodies and the Board of Directors, and communicate with each other in an unobstructed and timely manner. | 1. In the reporting period, shareholders were given an opportunity to put questions to the members of executive bodies and members of the Board of Directors in advance of, and during, the annual general meeting.<br>2. The position of the Board of Directors (including dissenting opinions entered in the minutes, if any) on each item on the agenda of the general meetings held in the reporting period was included in the materials for the general shareholders' meeting.<br>3. The Company gave duly authorised shareholders access to the list of persons entitled to participate in the general meeting, as from the date when such list was received by the Company, for all general meetings held in the reporting period. | → Full<br>Partial<br>None | Comments on clause 1:<br>In practice, these recommendations are observed when holding the general shareholders' meetings in the form of a meeting (joint attendance of the shareholders).<br>In 2024, meetings were held in absentia. |

# Report on MMK's compliance with the principles and recommendations of the Corporate Governance Code

| No. | Corporate governance principles | Criteria for assessment compliance with the corporate governance principle | Compliance status | Reasons for non-compliance |
|---|---|---|---|---|
| 1.1.4 | Shareholders did not encounter unjustified difficulties in exercising their right to request that a general meeting be convened, to propose nominees to the Company's governing bodies, and to make proposals for the agenda of the general meeting. | 1. The Company's Charter establishes a period for the shareholders to propose items for inclusion in the agenda of the annual general meeting – at least 60 days after the end of the relevant calendar year.<br>2. In the reporting period, the Company did not reject any proposals for the agenda or nominees to the Company's governing bodies due to misprints or other insignificant flaws in the shareholder's proposal. | → Full<br>Partial<br>None | |
| 1.1.5 | Each shareholder was able to freely exercise their voting right in the simplest and most convenient way. | 1. The Company's Charter allows completing the electronic form of the ballot on the website specified in the notice of the general meeting of the shareholders. | → Full<br>Partial<br>None | |
| 1.1.6 | The procedure for holding a general meeting set by the Company provides equal opportunities for all persons attending the meeting to voice their opinions and ask questions. | 1. During the general shareholders' meetings held in the reporting period in the form of a meeting (joint attendance of the shareholders), sufficient time was allocated for the reports on, and discussion of, the agenda items, and the shareholders were given the opportunity to voice their opinion and ask questions on the agenda.<br>2. The Company invited nominees for the management and supervisory bodies of the Company and took all necessary measures to ensure their participation in the general meeting of the shareholders where their nominations were put to the vote. The nominees for the management and supervisory bodies of the Company present at the general shareholders' meeting were available to answer the shareholders' questions.<br>3. The sole executive body, the person responsible for keeping accounts, the Chairman or other members of the Audit Committee of the Board of Directors were available to answer the shareholders' questions at the general shareholders' meetings held in the reporting period.<br>4. In the reporting period, the Company used telecommunications to provide remote access to the shareholders for participation in general meetings or the Board of Directors made a reasoned decision that there was no need to use (no possibility of using) such telecommunications in the reporting period. | → Full<br>Partial<br>None | Comments:<br>In practice, these recommendations are observed when holding the general shareholders' meetings in the form of a meeting (joint attendance of the shareholders).<br>In 2024, meetings were held in absentia. |
| 1.2 | Shareholders have equal and fair rights to share profits of the Company by receiving dividends. | | | |
| 1.2.1 | The Company has developed and put in place a transparent and clear mechanism for determining the dividend amount and paying dividends. | 1. The Company's dividend policy is approved by the Board of Directors and disclosed on the Company's website.<br>2. If the dividend policy of the Company that prepares consolidated financial statements uses reporting figures to determine the dividend amount, then relevant provisions of the dividend policy take into account the consolidated financial statements.<br>3. The justification for the proposed distribution of net profits, including for payment of dividends and for the Company's own needs, and assessment of its consistency with the dividend policy adopted by the Company, together with explanations and economic justification of the need to use a certain part of net profits for the Company's own needs in the reporting period, were included in the materials for the general shareholders' meeting at which the distribution of profits (including the payment (declaration) of dividends) was on the agenda. | → Full<br>Partial<br>None | |
| 1.2.2 | The Company does not resolve to pay out dividends if such payout, while formally compliant with the law, is economically unjustified and may lead to a false representation of the Company's performance. | 1. The Company's Regulation on the dividend policy, in addition to the restrictions established by the law, specifies the financial and economic circumstances under which the Company shall not make decision to pay dividends. | → Full<br>Partial<br>None | |

# Report on MMK's compliance with the principles and recommendations of the Corporate Governance Code

| No. | Corporate governance principles | Criteria for assessment compliance with the corporate governance principle | Compliance status | Reasons for non-compliance |
|---|---|---|---|---|
| 1.2.3 | The Company does not allow the dividend rights of its existing shareholders to be impaired. | 1. In the reporting period, the Company did not take any actions that would lead to impairment of the dividend rights of its existing shareholders. | → Full<br>Partial<br>None | |
| 1.2.4 | The Company makes every effort to prevent its shareholders profiting from the Company through any means other than dividends and liquidation value. | 1. In the reporting period, no other means were used by the persons controlling the Company to receive profit (gain) at the expense of the Company other than dividends (for example, through transfer pricing, unjustified provision of overpriced services by the controlling person to the Company, internal loans to the controlling person and/or its controlled parties replacing dividends). | → Full<br>Partial<br>None | |
| 1.3 | The corporate governance system and practices ensure equal conditions for all shareholders owning the same type (class) of shares, including minority and non-resident shareholders, and their equal treatment by the Company. | | | |
| 1.3.1 | The Company has created conditions for fair treatment of each shareholder by the Company's governing and control bodies, including conditions that rule out abuse by major shareholders against the minority shareholders. | 1. In the reporting period, the persons controlling the Company did not abuse their rights with respect to the Company's shareholders; there were no conflicts between the Company's controlling persons and the Company's shareholders, while the Board of Directors paid due attention to the conflicts, if any. | → Full<br>Partial<br>None | |
| 1.3.2 | The Company does not take any actions that lead or may lead to artificial redistribution of corporate control. | 1. No quasi-treasury shares were issued or used to vote in the reporting period. | → Full<br>Partial<br>None | |
| 1.4 | Shareholders are provided with reliable and efficient means of recording their rights to shares and are able to freely dispose of their shares without any hindrance. | | | |
| 1.4.1 | Shareholders are provided with reliable and efficient means of recording their rights to shares and are able to freely dispose of their shares without any hindrance. | 1. Technologies used by the Company's registrar and terms and conditions of its services meet the needs of the Company and its shareholders, ensure the recording of rights to shares and the exercise of the shareholders' rights in the most effective way. | → Full<br>Partial<br>None | Comment:<br>There may be legislative (regulatory) restrictions related to the anti-sanctions policy that are not dependent on the Company's activities. |

# Report on MMK's compliance with the principles and recommendations of the Corporate Governance Code

| No. | Corporate governance principles | Criteria for assessment compliance with the corporate governance principle | Compliance status | Reasons for non-compliance |
|---|---|---|---|---|
| 2.1 | The Board of Directors carries out strategic management of the Company, determines key principles of and approaches to setting up a corporate risk management and internal control system, oversees the activities of the Company's executive bodies, and performs other key functions. | | | |
| 2.1.1 | The Board of Directors is responsible for appointing and dismissing the executive bodies, including due to improper performance of their duties. The Board of Directors also ensures that the Company's executive bodies act in accordance with the Company's approved development strategy and core lines of business. | 1. The Board of Directors has the authority stipulated in the Charter to appoint and remove members of executive bodies and to set out terms and conditions of their contracts.<br>2. In the reporting period, the Nomination (Appointments, Personnel) Committee considered whether professional qualifications, skills and experience of the members of the executive bodies comply with the Company's current and expected needs as determined by the Company's approved strategy.<br>3. In the reporting period, the Board of Directors considered the report(s) of the sole executive body and the collegial executive body (if any) on implementation of the Company's strategy. | Full<br>→ Partial<br>None | 1. Partial compliance<br>Taking into account the existing share capital structure, the Company's Charter stipulates the competence of the Board of Directors to appoint (and dismiss) members of executive bodies. The following matters are attributed to the competence of the Board of Directors:<br>- Formation of the collective executive body – the Management Board – and early termination of its powers, approval of size and membership of the Management Board, as well as distribution of functional responsibilities among its members;<br>- Suspension of powers of the sole executive body — the Company's CEO and the management organisation (manager) — and establishment of a temporary sole executive body of the Company.<br>This practice ensures the necessary degree of control by the Board of Directors over appointment and dismissal of executive bodies, including due to improper performance of their duties, as well as over the executive bodies' performance in line with the Company's approved development strategy and core activities.<br>At the same time, given the structure of the Company's share capital, the risk of a potential conflict between the Board of Directors and the principal shareholder is minimised when the CEO is appointed by the General Shareholders' Meeting rather than by the Board of Directors. Based on the results of performance assessments of PJSC MMK's Board of Directors (including external assessment), the option of transferring the competence to elect (appoint) the CEO from the General Shareholders' Meeting to the Board of Directors was considered. However, given the structure of PJSC MMK's share capital, the principal shareholder did not support this approach.<br>The Company does not rule out the possibility of resuming a discussion of this recommendation with the principal shareholder in the future as part of the corporate governance improvement process, if appropriate.<br>2. Full compliance<br>3. Full compliance |
| 2.1.2 | The Board of Directors sets key long-term targets for the Company, assesses and approves its key performance indicators and key business goals, as well as strategy and business plans for the Company's core lines of business. | 1. In the reporting period, the Board of Directors reviewed at its meetings matters related to progress in the implementation of the strategy and its updates, approval of the Company's financial and business plan (budget), and consideration of the implementation criteria and performance (including interim criteria and performance) of the Company's strategy and business plans. | → Full<br>Partial<br>None | |
| 2.1.3 | The Board of Directors determines the principles of, and approaches to, setting up a risk management and internal control system in the Company. | 1. The principles of and approaches to the arrangement of the Company's risk management and internal control system have been determined by the Board of Directors and are set forth in the Company's internal documents determining the risk management and internal control policy.<br>2. In the reporting period, the Board of Directors approved (revised) the acceptable level of risk (risk appetite) for the Company or the Audit Committee and/or the Risk Committee (if any) considered the feasibility of submitting the issue of revising the Company's risk appetite for consideration to the Board of Directors. | → Full<br>Partial<br>None | |

# Report on MMK's compliance with the principles and recommendations of the Corporate Governance Code

| No. | Corporate governance principles | Criteria for assessment compliance with the corporate governance principle | Compliance status | Reasons for non-compliance |
|---|---|---|---|---|
| 2.1.4 | The Board of Directors determines the Company's policy on remuneration payable to, and/or reimbursement (compensation) of expenses incurred by, directors, executive bodies and other key executives of the Company. | 1. The Company has developed and put in place a policy (policies) on remuneration and reimbursement (compensation) of expenses incurred by the directors, executive bodies and other key executives of the Company, approved by the Board of Directors.<br>2. In the reporting period, the Board of Directors discussed the matters related to such policy (policies). | → Full<br>Partial<br>None | |
| 2.1.5 | The Board of Directors plays a key role in preventing, identifying and resolving internal conflicts between the Company's bodies, shareholders and employees. | 1. The Board of Directors plays a key role in preventing, identifying and resolving internal conflicts.<br>2. The Company has set up mechanisms to identify transactions leading to a conflict of interest and to resolve such conflicts. | → Full<br>Partial<br>None | |
| 2.1.6 | The Board of Directors plays a key role in ensuring that the Company is transparent, discloses its information fully and in a timely fashion, and provides its shareholders with unhindered access to the Company's documents. | 1. The Company's internal documents specify the persons responsible for the implementation of the information policy. | → Full<br>Partial<br>None | |
| 2.1.7 | The Board of Directors controls the Company's corporate governance practices and plays a key role in its significant corporate events. | 1. In the reporting period, the Board of Directors reviewed the results of self-assessment and/or external assessment of the Company's corporate governance practice. | → Full<br>Partial<br>None | |
| 2.2 | The Board of Directors is accountable to the Company's shareholders. | | | |
| 2.2.1 | Information about the performance of the Board of Directors is disclosed and made available to the shareholders. | 1. The Company's annual report for the reporting period includes the information on individual attendance at the Board of Directors and committee meetings.<br>2. The annual report contains the key results of the Board of Directors' performance assessment (self-assessment) in the reporting period. | → Full<br>Partial<br>None | |
| 2.2.2 | The Chairman of the Board of Directors is available to communicate with the Company's shareholders. | 1. The Company has in place a transparent procedure enabling its shareholders to forward questions, and receive feedback thereon, to the Chairman of the Board of Directors (or to the senior independent director, where applicable). | → Full<br>Partial<br>None | |
| 2.3 | The Board of Directors manages the Company in an efficient and professional manner and is capable of making fair and independent judgements and adopting resolutions in the best interests of the Company and its shareholders. | | | |
| 2.3.1 | Only persons of impeccable business and personal reputation who have the knowledge, expertise and experience required to make decisions within the remit of the Board of Directors and essential to performing their functions in an efficient way are elected to the Board of Directors. | 1. In the reporting period, the Board of Directors (or its nomination committee) assessed the nominees to the Board of Directors for required experience, expertise, business reputation, absence of conflicts of interest, etc. | → Full<br>Partial<br>None | |

