












«Responsible investments in the CIS region»

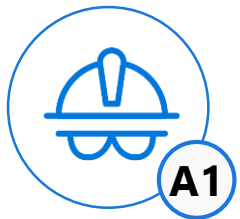


(December 17-18, 2019, Frankfurt am Main, Germany)

<p>Leading positions in terms of production of steel in Russia with a focus on HVA products</p>	 <p>№1 producer of HVA products in Russia</p>	 <p>Market share in Russia, 2018</p> <p>17.5%</p>
<p>High-quality asset base with globally competitive low-cost production</p>	 <p>Q1</p> <p>First quartile on the global cost curve</p>	 <p>Production costs of hot rolled coil (C1 cost)</p> <p>\$408/t</p>
<p>High and stable margins and strong cash flow generation</p>	 <p>EBITDA margin, 2015–2019</p> <p>25–30%</p>	 <p>Net cash flow, 2015–2019</p> <p>&gt;\$4 bln</p>
<p>Prudent, stable financial policies and strong credit ratings</p>	 <p>Net debt/EBITDA, 9 months 2019</p> <p>(0.04x)</p>	<p>Baa2</p> <p>Moody's</p> <p>BBB-</p> <p>Standard &amp; Poor's Fitch Ratings</p>
<p>Sharp focus on total return to shareholders</p>	 <p>Dividend policy tied to free cash flow</p>	 <p>Dividend yield for the last 5 years</p> <p>&gt;10%</p>

## SUSTAINABLE DEVELOPMENT

## VALUE CREATION FOR SHAREHOLDERS



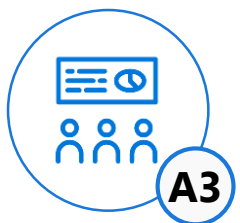
Safe production

A1



Social strategy and environmental responsibility

A2



Professional development

A3



Strengthening positions in key markets

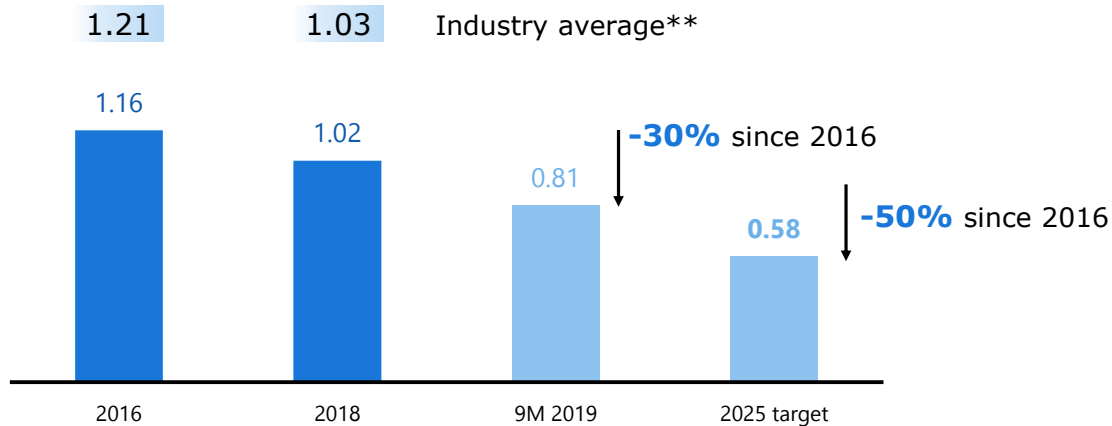


Improving operational efficiency

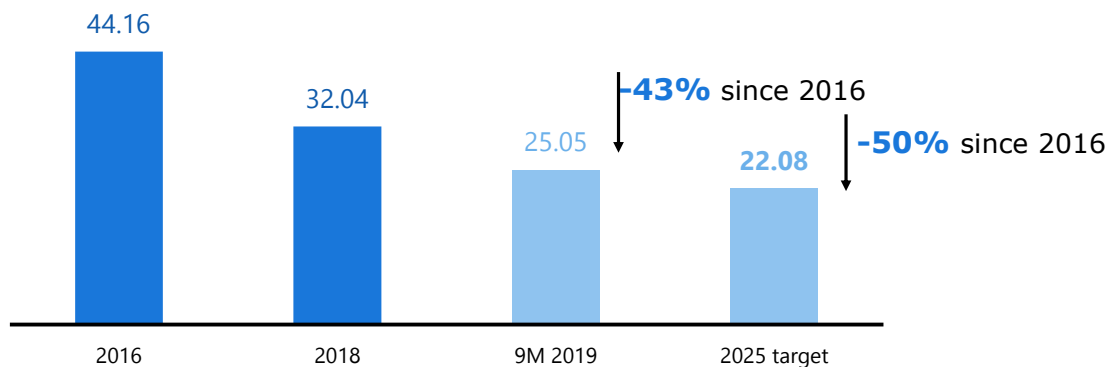


Improving investment attractiveness

## Steady decrease in LTIFR...\*



## ...and LTISR\*\*\*



Source: MMK

\* LTIFR (lost time injury frequency rate)