# Report on MMK's compliance with the principles and recommendations of the Corporate Governance Code

| No. | Corporate governance principles | Criteria for assessment compliance with the corporate governance principle | Compliance status | Reasons for non-compliance |
|---|---|---|---|---|
| 2.3.2 | The Company's directors are elected via a transparent procedure that enables the shareholders to obtain information on the nominees sufficient to judge on their personal and professional qualities. | 1. Throughout the reporting period whenever the agenda of the general shareholders' meeting included the election of the Board of Directors, the Company provided the shareholders with the biographical details of all nominees to the Board of Directors, the results of the Board of Directors' (or the Nomination Committee's) assessment of compatibility of their professional qualifications, experience and skills with the Company's current and expected needs, and the information on whether the nominee meets the independence criteria set forth in Recommendations 102–107 of the Code, as well as the nominees' written consent to be elected to the Board of Directors. | Full<br>→ Partial<br>None | Partial compliance.<br>The biographical details of all nominees to the Board of Directors were not disclosed in 2024 on the grounds set forth in Government Resolution of the Russian Federation No. 1102 of 04.07.2023. Full compliance in other cases.<br>Full information is planned to be disclosed as sanctions pressure eases. |
| 2.3.3 | The Board of Directors has a balanced composition, including in terms of directors' qualifications, experience, expertise and business skills, and enjoys the confidence of the shareholders. | 1. In the reporting period, the Board of Directors reviewed its requirements as to professional qualifications, experience and business skills and determined the competencies necessary for the Board of Directors in the short and long term. | → Full<br>Partial<br>None | |
| 2.3.4 | The Company has a sufficient number of directors to organise the Board of Directors' activities in the most efficient way, including the ability to set up committees of the Board of Directors and enable the Company's significant minority shareholders to elect a nominee to the Board of Directors for whom they vote. | 1. In the reporting period, the Board of Directors considered whether the number of directors met the Company's needs and shareholders' interests. | → Full<br>Partial<br>None | |
| 2.4 | The Board of Directors includes a sufficient number of independent directors. | | | |
| 2.4.1 | An independent director is a person who is sufficiently professional, experienced and independent to develop his/her own position, and capable of making unbiased judgements in good faith, free of influence by the Company's executive bodies, individual groups of shareholders, or other stakeholders. It should be noted that a nominee (elected director) who is related to the Company, its significant shareholder, significant counterparty or competitor, or is related to the government, may not be considered as independent under normal circumstances. | 1. In the reporting period, all independent directors met all independence criteria set out in Recommendations 102–107 of the Code, or were deemed independent by resolution of the Board of Directors. | → Full<br>Partial<br>None | |
| 2.4.2 | The Company assesses compliance of the nominees to the Board of Directors and reviews compliance of independent directors with the independence criteria on a regular basis. In such assessment, substance should prevail over form. | 1. In the reporting period, the Board of Directors (or its nomination committee) made a judgement on the independence of each nominee to the Board of Directors and provided its opinion to the shareholders.<br>2. In the reporting period, the Board of Directors (or its Nomination Committee) reviewed, at least once, the independence of incumbent directors (after their election).<br>3. The Company has developed procedures defining the actions to be taken by the directors if they cease to be independent, including the obligation to notify the Board of Directors thereon in a timely fashion. | → Full<br>Partial<br>None | |
| 2.4.3 | Independent directors make up at least one third of the elected directors of the Board. | 1. Independent directors make up at least one third of the Board of Directors. | → Full<br>Partial<br>None | |

# Report on MMK's compliance with the principles and recommendations of the Corporate Governance Code

| No. | Corporate governance principles | Criteria for assessment compliance with the corporate governance principle | Compliance status | Reasons for non-compliance |
|---|---|---|---|---|
| 2.4.4 | Independent directors play a key role in preventing internal conflicts in the Company and in ensuring that the Company performs material corporate actions. | 1. In the reporting period the independent directors (who did not have a conflict of interest) conducted a preliminary assessment of material corporate actions implying a potential conflict of interest, and submitted the results to the Board of Directors. | → Full<br>Partial<br>None | |
| 2.5 | The Chairman of the Board of Directors ensures that the Board of Directors discharges its duties in the most efficient way. | | | |
| 2.5.1 | An independent director was elected as a Chairman of the Board of Directors, or a senior independent director was appointed from among the elected independent directors – to coordinate the work of independent directors and to interact with the Chairman of the Board of Directors. | 1. The Board of Directors is chaired by an independent director, or a senior independent director is chosen from among the independent directors.<br>2. The role, rights and duties of the Chairman of the Board of Directors (and, if applicable, of the senior independent director) are duly set out in the Company's internal documents. | Full<br>Partial<br>→ None | 1. Non-compliance.<br>The current practice with regard to the Chairman is shaped by the existing share capital structure. At the same time, when appointing the Chairman, the Board of Directors is guided by the nominees' authority, impeccable business and personal reputation, trust of the shareholders and investors, and the most extensive professional experience in the sector in which the Company operates. According to the established practice, the Chairman of the Board of Directors is responsible for organising the Board of Directors' activities in the most efficient way, ensuring its interaction with other bodies of the Company, maintaining a constructive environment at the meetings, enabling free discussions of the agenda items, and supervising the execution of the resolutions passed by the Board of Directors.<br>Each independent director is given every opportunity to communicate with the Chairman of the Board of Directors, Internal Audit Department and the Company's management in person.<br>The entity of senior independent director was reviewed, particularly as part of the Board of Directors' external performance assessment. On 25.10.2021, the Board of Directors reviewed and approved the Corporate Governance Improvement Programme 2024 that did not stipulate the appointment of a senior independent director (the programme was unanimously approved by all directors, including independent directors).<br>Functions of the senior independent director include the following responsibilities: annual performance assessment of the Board of Directors, its Committees, directors, including the Chairman; offering an opportunity for a Committee Chairmen to speak at the Board meetings; reviewing matters at business meetings/sessions involving the independent directors (including at the initiative of the independent directors) in addition to official meetings of the Board of Directors and Committees; participation of the independent directors in the meetings between the investors and the Company's management.<br>In the future, the Company may determine in the Corporate Governance Improvement Programme that it is appropriate to appoint a senior independent director (if this is deemed beneficial for the Company).<br>2. Non-compliance.<br>The functions of the Chairman of the Board of Directors are prescribed by the Charter and the Regulations on the Board of Directors.<br>If a senior independent director is appointed, the Corporate Governance Improvement Programme will include a definition of his role, rights and responsibilities, as outlined in the Company's internal documents. |
| 2.5.2 | The Chairman of the Board of Directors maintains a constructive environment at the meetings, enables free discussion of the agenda items, and supervises the execution of the resolutions passed by the Board of Directors. | 1. In the reporting period, the performance of the Chairman of the Board of Directors was assessed as part of the procedure for assessing (self-assessing) the performance of the Board of Directors. | → Full<br>Partial<br>None | |

# Report on MMK's compliance with the principles and recommendations of the Corporate Governance Code

| No. | Corporate governance principles | Criteria for assessment compliance with the corporate governance principle | Compliance status | Reasons for non-compliance |
|---|---|---|---|---|
| 2.5.3 | The Chairman of the Board of Directors takes all necessary steps to provide the Directors with the information required to pass resolutions on the agenda items in a timely manner. | 1. The Company's internal documents set out the duty of the Chairman of the Board of Directors to take all steps necessary for the timely provision of the materials regarding the agenda items of a board meeting to the directors. | → Full<br>Partial<br>None | |
| 2.6 | Directors act reasonably and in good faith in the best interests of the Company and its shareholders, on a fully informed basis and with due care and diligence. | | | |
| 2.6.1 | Directors pass resolutions on a fully informed basis, with no conflict of interest, subject to equal treatment of the Company's shareholders, and assuming normal business risks. | 1. The Company's internal documents stipulate that a director should notify the Board of Directors of any existing conflict of interest as to any agenda item of a meeting of the Board of Directors or its committee, prior to discussing the relevant agenda item.<br>2. The Company's internal documents stipulate that a director should abstain from voting on any item in connection with which he/she has a conflict of interest.<br>3. The Company has in place a procedure enabling the Board of Directors to get professional advice on the matters within its remit at the expense of the Company. | → Full<br>Partial<br>None | |
| 2.6.2 | Rights and duties of the directors are clearly stated and formalised in the Company's internal documents. | 1. The Company has adopted and published an internal document that clearly defines the rights and duties of the members of the Board of Directors. | → Full<br>Partial<br>None | |
| 2.6.3 | The members of the Board of Directors have sufficient time to perform their duties. | 1. Individual attendance of the Board and committee meetings, as well as time devoted to preparation for attending the meetings, was recorded as part of the procedure for assessing the Board of Directors in the reporting period.<br>2. In accordance with the Company's internal documents, directors should notify the Board of Directors of their intentions to be elected to governing bodies of the other entities (apart from the entities controlled by the Company), and of their election to such bodies. | → Full<br>Partial<br>None | |
| 2.6.4 | All members of the Board of Directors have equal access to the Company's documents and information. Newly elected members of the Board of Directors are furnished with sufficient information about the Company and the performance of the Board of Directors as soon as possible. | 1. In accordance with the Company's internal documents, members of the Board of Directors are entitled to access information and documents necessary for the members to perform their duties related to the Company and its controlled entities, while executive bodies of the Company should furnish all relevant information and documents.<br>2. The Company has in place a formalised induction programme for newly elected members of the Board of Directors. | → Full<br>Partial<br>None | |
| 2.7 | Meetings of the Board of Directors, preparation for such meetings, and participation of directors ensure efficient performance by the Board of Directors. | | | |
| 2.7.1 | Meetings of the Board of Directors are held as needed, taking into account the scale of business and goals of the Company at a particular time. | 1. The Board of Directors held at least six meetings in the reporting year. | → Full<br>Partial<br>None | |
| 2.7.2 | The Company's internal regulations set out a procedure for arranging and holding the meetings of the Board of Directors, enabling members of the Board of Directors to properly prepare for such meetings. | 1. The Company has an approved internal document that describes a procedure for arranging and holding meetings of the Board of Directors and stipulates, in particular, that the notice of the meeting is to be given, as a rule, at least five days prior to such meeting.<br>2. In the reporting period, the members of the Board of Directors who were absent from the venue of the meeting of the Board of Directors were given the opportunity to participate in the discussion of the agenda items and to vote remotely, through tele- and videoconferencing. | → Full<br>Partial<br>None | |

# Report on MMK's compliance with the principles and recommendations of the Corporate Governance Code

| No. | Corporate governance principles | Criteria for assessment compliance with the corporate governance principle | Compliance status | Reasons for non-compliance |
|---|---|---|---|---|
| 2.7.3 | The format of the meeting of the Board of Directors is determined taking into account the importance of its agenda items. The most important matters are dealt with at the meetings of the Board of Directors held in person. | 1. The Company's Charter or internal document provides for the most important matters (as per the list set out in Recommendation 168 of the Code) to be discussed at the Board of Directors' meetings held in person. | Full<br>→ Partial<br>None | 1. Partial compliance.<br>Subparagraph 11.20.5 of the Charter determines the critical matters attributed to the competence of the Board of Directors that are considered mainly at the Board meetings held in person (including, inter alia, the matters listed in Recommendation 168 of the Code). According to the Federal Law "On Joint Stock Companies" (the Law), the competence of the Board of Directors is set out by the Law and the Company's Charter. At the same time, the Law does not require joint stock companies to list all matters attributed to the competence of the Board of Directors in their charters. Thus, when considering a matter (included in the matters listed in the Law), PJSC MMK's Board of Directors unconditionally determines the format of the Board meeting based on importance of the matter and guided by the recommendation of the Code.<br>A resolution on critical matters within the competence of the Board of Directors that are to be considered at in-person Board meetings was passed by the General Shareholders' Meeting (when approving the Charter), taking into account their expediency for the Company.<br>The current corporate practice of the Board of Directors' operation, with the support of the committees established by the Board, is shaped by the existing share capital structure. This practice fully ensures meaningful and complete consideration (discussion) of the agenda items by the members of the Board of Directors.<br>The Company did not receive any comments or suggestions related to Recommendation 168 of the Code from the shareholders and members of the Board of Directors (as part of the Board of Directors' performance assessments).<br>In the future, the list of critical matters to be considered at in-person Board meetings may be revised, if appropriate. |
| 2.7.4 | Resolutions on the most important matters relating to the Company's operations are passed at a meeting of the Board of Directors by a qualified majority or by a majority of all elected members of the Board of Directors. | 1. The Company's Charter provides for resolutions on the most important matters set out in Recommendation 170 of the Code to be passed at the Board of Directors meeting by a qualified majority of at least three quarters or by a majority of all elected directors. | Full<br>→ Partial<br>None | 1. Partial compliance.<br>Subparagraph 11.20.4 of the Charter defines critical matters within the competence of the Board of Directors, resolutions on which are passed by a majority of all elected directors, excluding the directors who have stepped down (including the matters listed in Recommendation 170 of the Code).<br>A resolution on the above matters within the competence of the Board of Directors was passed by the General Shareholders' Meeting (when approving the Charter), taking into account their expediency for the Company.<br>The current corporate practice of the Board of Directors' operation, with support of the committees established by the Board, is shaped by the existing share capital structure. The existing practice fully ensures that the opinions of all members of the Board of Directors are taken into account when passing resolutions on the matters most crucial to the Company.<br>The Company did not receive any comments or suggestions related to Recommendation 170 of the Code from the shareholders and members of the Board of Directors (as part of the Board of Directors' performance assessments).<br>In the future, the current practice may be revised, if appropriate. |

# Report on MMK's compliance with the principles and recommendations of the Corporate Governance Code

| No. | Corporate governance principles | Criteria for assessment compliance with the corporate governance principle | Compliance status | Reasons for non-compliance |
|---|---|---|---|---|
| 2.8 | The Board of Directors sets up committees for preliminary consideration of the most important matters related to the Company's operations. | | | |
| 2.8.1 | An audit committee comprising of the independent directors was set up to review the matters related to control of the Company's financial and business activities. | 1. The Board of Directors set up an Audit Committee comprising solely independent directors.<br>2. The Company's internal documents set out the tasks of the Audit Committee, including those listed in Recommendation 172 of the Code.<br>3. At least one member of the Audit Committee represented by an independent director has experience and knowledge of preparing, analysing, assessing and auditing accounting (financial) statements.<br>4. In the reporting period, meetings of the Audit Committee were held at least once a quarter. | → Full<br>Partial<br>None | |
| 2.8.2 | To review matters related to adopting an efficient and transparent remuneration scheme, a remuneration committee was set up, comprising independent directors and headed by an independent director who is not the Chairman of the Board of Directors. | 1. The Board of Directors has set up a Remuneration Committee comprised exclusively of independent directors.<br>2. The Remuneration Committee is chaired by an independent director who is not the Chairman of the Board of Directors.<br>3. The Company's internal documents set out the tasks of the remuneration committee, including those listed in Recommendation 180 of the Code, as well as the conditions (events) when the Remuneration Committee considers the issue of revising the Company's policy on remuneration of the members of the Board of Directors, the executive bodies and other key management personnel. | → Full<br>Partial<br>None | |
| 2.8.3 | To review the matters related to talent management (succession planning), professional composition and efficiency of the Board of Directors, a nomination (appointments, HR) committee was set up, predominantly comprising of independent directors. | 1. The Board of Directors set up a nomination committee (or its tasks listed in Recommendation 186 of the Code are fulfilled by another committee) predominantly comprising of independent directors.<br>2. The Company's internal documents set out the tasks of the nomination committee (or the tasks of the relevant committee with combined functions), including those listed in Recommendation 186 of the Code.<br>3. To form the Board of Directors that meets the Company's goals and objectives in best possible way, in the reporting period the Nomination Committee, either independently or together with the other committees of the Board of Directors, or the Company's division responsible for interaction with its shareholders, organised interaction with the shareholders, not limited to major shareholders, in the context of selecting the candidates for the Company's Board of Directors. | → Full<br>Partial<br>None | |
| 2.8.4 | Taking into account the Company's scale of business and level of risks, the Company's Board of Directors made sure that the composition of its committees is fully in line with the Company's business goals. Additional committees were either set up or not deemed necessary (strategy committee, corporate governance committee, ethics committee, risk management committee, budget committee, health, safety and environment committee, etc.). | 1. In the reporting period, the Company's Board of Directors considered whether its structure was in line with the Company's size, nature, business goals and needs, and risk profile. Additional committees were either formed or deemed unnecessary. | → Full<br>Partial<br>None | |
| 2.8.5 | The composition of the committees has been determined in such a way that it allows a comprehensive discussion of the issues being considered on a preliminary basis with due account of differing opinions. | 1. The Audit Committee, the Remuneration Committee, the Nomination Committee (or the corresponding committee with the extended functions) were headed by independent directors in the reporting period.<br>2. The Company's internal documents (policies) include provisions stipulating that the persons who are not members of the audit committee, the nomination committee, or a relevant committee with combined functions) and the remuneration committee may attend the committee meetings only by invitation of the Chairman of the respective committee. | → Full<br>Partial<br>None | |

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| No. | Corporate governance principles | Criteria for assessment compliance with the corporate governance principle | Compliance status | Reasons for non-compliance |
|---|---|---|---|---|
| 2.8.6 | The committee Chairmen inform the Board of Directors and its Chairman on the performance of their committees on a regular basis. | 1. In the reporting period, the committee Chairmen reported to the Board of Directors on the performance of the committees on a regular basis. | → Full<br>Partial<br>None | |
| 2.9 | The Board of Directors ensures the performance assessment of the Board of Directors, its committees and members of the Board of Directors. | | | |
| 2.9.1 | The Board of Directors' performance assessment is aimed at determining the efficiency of the Board of Directors, its committees and members, consistency of their work with the Company's growth requirements, as well as at bolstering the work of the Board of Directors and identifying the areas for improvement. | 1. The Company's internal documents determine the procedures for performing the assessment (self-assessment) of the quality of the Board of Directors' work.<br>2. Assessment or self-assessment of the Board of Directors' performance carried out in the reporting period included the performance assessment of the committees, individual assessment of each member of the Board of Directors and the Board of Directors in general.<br>3. Results of the assessment or self-assessment of the Board of Directors' performance carried out in the reporting period were reviewed at the Board of Directors' meeting held in person. | → Full<br>Partial<br>None | |
| 2.9.2 | Performance of the Board of Directors, its committees and members is assessed regularly at least once a year. An external advisor is engaged at least once in three years to conduct an independent assessment of the Board of Directors' performance. | 1. The Company engaged an external advisor to conduct an independent assessment of the Board of Directors' performance at least once over the last three reporting periods. | Full<br>Partial<br>→ None | MMK uses the practice of engaging an external organisation (consultant) to conduct an independent assessment of the quality of the Board of Directors' work. The most recent external assessment was conducted in 2021 based on the results of 2020.<br>Taking into account the current geopolitical situation, anti-sanctions measures, including restrictions on information disclosure, the Board of Directors decided to conduct a self-assessment of the Board of Directors (questionnaire survey) based on the results of 2024, and to return to consideration of conducting an external assessment (with involvement of a consultant) based on the performance results in 2025. |
| 3.1 | The Company's Corporate Secretary ensures efficient ongoing interaction with the shareholders, coordinates the Company's efforts to protect shareholder rights and interests, and supports efficient performance of the Board of Directors. | | | |
| 3.1.1 | The Corporate Secretary has the knowledge, experience and qualifications sufficient to perform his/her duties, as well as an impeccable reputation and trust of shareholders. | 1. The biographical data of the Corporate Secretary (including age, education, qualification and experience), as well as information on positions in management bodies of other legal entities that the Corporate Secretary has held for at least the past five years are published on the corporate website and in the Company's annual report. | → Full<br>Partial<br>None | |
| 3.1.2 | The Corporate Secretary is sufficiently independent of the Company's executive bodies and has the powers and resources required to perform his/her tasks. | 1. The Company has adopted and disclosed an internal document – the Regulation on the Corporate Secretary.<br>2. The Board of Directors approves appointment, dismissal and additional remuneration of the Corporate Secretary.<br>3. The Company's internal documents stipulate the right of the Corporate Secretary to request and receive the Company's documents and information from the management bodies, structural divisions and officials of the Company. | → Full<br>Partial<br>None | |

# Report on MMK's compliance with the principles and recommendations of the Corporate Governance Code

| No. | Corporate governance principles | Criteria for assessment compliance with the corporate governance principle | Compliance status | Reasons for non-compliance |
|---|---|---|---|---|
| 4.1 | Remuneration payable by the Company is sufficient to attract, motivate and retain people with competencies and qualifications required by the Company. Remuneration payable to the members of the Board of Directors, executive bodies and other key executives of the Company complies with the approved remuneration policy of the Company. | | | |
| 4.1.1 | The amount of remuneration paid by the Company to directors, executive bodies and other key executives creates sufficient incentives for them to work efficiently while enabling the Company to engage and retain competent and qualified specialists. At the same time, the Company avoids unnecessarily high remuneration, as well as unjustifiably large gaps between the remunerations of the above persons and Company employees. | 1. Remuneration of the directors, executive bodies and other key executives of the Company is determined based on the results of the comparative analysis of level of remuneration in comparable companies. | → Full<br>Partial<br>None | |
| 4.1.2 | The Company's remuneration policy is devised by the remuneration committee and approved by the Board of Directors. The Board of Directors, assisted by the remuneration committee, ensures control over the introduction and implementation of the Company's remuneration policy, revising and amending it as required. | 1. In the reporting period, the remuneration committee considered the remuneration policy (policies) and its (their) introduction practices, performed the assessment of performance and transparency and presented relevant recommendations on updating the policy (policies) to the Board of Directors as required. | → Full<br>Partial<br>None | |
| 4.1.3 | The Company's remuneration policy includes transparent mechanisms for determining the amount of remuneration due to the directors, executive bodies and other key executives of the Company, and regulates all types of expenses, benefits and privileges provided to such persons. | 1. The Company's remuneration policy (policies) includes (include) transparent mechanisms for determining the amount of remuneration due to the directors, executive bodies and other key executives of the Company, and regulates (regulate) all types of expenses, benefits and privileges provided to such persons. | → Full<br>Partial<br>None | |
| 4.1.4 | The Company determines a policy on reimbursement (compensation) of expenses detailing a list of reimbursable expenses and specifying the service levels that the directors, executive bodies and other key executives of the Company may claim. Such policy can be part of the Company's remuneration policy. | 1. The remuneration policy (policies) or other internal documents of the Company define the rules for reimbursement of expenses incurred by the directors, executive bodies and other key executives of the Company. | → Full<br>Partial<br>None | |
| 4.2 | The remuneration system for members of the Board of Directors ensures alignment of financial interests of the directors with long-term financial interests of the shareholders. | | | |
| 4.2.1 | The Company pays fixed annual remuneration to the members of the Board of Directors. The Company does not pay remuneration for attending individual meetings of the Board of Directors or its committees. The Company does not use any form of short-term incentives or additional financial incentives in respect of the members of the Board of Directors. | 1. In the reporting period, the Company paid remuneration to the members of the Board of Directors in accordance with the Company's Remuneration Policy.<br>2. In the reporting period, the Company did not apply short-term incentives or additional financial incentives that depend on the Company's results (performance indicators) to the members of the Board of Directors. The Company did not pay any remuneration for attending individual meetings of the Board of Directors or its committees. | → Full<br>Partial<br>None | |

# Report on MMK's compliance with the principles and recommendations of the Corporate Governance Code

| No. | Corporate governance principles | Criteria for assessment compliance with the corporate governance principle | Compliance status | Reasons for non-compliance |
|---|---|---|---|---|
| 4.2.2 | Long-term ownership of company shares helps to align the financial interests of the members of the Board of Directors with long-term interests of shareholders to the utmost. At the same time, the Company does not link the right to dispose of shares to performance targets, and the directors do not participate in stock option plans. | 1. If the Company's internal document(s) – the remuneration policy (policies) – stipulates (stipulate) provision of company shares to the members of the Board of Directors, clear rules for share ownership by the board members shall be defined and disclosed, aimed at stimulating long-term ownership of such shares. | → Full<br>Partial<br>None | The Company's internal documents do not stipulate provision of company shares to members of the Board of Directors. |
| 4.2.3 | The Company does not provide for any extra payments or compensations in the event of early termination of directors' tenure resulting from a change of control or any other reasons. | 1. The Company does not provide for any extra payments or compensations in the event of early termination of the Board members' tenure resulting from a change of control or any other reasons. | → Full<br>Partial<br>None | |
| 4.3 | The Company considers its performance and the personal contribution of each executive to the achievement of such performance when determining the amount of a fee payable to the members of the executive bodies and other key executives of the Company. | | | |
| 4.3.1 | Remuneration due to the members of the executive bodies and other key executives of the Company is determined in a manner providing for reasonable and justified ratio of the fixed part of remuneration and the variable part that depends on the Company's performance and the employee's personal (individual) contribution to the result. | 1. In the reporting period, annual performance targets approved by the Board of Directors were used to determine the amount of the variable part of remuneration due to the members of the executive bodies and other key executives of the Company.<br>2. During the latest assessment of the remuneration system for the members of the executive bodies and other key executives of the Company, the Board of Directors (remuneration committee) made sure that the Company applies an efficient ratio of the fixed and variable parts of remuneration.<br>3. When determining the amount of the remuneration to be paid to the members of the executive bodies and other key executives of the Company, the risks borne by the Company are taken into account to avoid incentives to make high-risk management decisions. | → Full<br>Partial<br>None | |
| 4.3.2 | The Company has in place a long-term incentive programme for the members of the executive bodies and other key executives of the Company with the use of company shares (options and other derivative financial instruments where the company shares are the underlying asset). | 1. If the Company has in place a long-term incentive programme for the members of the executive bodies and other key executives of the Company with the use of the Company shares (financial instruments based on the Company shares), the incentive programme implies that the right to dispose of such shares and other financial instruments takes effect at least three years after such shares or other financial instruments are granted. The right to dispose of such shares or other financial instruments is linked to the Company's performance targets. | Full<br>Partial<br>→ None | The Board of Directors reviewed this matter during an assessment of its performance (including external assessment) and when developing the corporate governance improvement programmes. The Board of Directors did not support using the Company shares as a motivation.<br>The current incentive system sufficiently ensures that remuneration of the members of the executive bodies and other key executives of the Company depends on the Company's performance and their personal contribution to this performance.<br>The Company may include the option to introduce a long-term incentive programme with the use of company shares (including description of rights and conditions for their exercise) in the Corporate Governance Improvement Programme if this is deemed appropriate. |
| 4.3.3 | The compensation (golden parachute) payable by the Company in case of early termination of powers of the members of the executive bodies or key executives at the Company's initiative, provided that there have been no actions in bad faith on their part, does not exceed double the amount of the fixed part of their annual remuneration. | 1. In the reporting period, the compensation (golden parachute) payable by the Company in case of early termination of powers of the members of the executive bodies or key executives at the Company's initiative, provided that there have been no actions in bad faith on their part, did not exceed double the amount of the fixed part of their annual remuneration. | → Full<br>Partial<br>None | |

# Report on MMK's compliance with the principles and recommendations of the Corporate Governance Code

| No. | Corporate governance principles | Criteria for assessment compliance with the corporate governance principle | Compliance status | Reasons for non-compliance |
|---|---|---|---|---|
| 5.1 | The Company has in place an effective risk management and internal control system providing reasonable assurance in the achievement of the Company's goals. | | | |
| 5.1.1 | The Company's Board of Directors determined the principles of, and approaches to, setting up a risk management and internal control system at the Company. | 1. Functions of different governing bodies and business units of the Company in the risk management and internal control system are clearly defined in the Company's internal documents/relevant policy approved by the Board of Directors. | → Full<br>Partial<br>None | |
| 5.1.2 | The Company's executive bodies ensure establishment and continuous operation of an efficient risk management and internal control system at the Company. | 1. The Company's executive bodies ensured the distribution of functions, powers and responsibility related to risk management and internal control between the heads (managers) of the business units and departments accountable to them. | → Full<br>Partial<br>None | |
| 5.1.3 | The Company's risk management and internal control system ensures an objective, fair and clear view of the current state and future prospects of the Company, integrity and transparency of the Company's reporting, as well as reasonable and acceptable risk exposure. | 1. The Company has an anti-corruption policy in place.<br>2. The Company has established a safe, confidential and accessible way (a hotline) to inform the Board of Directors or the Audit Committee of the Board of Directors of any violations of legislation, internal procedures or the Code of Ethics of the Company. | → Full<br>Partial<br>None | |
| 5.1.4 | The Company's Board of Directors takes necessary measures to make sure that the Company's current risk management and internal control system is consistent with the principles of, and approaches to, its setup determined by the Board of Directors, and that it functions efficiently. | 1. In the reporting period, the Board of Directors (the audit committee and/or risk committee (if available) established the assessment of reliability and performance of the Company's risk management and internal control system.<br>2. In the reporting period, the Board of Directors considered the results of assessing the reliability and performance of the Company's risk management and internal control system. The results of this assessment are included in the Company's annual report. | → Full<br>Partial<br>None | |
| 5.2 | The Company performs internal audits for regular independent assessment of reliability and efficiency of its risk management and internal control system, as well as corporate governance practices. | | | |
| 5.2.1 | The Company has set up a separate business unit or engaged an independent external organisation to carry out internal audits. Functional and administrative reporting lines of the internal audit unit are delineated. The internal audit unit functionally reports to the Board of Directors. | 1. To perform internal audits, the Company has set up a separate business unit — internal audit division — functionally reporting to the Board of Directors, or engaged an independent external organisation with the same line of reporting. | → Full<br>Partial<br>None | |
| 5.2.2 | The internal audit department evaluates reliability and efficiency of the risk management and internal control system, performs assessment of corporate governance, and applies generally accepted standards of the internal audit. | 1. In the reporting period, the reliability and efficiency of the risk management and internal control system was assessed as part of the internal audit procedure.<br>2. In the reporting period, as part of the internal audit, the practice (individual practices) of corporate governance was (were) assessed, including procedures for exchanging information (including on internal control and risk management issues) at all levels of the Company's management, as well as stakeholder engagement procedures. | → Full<br>Partial<br>None | |

# Report on MMK's compliance with the principles and recommendations of the Corporate Governance Code

| No. | Corporate governance principles | Criteria for assessment compliance with the corporate governance principle | Compliance status | Reasons for non-compliance |
|---|---|---|---|---|
| 6.1 | The Company and its operations are transparent for its shareholders, investors, and other stakeholders. | | | |
| 6.1.1 | The Company has developed and implemented an information policy ensuring efficient exchange of information by the Company, its shareholders, investors, and other stakeholders. | 1. The Company's Board of Directors approved an information policy developed in accordance with the Code recommendations.<br>2. In the reporting period, the Board of Directors (or one of its committees) considered the efficiency of exchange of information between the Company, its shareholders, investors and other stakeholders and the advisability (necessity) of revising the Company's information policy. | → Full<br>Partial<br>None | |
| 6.1.2 | The Company discloses the information on its corporate governance system and practices, including detailed information on compliance with the principles and recommendations of the Code. | 1. The Company discloses the information on the system of corporate governance at the Company and the general principles of corporate governance adopted at the Company, including on its website.<br>2. The Company discloses the information on the composition of its executive bodies and Board of Directors, independence of the directors and their membership in of the Board of Directors' committees (as defined by the Code).<br>3. If the Company has a controlling person, the Company publishes a memorandum of the controlling person setting out this person's plans for the Company's corporate governance. | Full<br>→ Partial<br>None | 1. Full compliance.<br>2-3. Partial compliance.<br>On the grounds contained in Resolution of the Government of the Russian Federation No. 1102 of 04.07.2023, access to information of PJSC MMK was partially restricted in 2024. Access will be restored as the sanctions pressure eases. |
| 6.2 | The Company makes timely disclosures of complete, up-to-date and reliable information about the Company to allow shareholders and investors to make informed decisions. | | | |
| 6.2.1 | The Company discloses information following the principles of regularity, consistency and timeliness, as well as accessibility, accuracy, completeness and comparability of the disclosed data. | 1. The Company has established a procedure to coordinate the work of all the Company's structural divisions and employees who are engaged in the disclosure of information, or the activity of which may lead to need to disclose information.<br>2. If the Company's securities are traded on foreign organised markets, the Company ensured concerted and equivalent disclosure of the material information in the Russian Federation and in the said markets in the reporting year.<br>3. If foreign shareholders hold a significant amount of the Company's shares, the relevant information was disclosed in the reporting period both in the Russian language and in one of the most widely used foreign languages. | → Full<br>Partial<br>None | |
| 6.2.2 | The Company avoids a formalistic approach to the information disclosure and discloses material information about its operations, even if the law does not require disclosure of such information. | 1. The Company's information policy sets out the approaches to disclosure of other events (actions) having a material effect on the value or quotations of its securities, the disclosure of which is not required by law.<br>2. The Company discloses information on the Company's capital structure in its annual report and on the Company's website in accordance with recommendation 290 of the Code.<br>3. The Company discloses information on its controlled material legal entities, including information on their key areas of activity, mechanisms for ensuring accountability of the controlled legal entities, and authority of the Company's Board of Directors to determine the strategy and assess the performance of the controlled legal entities.<br>4. The Company discloses its non-financial report – a sustainability report, an environmental report, a corporate social responsibility report or another report containing non-financial information, including information on the factors related to the environment (including environmental and climate change factors), the Company (social factors) and corporate governance, except for the report of the issuer of securities and the annual report of a joint stock company. | Full<br>→ Partial<br>None | 1. Full compliance.<br>2-3. Non-compliance.<br>On the grounds contained in Resolution of the Government of the Russian Federation No.1102 of 04.07.2023, access to information of PJSC MMK was partially restricted in 2024. Access will be restored as the sanctions pressure eases.<br>4. Full compliance. |

# Report on MMK's compliance with the principles and recommendations of the Corporate Governance Code

| No. | Corporate governance principles | Criteria for assessment compliance with the corporate governance principle | Compliance status | Reasons for non-compliance |
|---|---|---|---|---|
| 6.2.3 | The Company's annual report, as one of the most important tools of its information exchange with the shareholders and other stakeholders, contains information enabling assessment of the Company's annual performance results. | 1. The Company's annual report contains information on the results of the Audit Committee's assessment of the efficiency of the external and internal audit process.<br>2. The Company's annual report contains information on the Company's environmental and social policy. | → Full<br>Partial<br>None | |
| 6.3 | The Company provides the information and documents requested by its shareholders in accordance with the principles of equal and unhindered access. | | | |
| 6.3.1 | The shareholders can exercise their right of access to the Company's documents and information without unjustified difficulties. | 1. The Company's information policy (internal documents determining its information policy) stipulates a procedure for unhindered access of the shareholders to the Company's information and documents upon request.<br>2. The information policy (internal documents determining the information policy) contains provisions stipulating that if a shareholder requests information on the entities controlled by the Company, the Company shall make necessary efforts to obtain such information from the relevant entities controlled by the Company. | → Full<br>Partial<br>None | |
| 6.3.2 | When providing information to shareholders, the Company ensures reasonable balance between the interests of particular shareholders and its own interests consisting in preserving the confidentiality of important commercial information which may materially affect its competitive edge. | 1. In the reporting period, the Company did not refuse shareholders' requests for information, or such refusals were justified.<br>2. In cases defined by the information policy, the shareholders are warned of confidential nature of the information and undertake to maintain its confidentiality. | → Full<br>Partial<br>None | |
| 7.1 | Actions that materially affect or may affect the Company's share capital structure and financial position and, accordingly, the position of its shareholders ("material corporate actions") are taken on fair terms ensuring that the rights and interests of the shareholders and other stakeholders are observed. | | | |
| 7.1.1 | Material corporate actions include the Company reorganisation, acquisition of 30% or more of the Company's voting shares (takeover), execution by the Company of material transactions, increase or decrease of the Company's share capital, listing or de-listing of the Company shares, as well as other actions which may lead to material changes in the rights of the shareholders or violation of their interests. The Company's Charter provides for a list (criteria) of transactions or other actions classified as material corporate actions, and these actions are referred to remit of the Company's Board of Directors. | 1. The Company's Charter includes a list (criteria) of transactions or other actions classified as material corporate actions. Resolutions on material corporate actions are referred to remit of the Board of Directors. When execution of such corporate actions is expressly referred by law to remit of the general shareholders' meeting, the Board of Directors presents relevant recommendations to the shareholders. | Full<br>→ Partial<br>None | The matters classified by the Code as material corporate actions are listed in PJSC MMK's Charter. At the same time, given that all applicable requirements to material corporate actions, including their composition and relevant procedures, are established by the Russian legislation and prescribed by PJSC MMK's internal documents (in particular, basic principles are set out in PJSC MMK's Corporate Governance Code), there is no need for additional definition (including in form of a list) and description of the material corporate actions in the Company's Charter (other than provided).<br>In the event of changes in corporate governance practices and/or legislation that would make it necessary or advisable to supplement the Company's Charter with additional provisions on the material corporate actions, relevant amendments will be considered. |
| 7.1.2 | The Board of Directors plays a key role in passing the resolutions or making the recommendations on the material corporate actions, relying on opinions of the Company's independent directors. | 1. The Company has in place a procedure enabling the independent directors to express their opinions on the material corporate actions prior to approval thereof. | → Full<br>Partial<br>None | |

# Report on MMK's compliance with the principles and recommendations of the Corporate Governance Code

| No. | Corporate governance principles | Criteria for assessment compliance with the corporate governance principle | Compliance status | Reasons for non-compliance |
|---|---|---|---|---|
| 7.1.3 | When taking material corporate actions affecting the rights and legitimate interests of the shareholders, equal terms and conditions are guaranteed for all shareholders; if the statutory procedure designed to protect the shareholder rights proves insufficient, additional measures are taken to protect their rights and legitimate interests. In doing so, the Company is guided by the corporate governance principles set forth in the Code, as well as by the formal statutory requirements. | 1. Due to the specific nature of the Company's business, the Company's Charter provides that the Board's responsibilities include approval of other transactions of material importance to the Company in addition to those required by law.<br>2. All material corporate actions in the reporting period were duly approved before they were taken. | → Full<br>Partial<br>None | |
| 7.2 | The Company takes material corporate actions in such a way as to ensure that shareholders receive in timely manner complete information about such actions, allowing them to influence such actions and guaranteeing adequate protection of their rights when taking such actions. | | | |
| 7.2.1 | Information about the material corporate actions is disclosed with explanation of the grounds, circumstances and consequences. | 1. If the Company took material corporate actions during the reporting period, the Company disclosed timely and detailed information on such actions, including the reasons for and conditions of taking such actions and their consequences for the shareholders. | Full<br>→ Partial<br>None | On the grounds contained in Resolution of the Government of the Russian Federation No.1102 of 04.07.2023, access to information of PJSC MMK was partially restricted in 2024. Access will be restored as the sanctions pressure eases. |
| 7.2.2 | Rules and procedures related to the material corporate actions taken by the Company are set out in the Company's internal documents. | 1. The Company's internal documents set out cases and procedure for engaging an appraiser to estimate the value of assets either disposed of or acquired in a major transaction, or an interested party transaction.<br>2. The Company's internal documents set out a procedure for engaging an appraiser to estimate the value of shares acquired and bought back by the Company.<br>3. If a member of the Board of Directors, a sole executive body, a member of the collegial executive body of the Company or a controlling person of the Company or a person entitled to give mandatory instructions to the Company have no formal interest in the Company's transactions but have a conflict of interest or other actual interest, the Company's internal documents stipulate that such persons do not take part in voting to approve such transactions. | → Full<br>Partial<br>None | |

# GRI Index Table

| GRI Indicator | | GRI 14: Mining Sector[1] | Baseline performance RSPP indicators[2] | Report Section | Confirmed indicators[3] | Comments | Page |
|---|---|---|---|---|---|---|---|
| **GRI 2: GENERAL DISCLOSURES 2021** | | | | | | | |
| **1. The organisation and its reporting practices** | | | **Aspect: State Policy** | | | | |
| GRI 2-1 | Organisational details | | — | About the MMK Group | | | 6 |
| GRI 2-2 | Entities included in the organisation's sustainability reporting | | — | About the Report | | Due to the MMK Group's approach to disclosure in the reporting period, this indicator is disclosed to a limited extent | 230 |
| GRI 2-3 | Reporting period, frequency and contact point | | — | About the Report | | | 230 |
| GRI 2-4 | Restatements of information | | — | About the Report | | | 232 |
| GRI 2-5 | External assurance | | — | About the Report | | | 232 |
| **2. Activities and workers** | | | | | | | |
| GRI 2-6 | Activities, value chain and other business relationships | | — | About the MMK Group<br>Procurement and supply chain management | | | 6<br>226 |
| GRI 2-7 | Employees | | — | Structure and employment | V | | 147 |
| GRI 2-8 | Workers who are not employees | | — | Structure and employment | | | 147 |
| **3. Governance** | | | | | | | |
| GRI 2-9 | Governance structure and composition | | — | Corporate governance approach<br>Approach to sustainability management<br>Occupational health and safety | | Due to the MMK Group's approach to disclosure in the reporting period, this indicator is disclosed to a limited extent | 188<br>189<br>191<br>196<br>201<br>57<br>133 |
| GRI 2-10 | Nomination and selection of the highest governance body | | — | Corporate governance approach | | | 190<br>191 |

1 Disclosure of information in accordance with GRI 14 in the current reporting cycle is being implemented in pilot mode.

2 The basic performance indicators of the RSPP are those recommended by the Russian Union of Industrialists and Entrepreneurs (RSPP) for use in the preparation of corporate non-financial reports, as well as in the company management systems to organise monitoring, control and assessment of key performance results. The indicators are included in the Report for 2023 in accordance with the guidelines Reference Performance Indicators. Recommendations for Practice Management and Corporate Non-Financial Reporting Use.

3 Indicators confirmed as part of a limited assurance engagement performed by "Business Solutions and Technologies" Joint Stock Company. See Appendix Independent Limited Assurance Review Report for more details.

# GRI Index Table

| GRI Indicator | | GRI 14: Mining Sector[1] | Baseline performance RSPP indicators[2] | Report Section | Confirmed indicators[3] | Comments | Page |
|---|---|---|---|---|---|---|---|
| GRI 2-11 | Chair of the highest governance body | | — | Corporate governance approach | | Due to the MMK Group's approach to disclosure in the reporting period, this indicator is disclosed to a limited extent | 202 |
| GRI 2-12 | Role of the highest governance body in overseeing the management of impacts | | — | Approach to sustainability management<br>Occupational health and safety<br>Corporate governance approach | | | 57<br>133<br>191<br>194<br>196<br>185 |
| GRI 2-13 | Delegation of responsibility for managing impacts | | — | Corporate governance approach<br>Approach to sustainability management<br>Occupational health and safety | | | 189<br>201<br>202<br>57<br>133 |
| GRI 2-14 | Role of the highest governance body in sustainability reporting | | — | About the Report | | | 231 |
| GRI 2-15 | Conflicts of interest | | — | Business ethics, anti-corruption, and feedback mechanisms | | | 214 |
| GRI 2-16 | Communication of critical concerns | | | Corporate governance approach | | Due to the MMK Group's approach to disclosure in the reporting period, this indicator is disclosed to a limited extent | 201 |
| GRI 2-17 | Collective knowledge of the highest governance body | | | Corporate governance approach | | The Board members are elected based on required skills in line with the Company's strategic priorities, including its focus on sustainability | 187<br>192 |
| GRI 2-18 | Evaluation of the performance of the highest governance body | | — | Corporate governance approach | | | 187 |
| GRI 2-19 | Remuneration policies | | — | Corporate governance approach | | Due to the MMK Group's approach to disclosure in the reporting period, this indicator is disclosed to a limited extent | 203 |
| GRI 2-20 | Process to determine remuneration | | — | Corporate governance approach | | No long-term incentive programme for members of the management bodies approved in the Company. The final remuneration depends on the fulfilment of the set KPIs | 203 |

1 Disclosure of information in accordance with GRI 14 in the current reporting cycle is being implemented in pilot mode.

2 The basic performance indicators of the RSPP are those recommended by the Russian Union of Industrialists and Entrepreneurs (RSPP) for use in the preparation of corporate non-financial reports, as well as in the company management systems to organise monitoring, control and assessment of key performance results. The indicators are included in the Report for 2023 in accordance with the guidelines Reference Performance Indicators. Recommendations for Practice Management and Corporate Non-Financial Reporting Use.

3 Indicators confirmed as part of a limited assurance engagement performed by "Business Solutions and Technologies" Joint Stock Company. See Appendix Independent Limited Assurance Review Report for more details.

# GRI Index Table

| GRI Indicator | | GRI 14: Mining Sector[1] | Baseline performance RSPP indicators[2] | Report Section | Confirmed indicators[3] | Comments | Page |
|---|---|---|---|---|---|---|---|
| GRI 2-21 | Annual total compensation ratio | | — | | | Due to the MMK Group's approach to disclosure, the indicator is not disclosed in the reporting period | |
| **4. Strategy, policies, and practices** | | | | | | | |
| GRI 2-22 | Statement on sustainable development strategy | | — | Message from Chairman of the Board of Directors of PJSC MMK<br>Message from MMK Chief Executive Officer | | | 3<br>4 |
| GRI 2-23 | Policy commitments | | 1.1. Basic business conduct principles | Approach to sustainability management<br>Corporate governance approach<br>Responsible practices | | | 58<br>185<br>186<br>215<br>224 |
| GRI 2-24 | Embedding policy commitments | | — | Approach to sustainability management<br>Corporate governance approach<br>Responsible practices | | | 58<br>185<br>186 |
| GRI 2-25 | Processes to remediate negative impacts | | — | Business ethics, anti-corruption, and feedback mechanisms | | | 212 |
| GRI 2-26 | Mechanisms for seeking advice and raising concerns | | — | Business ethics, anti-corruption, and feedback mechanisms | | | 212 |
| GRI 2-27 | Compliance with laws and regulations | | — | Approach to environmental management<br>Respect for human rights | | | 95<br>162 |

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| GRI 2-28 | Membership associations | | 3.3.5 Participation in nongovernmental organisations (e.g., industrial or sectoral) and/or national and international organisations that are related to the company's interests | Sustainability management | | | 75 |
| **5. Stakeholder engagement** | | **Aspect: Employee-Management Relations** | | | | | |
| GRI 2-29 | Approach to stakeholder engagement | | — | Sustainability management<br>Responsible practices | | | 70<br>225 |
| GRI 2-30 | Collective bargaining agreements | | 3.1.4. Coverage by collective bargaining agreements | Respect for human rights | | | 162 |
| **GRI 3: Material Topics 2021** | | | | | | | |
| GRI 3-1 | Process to determine material topics | | — | About the Report<br>Sustainability management | | | 230<br>74 |
| GRI 3-2 | List of material topics | | — | About the Report<br>Sustainability management | | | 231<br>74 |
| **ECONOMIC PERFORMANCE** | | | | | | | |
| GRI 3-3 | Management of material topics | | — | Direct economic value generated and distributed | | | 210 |
| **GRI 201 (2016)** | **Economic Performance** | | **Aspect: Economic Performance** | | | | |
| GRI 201-1 | Direct economic value generated and distributed | | 1.2. Volume of sales (works, services)<br>1.3. Accrued taxes and other mandatory deductions<br>1.4. Payroll costs<br>1.5. Asset investment<br>1.6. Payments to capital providers | Economic value | | | 210 |
| **GRI 207 (2019)** | **Tax** | | | | | | |
| GRI 207-1 | Approach to tax | | — | Tax Policy | | | 210 |
| GRI 207-2 | Tax governance, control, and risk management | | — | Tax Policy | | | 210 |

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| GRI 207-3 | Stakeholder engagement and management of concerns related to tax | | — | Tax Policy | | | 211 |
| GRI 207-4 | Country-by-country reporting | | — | | | The indicator is not disclosed, as information is not available | |
| **GOVERNANCE** | | | | | | | |
| GRI 3-3 | Management of material topics | | — | Governance | | | 185 |
| **GRI 403 (2018)** | **Occupational Health and Safety** | | — | | | | |
| GRI 403-4 | Worker participation, consultation, and communication on occupational health and safety | 14.16.5 | — | Corporate governance approach | | | 200 |
| **INNOVATION AND DIGITALISATION** | | | | | | | |
| GRI 3-3 | Management of material topics | | — | Innovation, research, and digitalisation | | | 217 |
| **ANTI-CORRUPTION AND ETHICS** | | | | | | | |
| GRI 3-3 | Management of material topics | 14.22.1 | — | Business ethics, anti-corruption, and feedback mechanisms | | | 212 |
| **GRI 205 (2016)** | **Anti-corruption** | | | | | | |
| GRI 205-1 | Operations assessed for risks related to corruption | | — | Business ethics, anti-corruption, and feedback mechanisms | | | 213 |
| GRI 205-2 | Communication and training about anti-corruption policies and procedures | | — | Business ethics, anti-corruption, and feedback mechanisms | | In the reporting year, the members of senior management bodies (Board of Directors, CEO, Management Board) did not undergo anti-corruption training<br>In the reporting year, 325 specialists received anti-corruption training. Other categories of employees did not undergo this training<br>The share of employees trained in anti-corruption issues amounted to 1.89% | 213 |

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| GRI 205-3 | Confirmed incidents of corruption and actions taken | | — | Business ethics, anti-corruption, and feedback mechanisms | | | 213 |
| **INFORMATION SECURITY** | | | | | | | |
| GRI 3-3 | Management of material topics | | — | Information security and cyber risks | | | 215 |
| **RESPONSIBLE SUPPLY CHAIN** | | | | | | | |
| GRI 3-3 | Management of material topics | 14.9.1 | — | Procurement and supply chain management | | | 226 |
| **GRI 204 (2016)** | **Procurement Practices** | | | | | | |
| GRI 204-1 | Proportion of spending on local suppliers | | — | Supplier engagement | | | 227 |
| **GRI 408 (2016)** | **Child Labour** | | | | | | |
| GRI 408-1 | Operations and suppliers at significant risk for incidents of child labour | | — | | | The MMK Group does not allow the use of child labour | |
| **GRI 409 (2016)** | **Forced or Compulsory Labour** | | | | | | |
| GRI 409-1 | Operations and suppliers at significant risk for incidents of forced or compulsory labour | | — | | | The MMK Group does not allow the use of forced or compulsory labour | |
| | | 14.22.5 | | | | Trade secret | |
| **PRODUCT QUALITY AND SAFETY** | | | | | | | |
| GRI 3-3 | Management of material topics | | — | Product quality and customer relations | | | 224 |
| **HUMAN RESOURCE ENGAGEMENT** | | | | | | | |
| GRI 3-3 | Management of material topics | 14.9.1 | — | Our employees | | | 145 |
| **GRI 202 (2016)** | **Market Presence** | | | | | | |
| GRI 202-1 | Ratios of standard entry level wage by gender compared to local minimum wage | | — | Motivation and remuneration | | | 155 |

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| GRI 202-2 | Proportion of senior management hired from the local community | 14.21.2 | — | Structure and employment | | | 147 |
| **GRI 401 (2016)** | **Employment** | | **Aspect: Employment** | | | | |
| GRI 401-1 | New employee hires and employee turnover | | 3.1.2 Employee turnover | Structure and employment | V | | 147 |
| GRI 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | | | Social Policy | | | 159 |
| | | 14.9.6 | — | Structure and employment | | | 147 |
| **GRI 404 (2016)** | **Training and Education** | | **Aspect: Labour/Management Relations** | | | | |
| GRI 404-1 | Average hours of training per year per employee | | 3.1.10. Number of hours of training per employee | Training and education | V | | 157 |
| GRI 404-2 | Programmes for upgrading employee skills and transition assistance programmes | | — | Training and education | | | 157<br>159 |
| **GRI 405 (2016)** | **Diversity and Equal Opportunity** | | **Aspect: Labour/Management Relations** | | | | |
| GRI 405-1 | Diversity of governance bodies and employees | 14.21.5 | 3.1.12. Participation of women in management bodies | Structure and employment<br>Diversity and equal opportunities | V | | 147<br>148<br>149 |
| **HUMAN RIGHTS AND EQUAL OPPORTUNITIES** | | | | | | | |
| GRI 3-3 | Management of material topics | 14.11.1,<br>14.12.1 | — | Respect for human rights | | | 162 |
| **GRI 406 (2016)** | **Non-discrimination** | | | | | | |
| GRI 406-1 | No discrimination | | — | Respect for human rights | | | 162 |
| **GRI 411 (2016)** | **Rights of Indigenous Peoples** | | | | | | |
| GRI 411-1 | Incidents of violations involving rights of indigenous peoples | 14.11.2 | — | Respect for human rights | | | 162 |
| | | 14.11.3 | | | | | 162 |

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| | | 14.11.4 | | | | | 162 |
| | | 14.20.3 | | | | | 162 |
| **WATER MANAGEMENT** | | | | | | | |
| GRI 3-3 | Management of material topics | | — | Water management | | | 109 |
| **GRI 303 (2018)** | **Water and Effluents** | | **Aspect: Water** | | | | |
| GRI 303-1 | Interactions with water as a shared resource | | — | Water management | | | 109<br>113 |
| GRI 303-2 | Management of water discharge- related impacts | | | Water management | | | 109<br>113 |
| GRI 303-3 | Water withdrawal | 14.7.4 | | Water management | V | The volume of rainwater is not taken into account in the total water withdrawal for the Group. In 2024, the collected rainwater at MMK Metalurji in Dilovasi amounted to 6.29 thousand m³<br><br>Produced water generation is not disclosed for the Group, since this water type is not typical for the Group<br><br>Water withdrawal at Agapovskaya industrial site for the reporting year by source:<br>• underground water bodies, fresh water withdrawal – 29.87 Ml (Malyi Kuybas well)<br>• other sources (quarry and mine water intake), fresh water intake – 13,997.57 Ml (quarry water from Limestone Quarry dewatering wells); 4,792.12 Ml (quarry water from Limestone Quarry dewatering wells); 2,783.09 Ml (quarry water from Dolomite Quarry dewatering wells) | 110<br>111<br>115 |

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| GRI 303-4 | Water discharge | 14.7.5 | 2.7. Waste water effluents<br>2.7.2. Pollutant effluent | Water management | | The approach to identifying key pollutants in discharged effluents is not disclosed; key pollutants in waste water is not disclosed; the number of instances when the established standards on discharges of pollutants have been exceeded is not disclosed<br><br>Wastewater discharge at the Agapovskaya industrial site by receiving facilities for the reporting year:<br>• surface water bodies, fresh water discharge – 13,997.57 Ml (wastewater discharge into the Ural River, Outlet No. 4 from the Limestone Quarry); 4,792.12 Ml (wastewater discharge into the Sukhaya River, Outlet No. 9 from the Limestone Quarry); 1,413.31 Ml (wastewater discharge into the Sukhaya River, Outlet No. 5 from the Dolomite Quarry) | 112<br>115 |
| GRI 303-5 | Water consumption | 14.7.6 | 2.3. Fresh water consumption for own needs | Water management | | Water consumption by all sources is not disclosed for the Group (only the aggregate value is disclosed)<br><br>Water consumption in water scarce region (Turkey) not disclosed<br><br>No change in water reserves is disclosed for the Group<br><br>Water consumption at the Agapovskaya industrial site in the reporting year amounted to 1,399.65 Ml | 111 |
| **BIODIVERSITY** | | | | | | | |
| GRI 3-3 | Management of material topics | | — | Biodiversity conservation | | | 128 |
| **GRI 304 (2016)** | **Biodiversity** | | | | | | |
| GRI 304-1 | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | | — | Biodiversity conservation | | | 129 |
| GRI 304-2 | Significant impacts of activities, products and services on – biodiversity | | — | Biodiversity conservation | | Significant direct and indirect positive impacts on biodiversity are not disclosed | 128 |
| GRI 304-4 | IUCN Red List species and national conservation list species with habitats in areas affected by operations | | — | Biodiversity conservation | | | 129 |

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| **USE OF RESOURCES AND WASTE MANAGEMENT** | | | | | | | |
| GRI 3-3 | Management of material topics | | — | Water management | | | 117<br>124<br>125 |
| **GRI 301 (2016)** | **Materials** | | | | | | |
| GRI 301-1 | Materials used by weight or volume | | — | Efficient use of resources and waste management | | | 117 |
| GRI 301-2 | Recycled input materials used | | — | Efficient use of resources and waste management | | | 117 |
| **GRI 304 (2016)** | **Biodiversity** | | | | | | |
| GRI 304-3 | Habitats protected or restored | | — | Efficient use of resources and waste management | | Information on the external assessment of the effectiveness of the measures taken to restore affected lands is not disclosed | 125 |
| **GRI 306 (2020)** | **Waste** | | | | | | |
| GRI 306-1 | Waste generation and significant waste-related impacts | | — | Efficient use of resources and waste management | | | 118 |
| GRI 306-2 | Management of significant waste-related impacts | | — | Efficient use of resources and waste management | | | 123<br>125 |
| GRI 306-3 | Waste generated | 14.5.4 | — | Efficient use of resources and waste management | V | In the reporting year, the following waste was generated at the Agapovskaya industrial site:<br>• hazardous waste - 2.07 tonnes (hazard class III)<br>• non-hazardous waste - 167.32 tonnes (hazard class IV),,<br>• 814,706.26 tonnes (hazard class V) | 119 |

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| GRI 306-4 | Waste diverted from disposal | 14.5.5 | — | Efficient use of resources and waste management | | No breakdown by preparation for reuse and recycling (total by waste type only)<br><br>In the reporting year, the amount of waste recycled at the Agapovskaya industrial site was as follows:<br>• hazardous waste – 2.07 tonnes (in-house)<br>• non-hazardous waste -369.46 tonnes (in-house), 82.8 tonnes (transfer to third parties) | 121<br>122 |
| GRI 306-5 | Waste directed to disposal | 14.5.6 | 2.8. Waste volume<br>2.8.1. Unit waste in natural units | Efficient use of resources and waste management | | The amount of waste directed to disposal at the Agapovskaya industrial site in the reporting year was as follows:<br>• non-hazardous waste – 4 tonnes (transferred to disposal), 814,336 tonnes (storage at own facilities), 79.1 tonnes (disposal at municipal landfill). | 121<br>122 |
| | | 14.0.1 | | | | The production site is the Agapovskaya industrial site, which includes the Malyi Kuybas quarry, the Agapovskoe flux limestone deposit and the Lisyegorskoe metallurgical dolomite deposit. The Agapovskaya industrial site is located in the Chelyabinsk region, with a total area of 976.66 ha | 125 |
| | | 14.8.4 | | | | | 125 |
| | | 14.8.5 | | | | | 125 |
| | | 14.8.6 | | | | In the reporting year, 0 ha of disturbed land was reclaimed at the Agapovskaya industrial site | 125 |
| | | 14.8.7 | | | | | 125 |
| **AIR EMISSIONS** | | | | | | | |
| GRI 3-3 | Management of material topics | | — | Air protection | | | 101<br>105 |
| **GRI 305 (2016)** | **Emissions** | | | | | | |
| GRI 305-6 | Emissions of ozone-depleting substances (ODS) | | — | | | The Group does not use any ozone- depleting substances | |

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| GRI 305-7 | Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions | 14.3.2 | 2.6. Pollutant atmospheric emissions<br>2.6.1. Unit pollutant emissions in natural units | Air protection | V | To estimate pollutant emissions from organised sources, data on the amount of air pollutant emissions per unit of time determined by the results of industrial environmental control performed by the Environmental Protection Laboratory and the Centre for Laboratory Analysis and Technical Measurements are used. The results of the control are used to determine the weight of emissions during the actual working hours of the respective source. Calculations of emissions from non-organised sources are made on the basis of the standards and actual operating hours of the equipment<br><br>Atmospheric emissions at the Agapovskaya industrial site in the reporting year were as follows::<br>• $NO_x$ – 86.612 tonnes<br>• $SO_x$ – 0.409 tonnes<br>• solid particles (dust) – 604.275 tonnes<br>• $VOC_s$ – 10.88 tonnes<br>• HAP – 0.57 tonnes (MnO)<br>• CO – 74.37 tonnes | 108 |
| **GHG EMISSIONS AND CLIMATE CHANGE** | | | | | | | |
| GRI 3-3 | Management of material topics | 14.2.1 | — | Climate change | | | 80<br>81<br>83 |
| **GRI 305 (2016)** | **Emissions** | | | | | | |
| GRI 305-1 | Direct (Scope 1) GHG emissions | 14.1.5 | 2.5. GHG emissions | Climate change | | Gross emissions for the Group: $CO_2$: 26.0 million tonnes, $CH_4$: 1.5 million tonnes of $CO_2$-eq; $N_2O$ emissions: 24 tonnes of $CO_2$-eq<br><br>Biogenic emissions are not disclosed due to their absence<br><br>Global warming potential rates according to the Fifth Assessment Report of the IPCC were used<br><br>18,085 tonnes – scope 1 for Agapovskaya industrial site taking into account mobile diesel fuel combustion on heavy quarry equipment owned by ATU LLC | 84 |

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| GRI 305-2 | Energy indirect (Scope 2) GHG emissions | 14.1.6 | 2.5. GHG emissions | Climate change | | Market-based Scope 2 emissions are not disclosed due to the lack of calculation<br><br>Only $CO_2$ emissions are taken into account in the calculation<br><br>The rate of GHG emissions from external electric power sources (Scope 2) was calculated using the publicly available data of the IEA and the System Operator of the Unified Energy System of Russia<br><br>3,506 tonnes – Scope 2 for Agapovskaya industrial site | 84 |
| GRI 305-3 | Other indirect (Scope 3) GHG emissions | | 2.5. GHG emissions | Climate change | | Only $CO_2$ emissions are taken into account in the calculation<br><br>Biogenic emissions are not disclosed due to their absence<br><br>Emission factors for the Scope 3 emissions calculations were taken from the publicly available data (2006 IPCC Guidelines for National Greenhouse Gas Inventories: Chapter 4: Metal industry emissions; Order No. 371 of the Ministry of Natural Resources and Environment of the Russian Federation dated 27 May 2022 and other open sources)<br><br>In accordance with the applied methodology, Scope 3 is calculated for the MMK Group as a whole | 84 |
| GRI 305-4 | GHG emissions intensity | 14.1.8 | | Climate change | | Intensity calculation includes emissions from Scope 1 and Scope 2, excluding heat supply to third-party consumers.<br><br>Specific GHG emissions at the Agapovskaya industrial site for the reporting period:<br><br>• 0.00166 tonnes of $CO_2$ – eq/t of steel (Scope 1)<br>• 0.00198 tonnes of $CO_2$ – eq/t of steel (Scope 1 and Scope 2) | 84 |

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| GRI 305-5 | GHG emissions intensity | | — | Climate change | | The following gases were taken into account when determining GHG emissions: CO2, CH4, N2O<br><br>2023 is the baseline year for determining greenhouse gas emission reductions<br><br>Reduced emissions are classified as direct (Scope 1) GHG emissions | 84 |
| **ENERGY CONSUMPTION AND EFFICIENCY** | | | | | | | |
| GRI 3-3 | Management of material topics | | — | Energy consumption and efficiency | | | 86 |
| **GRI 302 (2016)** | **Energy** | | | | | | |
| GRI 302-1 | Energy consumption within the organisation | | — | Energy consumption and efficiency | V | The value of cooling is not disclosed, since its consumption is not typical for the Group<br><br>The value of cooling is not disclosed, since its sale is not typical for the Group | 92 |
| GRI 302-2 | Energy consumption outside of the organisation | | — | | | Energy consumption outside the organisation is not recorded due to the large number of the Company's counterparties | |
| GRI 302-3 | Energy intensity | | 2.2.1. Unit energy consumption in natural units | Energy consumption and efficiency | | | 92 |
| GRI 302-4 | Reduction of energy consumption | | — | Energy consumption and efficiency | | | 90<br>91 |
| **OCCUPATIONAL HEALTH AND SAFETY** | | | | | | | |
| GRI 3-3 | Management of material topics | 14.15.1, 14.16.1 | — | Occupational health and safety | | | 133<br>142 |
| **GRI 403 (2018)** | **Occupational Health and Safety** | | **Aspect: Employee–Management Relations** | | | | |
| GRI 403-1 | Occupational health and safety management system | 14.16.2 | — | Approach to occupational health and safety management<br>Promoting a safety culture | | | 134<br>141 |

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| GRI 403-2 | Hazard identification, risk assessment, and incident investigation | 14.16.3 | — | Prevention of occupational injuries | | | 135<br>136<br>137 |
| GRI 403-3 | Occupational health services | 14.16.4 | — | Health protection and prevention of occupational diseases | | | 142 |
| GRI 403-4 | Worker participation, consultation, and communication on occupational health and safety | 14.16.5 | — | Promoting a safety culture | | | 139<br>200 |
| GRI 403-5 | Worker training on occupational health and safety | 14.16.6 | — | Promoting a safety culture | | | 140 |
| GRI 403-6 | Promotion of worker health | 14.16.7 | — | Health protection and prevention of occupational diseases | | | 142 |
| GRI 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 14.16.8 | — | Promoting a safety culture | | | 141 |
| GRI 403-8 | Workers covered by an occupational health and safety management system | 14.16.9 | — | Approach to occupational health and safety management | | 100% of the Group's employees and contractors are covered by OHS Management System<br><br>100% of the Group's employees are covered by an internally audited OHS Management System. Information on the coverage of contractors' employees is not consolidated<br><br>50% of the Group's employees are covered by an externally audited OHS Management System. Information on the coverage of contractors' employees is not consolidated | 133 |
| GRI 403-9 | Work-related injuries | 14.16.10 | 3.1.5. Rate of occupational injuries<br>3.1.6. Number of work-related fatalities | Prevention of occupational injuries | V | Total fatal accident rate (FAR) among employees:<br>• for the Group excluding MMK Metalurji – 0.04<br>• for MMK Metalurji – 0<br><br>The rate of work-related serious injuries among employees:<br>• for the Group excluding MMK Metalurji – FAR = 0.068<br>• for the Group taking into account MMK Metalurji – FAR = 0.34<br><br>The total fatal accident rate (FAR) and the rate of work-related serious injuries among contractors are 0 as there are no fatalities and severe injuries | 137<br>138 |

1 Disclosure of information in accordance with GRI 14 in the current reporting cycle is being implemented in pilot mode.

2 The basic performance indicators of the RSPP are those recommended by the Russian Union of Industrialists and Entrepreneurs (RSPP) for use in the preparation of corporate non-financial reports, as well as in the company management systems to organise monitoring, control and assessment of key performance results. The indicators are included in the Report for 2023 in accordance with the guidelines Reference Performance Indicators. Recommendations for Practice Management and Corporate Non-Financial Reporting Use.

3 Indicators confirmed as part of a limited assurance engagement performed by "Business Solutions and Technologies" Joint Stock Company. See Appendix Independent Limited Assurance Review Report for more details.

# GRI Index Table

| GRI Indicator | | GRI 14: Mining Sector[1] | Baseline performance RSPP indicators[2] | Report Section | Confirmed indicators[3] | Comments | Page |
|---|---|---|---|---|---|---|---|
| GRI 403-10 | Work-related ill health | 14.16.11 | 3.1.7. Number of occupational diseases | Prevention of occupational injuries<br>Health protection and prevention of occupational diseases | | | 135<br>142 |
| | | 14.15.3 | | | | | |
| | | 14.15.4 | | | | | |
| **DEVELOPMENT OF THE REGIONS OF PRESENCE AND LOCAL COMMUNITIES** | | | | | | | |
| GRI 3-3 | Management of material topics | 14.10.1 | — | Development of the regions of presence and local communities | | | 165 |
| **GRI 203 (2016)** | **Indirect Economic Impacts** | | | | | | |
| GRI 203-1 | Infrastructure investments and services supported | 14.9.3 | 1.7. Community investments | Development of the regions of presence and local communities | V | Community needs were not assessed in the reporting year | 165 |
| GRI 203-2 | Significant indirect economic impacts | 14.9.4 | — | Contribution to the socio-economic development of a single-industry town | | In the reporting year, the Company provided training only to its employees and prospective employees | 170 |
| **GRI 413 (2016)** | **Local Communities** | | **Aspect: Community** | | | | |
| GRI 413-1 | Operations with local community engagement, impact assessments, and development programmes | | 3.3.1 Interaction with authorities on public issues of importance (social and economic development issues in areas of presence) | Development of the regions of presence and local communities | | | 165 |
| **Other disclosures** | | | | | | | |
| **GRI 206 (2016)** | **Anti-competitive Behavior** | | | | | | |
| GRI 206-1 | Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | | — | | | No instances of non-compliance with anti-monopoly legislation were identified during the reporting period | |

1 Disclosure of information in accordance with GRI 14 in the current reporting cycle is being implemented in pilot mode.

2 The basic performance indicators of the RSPP are those recommended by the Russian Union of Industrialists and Entrepreneurs (RSPP) for use in the preparation of corporate non-financial reports, as well as in the company management systems to organise monitoring, control and assessment of key performance results. The indicators are included in the Report for 2023 in accordance with the guidelines Reference Performance Indicators. Recommendations for Practice Management and Corporate Non-Financial Reporting Use.

3 Indicators confirmed as part of a limited assurance engagement performed by "Business Solutions and Technologies" Joint Stock Company. See Appendix Independent Limited Assurance Review Report for more details.

# GRI Index Table

| GRI Indicator | | GRI 14: Mining Sector[1] | Baseline performance RSPP indicators[2] | Report Section | Confirmed indicators[3] | Comments | Page |
|---|---|---|---|---|---|---|---|
| **GRI 415 (2016)** | **Public Policy** | | | | | | |
| GRI 415-1 | Political contributions | | — | | | The MMK Group does not provide financial or other support to political parties, organisations and movements with the direct or indirect goal of influencing the adoption of decisions affecting MMK's operations and gaining commercial advantages | |

1 Disclosure of information in accordance with GRI 14 in the current reporting cycle is being implemented in pilot mode.

2 The basic performance indicators of the RSPP are those recommended by the Russian Union of Industrialists and Entrepreneurs (RSPP) for use in the preparation of corporate non-financial reports, as well as in the company management systems to organise monitoring, control and assessment of key performance results. The indicators are included in the Report for 2023 in accordance with the guidelines Reference Performance Indicators. Recommendations for Practice Management and Corporate Non-Financial Reporting Use.

3 Indicators confirmed as part of a limited assurance engagement performed by "Business Solutions and Technologies" Joint Stock Company. See Appendix Independent Limited Assurance Review Report for more details.

# SASB Content Table

| Indicator | | Report Section | Confirmed indicators[1] | Comment | Page |
|---|---|---|---|---|---|
| **ACTIVITY METRICS** | | | | | |
| EM-IS-000.A | Raw steel production, percentage from:<br>(1) basic oxygen furnace processes,<br>(2) electric arc furnace processes | Operational overview | | Crude steel production 11,195 thousand tonnes | 12 |
| EM-IS-000.B | Total iron ore production | Operational overview | | Iron ore production XX 2,149 thousand tonnes | 13<br>23 |
| EM-IS-000.C | Total coking coal production | Operational overview | | Coking coal production XX 3,807 thousand tonnes | 17 |
| **ECOLOGICAL TOPICS** | | | | | |
| **GHG Emissions** | | | | | |
| EM-IS-110a.1 | Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations | Climate change | | Metric of percentage covered under emissions-limiting regulations is not applicable to the Company's activities. | 84 |
| EM-IS-110a.2 | Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets | Climate change | | | 80 |
| **Air Emissions** | | | | | |
| EM-IS-120a.1 | Air emissions of the following pollutants:<br>(1) CO,<br>(2) NOx (excluding N2O),<br>(3) SOx,<br>(4) particulate matter (PM10),<br>(5) manganese (MnO),<br>(6) lead (Pb),<br>(7) volatile organic compounds (VOCs),<br>(8) polycyclic aromatic hydrocarbons (PAHs) | Air protection | | | 108 |
| **Energy Management** | | | | | |
| EM-IS-130a.1 | (1) Total energy consumed,<br>(2) percentage grid electricity,<br>(3) percentage renewable | Energy consumption and efficiency | | | 91 |
| EM-IS-130a.2 | (1) Total fuel consumed,<br>(2) percentage coal,<br>(3) percentage natural gas,<br>(4) percentage renewable | Energy consumption and efficiency | | The indicator (4) percentage of renewable fuel is not applicable to the Company's operations | 91 |
| **Water management** | | | | | |
| EM-IS-140a.1 | (1) Total fresh water withdrawn,<br>(2) percentage recycled,<br>(3) percentage in regions with High or Extremely High Baseline Water Stress | Water management | V | | 111<br>115 |
| **Waste Management** | | | | | |
| EM-IS-150a.1 | Amount of waste generated, percentage hazardous, percentage recycled | Efficient use of resources and waste management | V | | 118<br>119<br>121<br>122<br>124 |
| **SOCIAL TOPIC** | | | | | |
| **Workforce Health & Safety** | | | | | |
| EM-IS-320a.1 | (1) Total recordable incident rate (TRIR)<br>(2) fatality rate, and<br>(3) near miss frequency rate (NMFR) for<br>(a) full-time employees and<br>(b) contract employees | Preventing occupational injuries | | Metric (3) of near miss frequency rate is not disclosed. The process of case recording is under development. Actions are being taken to prevent such situations in the future | 137<br>138 |

1 Indicators confirmed as part of a limited assurance engagement performed by "Business Solutions and Technologies" Joint Stock Company. See Appendix Independent Limited Assurance Review Report for more details.

# Disclosure of indicators in accordance with the recommendations of the Ministry of Economic Development[1]

| Indicator | | Report Section | Comment | Page |
|---|---|---|---|---|
| **Economic indicators** | | | | |
| MED(R)-1 | Revenue | Direct economic value generated and distributed | | 210 |
| MED(R)-2 | Value added | | RUB 302,822 million | |
| MED(R)-3 | Net value added | | RUB 251,384 million | |
| MED(R)-4 | General R & D expenses | R&D | | 221 |
| MED(R)-5 | Personnel performance | Motivation and remuneration | | 156 |
| MED(R)-6 | Statutory payments accrued (excluding fines and penalties), total, including:<br>– taxes and levies<br>– insurance contributions<br>– other statutory payments | | Indicator is not disclosed. The Company plans to consider disclosing the indicator in the future | |
| MED(R)-7 | Statutory payments made (excluding fines and penalties), total, including:<br>– taxes and levies;<br>– insurance contributions; and<br>– other statutory payments. | | RUB 32,300 million in taxes and duties | |
| MED(R)-8 | Share of Russian goods, work and services in total purchases of goods, work and services | Supplier engagement | | 227 |
| MED(R)-9 | Share of goods, work and services purchased from SMEs in total purchases from Russian entities | | Indicator is not disclosed. The Company plans to consider disclosing the indicator in the future | |
| MED(R)-10 | Sustainable, including green, investments | | Indicator is not disclosed. The Company plans to consider disclosing the indicator in the future | |
| MED(R)-11 | Investments in projects related to achieving technological sovereignty and structural adaptation of Russia's economy | | No investments | |
| MED(R)-12 | Indicator of economic vulnerability of economic and other activity to climate risks | | Indicator is not disclosed. The Company plans to consider disclosing the indicator in the future | |
| **Environmental indicators** | | | | |
| MED(R)-13 | Water consumption from all water supply sources | Water management | | 111 |
| MED(R)-14 | Recycled and reused water supply | Water management | Data on absolute values and share of recycled water supply XX given | 114 |
| MED(R)-15 | Contaminated wastewater discharge, total, including untreated wastewater | Water management | | 112 |
| MED(R)-16 | Water use efficiency (specific water consumption) | Water management | | 111 |
| MED(R)-17 | Waste of hazard classes I–V generated, total, including: class I; class II; class III; class IV; and class V. | Efficient use of resources and waste management | Data are given in total for a group of hazardous wastes (I, II and III waste hazard classes) and non- hazardous wastes (IV and V waste hazard classes) | 118 |
| MED(R)-18 | Waste of hazard classes I–V managed, total, including by category:<br>– waste recovered;<br>– waste neutralised;<br>– waste landfilled;<br>– waste reused;<br>– waste recycled; and<br>– waste generation reduced | Efficient use of resources and waste management | | 119 |
| MED(R)-19 | Air pollutant emissions from stationary sources | Air protection | Data are provided without a breakdown by emissions from stationary sources | 108 |
| MED(R)-20 | GHG Emissions | Climate change | | 84 |

1 The indicators are presented in accordance with Order No. 764 of the Ministry of Economic Development dated 1 November 2023 "On Approval of Methodological Recommendations for the Preparation of Sustainable Development Reporting".

# Disclosure of indicators in accordance with the recommendations of the Ministry of Economic Development[1]

| Indicator | | Report Section | Comment | Page |
|---|---|---|---|---|
| MED(R)-21 | Expenses on implementing environmental protection measures, total, including:<br>- atmospheric air protection and climate change prevention;<br>- wastewater collection and treatment;<br>- waste management; and<br>- conservation of biodiversity and protection of natural areas | Approach to environmental management<br>Biodiversity conservation<br>Climate change | | 95<br>128<br>80 |
| MED(R)-22 | Renewable and low-carbon energy consumption | Energy consumption and efficiency | | 92 |
| MED(R)-23 | Energy efficiency: energy consumption per unit of net value added | Energy consumption and efficiency | | 92 |
| **Social indicators** | | | | |
| MED(R)-24 | Payroll expenses, total | Motivation and remuneration | | 155 |
| MED(R)-25 | Average headcount, total, including the number of disabled persons | Structure and employment<br>Diversity and equal opportunities | | 147<br>149 |
| MED(R)-26 | Average salary, total, including:<br>- by occupation groups<br>- by gender, and<br>- by age groups | Motivation and remuneration | Average salary by age group not collected | 155 |
| MED(R)-27 | Expenses on occupational health and safety events, total, including on average per employee | Preventing occupational injuries | | 135 |
| MED(R)-28 | Expenses on organising and holding social, fitness, recreational and medical events for employees and their family members | Social policy | | 160 |
| MED(R)-29 | Number of occupational accident victims with disability for one or more working days and with fatal outcome, including fatalities | Preventing occupational injuries | | 137 |
| MED(R)-30 | Expenses on employees training, total, including on average per employee | Training and education | | 157 |
| MED(R)-31 | Average hours of training per year per employee by occupation group | Training and education | | 157 |

| Indicator | | Report Section | Comment | Page |
|---|---|---|---|---|
| MED(R)-32 | Share of employees covered by collective bargaining agreements in the average headcount | Respect for human rights | | 162 |
| MED(R)-33 | Employee turnover rate | Structure and employment | The Company uses the following approach to calculating the turnover: Turnover = (employees who leave the organisation voluntarily or due to dismissal, retirement, or death in service) / Average headcount | 147 |
| MED(R)-34 | Contributions to social programmes not aimed at employees and their family members, total, including:<br>- charitable housing programmes<br>- in healthcare<br>- in education;<br>- in support for citizens in need of social assistance | Development of the regions of presence and local communities | | 165 |
| **Governance indicators** | | | | |
| MED(R)-35 | Availability of the sustainability policy and/or other related strategic documents | Approach to sustainability management | | 58 |
| MED(R)-36 | Number of Board meetings and attendance rate | Corporate governance approach | | 192 |
| MED(R)-37 | Number of Board members, total, including by age group | Corporate governance approach | | 191 |
| MED(R)-38 | Number of Audit Committee meetings and attendance rate | Corporate governance approach | | 196 |
| MED(R)-39 | Participation in ESG indices and ratings | Sustainability management | | 76 |
| MED(R)-40 | Number of recorded cases of infringing the rights of indigenous minorities of the Russian Federation | Respect for human rights | | 162 |
| MED(R)-41 | Share of employees holding positions exposed to high corruption risk | | 1,073 of MMK employees holding positions exposed to high corruption risk | |
| MED(R)-42 | Average hours of anti-corruption training per employee | | 0.004 man-hours Average hours of anti-corruption training per employee | |

1 The indicators are presented in accordance with Order No. 764 of the Ministry of Economic Development dated 1 November 2023 "On Approval of Methodological Recommendations for the Preparation of Sustainable Development Reporting".

# Disclosure of indicators in accordance with the recommendations of the Ministry of Economic Development[1]

| Indicator | | Report Section | Comment | Page |
|---|---|---|---|---|
| MED(R)-43 | Number of cases when the organisation, its subsidiaries and associates were held administratively liable for corruption-related offences | | No cases in the reporting year | |
| MED(R)-44 | Share of female managers in the total number of managers, total, including on the Board of Directors (Supervisory Board) | Diversity and equal opportunities<br>Corporate governance approach | | 148<br><br>191 |

1 The indicators are presented in accordance with Order No. 764 of the Ministry of Economic Development dated 1 November 2023 “On Approval of Methodological Recommendations for the Preparation of Sustainable Development Reporting”.

# Disclosure of the Company's contribution to the national development goals of the Russian Federation[1]

| Indicator | | Report Section | Comment | Page |
|---|---|---|---|---|
| **1. Preservation of the population, promotion of health and well-being, family support** | | | | |
| MED(NG)-1.1 | Expenses of the organisation to implement family and parenthood support programmes | Social Policy | | 159 |
| MED(NG)-1.2 | Ratio of the organisation's expenses to implement family and parenthood support programmes to the organisation's total management expenses | | 0.01% The ratio of the MMK Group expenses on family and parenthood support programmes to the Company's total management expenses | |
| MED(NG)-1.3 | Ratio of the organisation's expenses to implement occupational health and safety measures to the organisation's total management expenses | Preventing occupational injuries | | 135 |
| MED(NG)-1.4 | The organisation's expenses on supporting the health of employees and local community members, including:<br>a) the organisation's expenses on supporting the health of employees;<br>b) the organisation's expenses on supporting the health of local community members | Social Policy | RUB 678.4 million – the Company's total expenses to support the health of employees and local community members | 159 |
| MED(NG)-1.5 | Ratio of the organisation's expenses on supporting the health of employees and local community members, including:<br>a) the ratio of the organisation's expenses on supporting the health of employees to the total amount of the organisation's management expenses;<br>b) the ratio of the organisation's expenses on supporting the health of local community members to the total amount of the organisation's management expenses | | 3% The ratio of the MMK Group expenses on family and parenthood support programmes to the Company's total management expenses<br>a) 2.8% b) 0.23% | |
| MED(NG)-1.6 | Expenses of the organisation to develop healthcare infrastructure | Contribution to the socio-economic development of a single-industry town | | 171 |
| MED(NG)-1.7 | Ratio of the organisation's expenses to develop healthcare infrastructure to the organisation's total management expenses | | 0.23% The ratio of the MMK Group expenses on healthcare infrastructure development to the Company's total management expenses | |
| MED(NG)-1.8 | Expenses of the organisation to support socially vulnerable groups of people | Development of the regions of presence and local communities | | 178 |
| MED(NG)-1.9 | Ratio of the organisation's expenses to support socially vulnerable groups of people to the organisation's total management expenses | | 3% The ratio of the MMK Group expenses to support socially vulnerable groups of people to the Company's total management expenses | |
| MED(NG)-1.10 | Expenses of the organisation to promote grassroots sports | Development of the regions of presence and local communities | | 176 |
| MED(NG)-1.11 | Ratio of the organisation's expenses to promote grassroots sports to the organisation's total management expenses | | 0.02% The ratio of the MMK Group expenses to promote grassroots sports to the Company's total management expenses | |
| MED(NG)-1.12 | Expenses of the organisation under programmes to provide financial assistance to employees in difficult life situations | | RUB 38.3 million | |
| MED(NG)-1.13 | Ratio of the organisation's expenses under programmes to provide financial assistance to employees in difficult life situations to the organisation's total management expenses | | 0.002% –the ratio of the MMK Group expenses under programmes to provide financial assistance to employees in difficult life situations to the Company's total management expenses | |
| **2. Realisation of the potential of each individual, talent development, and fostering a patriotic and socially responsible personality** | | | | |
| MED(NG)-2.1 | Expenses of the organisation aimed at supporting education, including:<br>a) the organisation's expenses aimed at supporting general education organisations;<br>b) the organisation's expenses aimed at supporting organisations implementing secondary vocational education programmes;<br>c) the organisation's expenses on programmes and activities aimed at professional orientation of children and young people;<br>d) the organisation's expenses aimed at supporting additional education for children and young people;<br>e) the organisation's expenses aimed at supporting higher education organisations | Attracting and retaining employees | a) RUB 4 million<br>b) RUB 50.7 million<br>c) RUB 241 million<br>d) no expenses<br>e) RUB 36 million | 152 |

1 In disclosing information, the MMK Group was guided by the Draft Resolution of the Government of the Russian Federation» On the Standard for Reporting on Sustainable Development and Requirements to the System for Verifying the Compliance of Organisations with the Standard of Public Business Capital» (prepared by the Ministry of Economic Development of Russia on 16 September 2024).

# Disclosure of the Company's contribution to the national development goals of the Russian Federation[1]

| Indicator | | Report Section | Comment | Page |
|---|---|---|---|---|
| MED(ND)-2.2 | Ratio of the organisation's expenses aimed at supporting education to the total amount of the organisation's management expenses, including:<br>a) the ratio of the the organisation's expenses aimed at supporting general education organisations to the total amount of the organisation's management expenses;<br>b) the ratio of the organisation's expenses aimed at supporting organisations implementing secondary vocational education programmes to the total amount of the organisation's management expenses;<br>c) the ratio of the organisation's expenses on programmes and activities aimed at professional orientation of children and young people to the total amount of the organisation's management expenses;<br>d) the ratio of the organisation's expenses aimed at supporting additional education for children and young people to the total amount of the organisation's management expenses;<br>e) the ratio of the organisation's expenses aimed at supporting higher education organisations to the total amount of the organisation's management expenses | | 1.5% The ratio of the MMK Group expenses aimed at supporting education to the total amount of the Company's management expenses<br>a) 0.02%<br>b) 0.22%<br>c) 1.07%<br>d) no expenses<br>e) 0.16% | |
| MED(NG)-2.3 | Ratio of expenses for research and/or development to the total amount of the organisation's management expenses | R & D | | 221 |
| MED(NG)-2.4 | Expenses of the organisation to finance initiatives and projects aimed at fostering traditional Russian spiritual, moral, cultural and historical values | | No investments | |
| MED(NG)-2.5 | Ratio of the organisation's expenses to finance initiatives and projects aimed at fostering traditional spiritual, moral, cultural and historical values to the organisation's total management expenses | | No investments | |
| MED(NG)-2.6 | The ratio of the organisation's expenses to implement projects aimed at enhancing the tourism appeal of the Russian Federation to the organisation's total management expenses | | 0.04% The ratio of the MMK Group expenses to implement projects aimed at enhancing the tourism appeal of the Russian Federation to the organisation's total management expenses | |
| MED(NG)-2.7 | Volunteering expenses of the organisation | Development of the regions of presence and local communities | | 180 |
| MED(NG)-2.8 | Ratio of the organisation's volunteering expenses to the organisation's total management expenses | | 0.05% The ratio of the MMK Group volunteering expenses to the Company's total management expenses | |
| MED(NG)-2.9 | Expenses of the organisation to develop infrastructure for culture, art and folk art | Development of the regions of presence and local communities | | 177 |
| MED(NG)-2.10 | Ratio of the organisation's expenses to develop infrastructure for culture, art and folk art to the organisation's total management expenses | | 0.91% The ratio of the MMK Group expenses to develop infrastructure for culture, art and folk art to the Company's total management expenses | |
| **3. Comfortable and safe environment for living** | | | | |
| MED(NG)-3.1 | The organisation's expenses on improving the living conditions of employees/local community members, including:<br>a) the organisation's expenses on improving the living conditions of employees<br>b) the organisation's expenses on improving the living conditions of local community members | Social Policy | The Company does not allocate investments to improve the living conditions of local community members | 160 |
| MED(NG)-3.2 | Ratio of the organisation's expenses on improving the living conditions of employees/ local community members to the organisation's total management expenses, %, including:<br>a) the ratio of the organisation's expenses on improving the living conditions of employees to the total amount of the organisation's management expenses, %<br>b) the ratio of the organisation's expenses on improving the living conditions of local community members to the total amount of the organisation's management expenses | | 0.5% The ratio of the organisation's expenses on improving the living conditions of employees/local community members to the organisation's total management expenses | |
| MED(NG)-3.3 | Expenses of the organisation related to improvement and comprehensive development of cities and other settlements | Contribution to the socio-economic development of a single-industry town | | 166 |
| MED(NG)-3.4 | Ratio of the organisation's expenses related to improvement and comprehensive development of cities and other settlements to the organisation's total management expenses | | 0.04% The ratio of the MMK Group related to improvement and comprehensive development of cities and other settlements to the Company's total management expenses | |

1 In disclosing information, the MMK Group was guided by the Draft Resolution of the Government of the Russian Federation» On the Standard for Reporting on Sustainable Development and Requirements to the System for Verifying the Compliance of Organisations with the Standard of Public Business Capital» (prepared by the Ministry of Economic Development of Russia on 16 September 2024).

# Disclosure of the Company's contribution to the national development goals of the Russian Federation[1]

| Indicator | | Report Section | Comment | Page |
|---|---|---|---|---|
| MED(NG)-3.5 | Expenses of the organisation to improve the quality of roads | | No investments | |
| MED(NG)-3.6 | Ratio of the organisation's expenses to improve the quality of roads to the organisation's total management expenses | | No investments | |
| MED(NG)-3.8 | Payments for emissions, pollutant discharges or waste disposal in excess of the established limits, and the percentage of such payments in the total amount of environmental fees | Approach to environmental management | | 98 |
| MED(NG)-3.9 | Environmental fines paid | Approach to environmental management | | 95 |
| MED(NG)-3.10 | Paid compensation for damages caused to the environment or certain components of the natural environment (land, water bodies, forests, wildlife, etc.). | Approach to environmental management | In the reporting year, there were no accidents resulting in environmental damage at the MMK Group enterprises | 95 |
| MED(NG)-3.11 | Expenses of the organisation to carry out major repairs of buildings of preschool and other general education institutions | Attracting and retaining employees | | 152 |
| MED(NG)-3.12 | Ratio of the organisation's expenses to carry out major repairs of buildings of preschool and other general education institutions to the organisation's total management expenses | | 0.02% | |
| **4. Environmental well-being** | | | | |
| MED(NG)-4.1 | Ratio of the organisation's expenses to implement environmental protection measures to the organisation's total management expenses | Approach to environmental management | | 98 |
| **5. Sustainable and dynamic economy** | | | | |
| MED(NG)-5.1 | Ratio of the organisation's employee training expenses to the organisation's total management expenses | Training and education | | 157 |
| MED(NG)-5.2 | Expenses for corporate non-state pension and/or long-term savings schemes | | Indicator is not disclosed. The Company plans to consider disclosing the indicator in the future | |
| MED(NG)-5.3 | Ratio of expenses for corporate non-state pension and/or long-term savings schemes to the organisation's revenue/total management expenses | | Indicator is not disclosed. The Company plans to consider disclosing the indicator in the future | |
| MED(NG)-5.4 | Expenses of the organisation to implement projects aimed at enhancing the tourism appeal of the Russian Federation | Contribution to the socio-economic development of a single-industry town | | 172 |
| MED(NG)-5.5 | Ratio of the organisation's expenses to develop internal tourism to the organisation's total management expenses | | 0.04% – the ratio of the MMK Group expenses to implement projects aimed at enhancing the tourism appeal of the Russian Federation to the organisation's total management expenses | |
| **6. Technological leadership** | | | | |
| MED(NG)-6.1 | Ratio of the organisation's investments in projects related to achievement of technological sovereignty and structural adaptation of the Russian economy to the organisation's total management expenses | | No investments | |
| **7. Digital transformation of the public and municipal administration, economic and social sectors** | | | | |
| MED(NG)-7.1 | Expenses of the organisation to provide access to mobile communications and the Internet in remote regions | | No investments | |
| MED(NG)-7.2 | Ratio of the organisation's expenses to provide access to mobile communications and the Internet in remote regions to the organisation's total management expenses | | No investments | |
| MED(NG)-7.3 | Expenses of the organisation to finance projects to develop and implement Russian IT solutions, including data storage and processing solutions, aimed at import substitution, including those implemented by start-ups | | Indicator is not disclosed. The Company plans to consider disclosing the indicator in the future | |

1 In disclosing information, the MMK Group was guided by the Draft Resolution of the Government of the Russian Federation» On the Standard for Reporting on Sustainable Development and Requirements to the System for Verifying the Compliance of Organisations with the Standard of Public Business Capital» (prepared by the Ministry of Economic Development of Russia on 16 September 2024).

# Disclosure of the Company's contribution to the national development goals of the Russian Federation[1]

| Indicator | | Report Section | Comment | Page |
|---|---|---|---|---|
| MED(NG)-7.4 | Ratio of the organisation's expenses to finance projects to develop and implement Russian IT solutions aimed at import substitution, including those implemented by start-ups, to the organisation's total management expenses | | Indicator is not disclosed. The Company plans to consider disclosing the indicator in the future | |
| MED(NG)-7.5 | Digital security expenses of the organisation | | Indicator is not disclosed. The Company plans to consider disclosing the indicator in the future | |
| MED(NG)-7.6 | Ratio of the organisation's digital security expenses to the organisation's total management expenses | | Indicator is not disclosed. The Company plans to consider disclosing the indicator in the future | |

1 In disclosing information, the MMK Group was guided by the Draft Resolution of the Government of the Russian Federation» On the Standard for Reporting on Sustainable Development and Requirements to the System for Verifying the Compliance of Organisations with the Standard of Public Business Capital» (prepared by the Ministry of Economic Development of Russia on 16 September 2024).

# Glossary

| | |
|---|---|
| **ACS** | Automated Control Systems |
| **AEMS** | Automated Emissions Measurement System |
| **AIS** | Automated Information System |
| **APSC** | Automated Process Control Systems |
| **BAT** | Best available technologies |
| **BoD** | Board of Directors |
| **CAPEX** | Capital Expenditure |
| **CAPI** | Comprehensive Air Pollution Index |
| **CCMU** | Clinical Medical Unit |
| **CEEL** | Central Electrical Engineering Laboratory |
| **CEO** | Chief Executive Officer |
| **CEP** | Comprehensive environmental permit |
| **CF** | Charitable Foundation |
| **CGTP** | as treatment plant |
| **CLSI** | Comprehensive Labour Safety Index |
| **COP** | Conference of the Parties |
| **CPP** | Central power plant |
| **CRC** | Children's recreation centre |
| **CRS** | crushing and roasting shop |
| **EAFS** | electric arc furnace shop |
| **EBITDA** | Earnings Before Interest, Taxes, Depreciation and Amortisation |
| **EDC** | Environmental dispatch complex |
| **EIA** | Environmental impact assessment |
| **EMP** | Energy Management Platform |
| **EMS** | Energy Management System |
| **EMS** | Environmental Management System |
| **EP** | environmental protection |
| **EPL** | Environmental Protection Laboratory |
| **ES** | emergency situation, emergency |
| **ESG** | Environmental, Social and Governance |
| **ETP** | electronic trading platform |
| **FEC** | fuel and energy complex |
| **FER** | fuel and energy resources |
| **GCal/t** | gigacalories per metric tonne of products |
| **GDR** | Global Depositary Receipt |
| **GHG** | greenhouse gases |
| **GJ/t** | gigajoules per metric tonne of products |
| **GOST** | state standard |
| **GRI** | Global Reporting Initiative |
| **ha** | hectare |
| **HPF** | Hazardous production facility |
| **HSE** | occupational health, safety and environment |
| **IATF** | International Automotive Task Force |
| **IFRS** | International Financial Reporting Standards |
| **IPCC** | Intergovernmental Panel on Climate Change |
| **IS** | information security |
| **ISO** | International Organisation for Standardisation |
| **IT** | Information Technology |
| **kg** | kilogram |
| **kg/tonne of steel** | kilogram per tonne of steel |
| **KPI** | Key performance indicators |
| **LNG** | liquefied natural gas |
| **LTIFR** | Lost Time Injury Frequency Rate |
| **LTISR** | Lost Time Injury Severity Rate |
| **M&R** | maintenance and repairs |
| **M&R** | materials and resources |
| **MMTUR** | Mining and Metallurgical Trade Union of Russia |
| **MPL** | Maximum permissible limits |
| **MPO** | Mining and processing operations |
| **MSW** | municipal solid waste |
| **Mt** | million tonnes |
| **Mtpa** | million tonnes per annum |
| **MW** | megawatt |
| **NPO** | non-profit organisation |
| **OCS** | Oxygen converter shop |
| **OHS** | Occupational health and safety |
| **OHSMS** | Occupational Health and Safety Management System |
| **OPP** | ore processing plant |
| **OSPRP** | Oil spill prevention and response plan |
| **OTIF** | On-time in-full |
| **PCP** | product creation process |
| **PDCA** | Plan, Do, Check, Act |
| **PEC** | production environmental control |
| **PJSC** | public joint stock company |
| **PMIS** | project management information system |
| **POP** | Persistent organic pollutants |
| **PPE** | personal protective equipment |
| **QMS** | quality management system |
| **R & D** | research and development |
| **RF** | Russian Federation |
| **RMS** | Risk Management System |
| **RPA** | Robotic Process Automation |
| **RSPP** | Russian Union of Industrialists and Entrepreneurs |
| **RUMSS** | Russian Union of Metal and Steel Suppliers |
| **SA** | security audits |
| **SASB** | Sustainability Accounting Standards Board |
| **SBPS** | sinter batch preparation shop |
| **SCU** | sulfur collection units |
| **SDGs** | Sustainable Development Goals |
| **SDPP** | steam-driven power plant |
| **SEER** | State environmental expert review |
| **SMEs** | Small and medium enterprises |
| **SPNAs** | specially protected natural areas |
| **SPZ** | sanitary protection zone |
| **SRM** | Supplier Relationship Management |
| **SRS** | Sheet Rolling Shop |
| **STC** | Scientific and Technical Conference |
| **STO** | standard of an organisation |
| **t $CO_2$-eq** | tonne of $CO_2$ equivalent |
| **t $CO_2$-eq/RUB thous** | tonne of $CO_2$ equivalent per thousand roubles |
| **t $CO_2$-eq/t of steel** | tonne of $CO_2$ equivalent per tonne of steel |
| **TCFD** | Task Force on Climate-related Financial Disclosures |
| **TPP** | thermal power plant |
| **TRIFR** | Total Recordable Injury Frequency Rate |
| **TRIR** | Total Recordable Incident Rate |
| **TSP** | Thick Sheet Production |
| **UN** | United Nations Organisation |
| **VHI** | Voluntary health insurance |
| **WDF** | Waste disposal facility |

# Contacts

## Sustainability and Investor Relations Department

**Yaroslava Vrubel,**
Head of ESG and IR

Tel.: +7 (3519) 25 30 29,
Tel.: +7 (982) 282 96 82
E-mail: vrubel.ys@mmk.ru

**Elena Kosyuk**
ESG

Tel.: +7 (3519) 25 72 77,
Tel.: +7 (911) 210 05 06
E-mail: kosyuk.ei@mmk.ru

## Corporate secretary

**Viktor Sedov**
Tel.: +7 (3519) 24 79 69
E-mail: cs@mmk.ru

## MMK legal address

93 Kirov Street, Magnitogorsk, Chelyabinsk region, Russian Federation, 455000
Tel.: +7 (3519) 24 40 09
Fax: +7 (3519) 24 73 09
Telex: 624117

## MMK representative office in Moscow

**LLC MAGSTORN**
8 Malaya Yakimanka Street, Moscow, Russian Federation, 119180
Tel.: +7 (499) 238 13 66
Fax: +7 (499) 238 13 33

## Information Support Center

Tel.: 8 800 775 0005
(free on the territory of the Russian Federation),
Tel.: +7 (3519) 24 23 88
Fax: +7 (3519) 25 33 33
E-mail: infommk@mmk.ru

## Shareholders Information Support Centre

Tel.: +7 (3519) 24 73 88,
Tel.: +7 (3519) 25 45 73
E-mail: shareholder@mmk.ru

## Auditor

**JSC “Business Solutions and Technologies“**
5 Lesnaya Street, Building B
Tel.: +7 (495) 787 06 00

## Registrar

**JSC STATUS**
Ring Park Business Centre, 23 Novokhokhlovskaya Street, Building 1, Moscow, 109052, Russian Federation
Tel.: +7 (495) 280 04 87
E-mail: office@rostatus.ru

**Magnitogorsk Branch of JSC STATUS**
6 Gertsena Street, office 20, Magnitogorsk, Chelyabinsk Region, 455001
Tel.: +7 (3519) 25 60 22 / 25 60 23

## Contacts for the press

**Irina Melnik**
Tel.: +7 (3519) 24 03 02
E-mail: melnik.ip@mmk.ru

**Dmitry Kuchumov**
Tel.: +7 (985) 219 28 74
E-mail: kuchumov.do@mmk.ru

## Information and Public Relations Department

Tel.: +7 (3519) 24 03 02
Fax: +7 (3519) 24 85 54
E-mail: press@mmk.ru