\*\* WSA (WorldSteel Association) - Russian and International steelmakers data

\*\*\* LTISR (lost time injury severity rate)

## MAIN ACHIEVEMENTS:

1. Achieved LTIFR score below industry average\*\*
2. Created the Safety School training facility – unique in Russia
3. Applied digital technologies (VR/AI) in the area of occupational health and industrial safety

## STRATEGIC INITIATIVES:

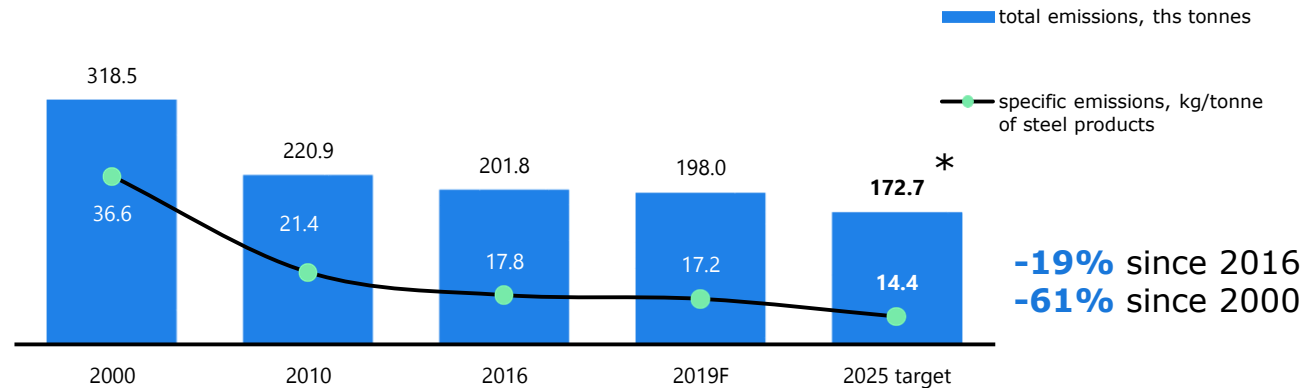
“Zero tolerance for safety violations”

- Staff incentive system tied to safe production
- Staff assessment and training focused on maintenance of workplace safety
- Machine vision systems and the installation of robotic equipment

## KEY TARGETS:

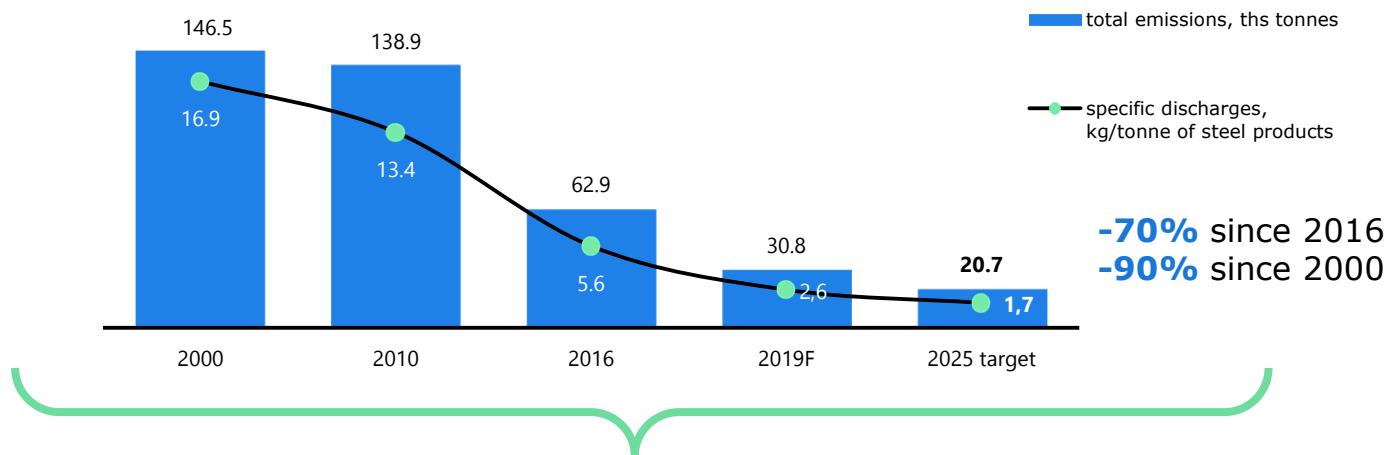
1. **LTIFR -50%** ↓ **LTISR -50%** ↓ by 2025 compared with 2016
2. **Zero fatalities**
3. Zero tolerance for safety violations and corporate culture promoting safety at all levels
4. Compliance with the requirements of ISO 45001

## Decrease in atmospheric emissions ...



\* Including carbonic oxide emissions of 134.3 tht tonnes

## ... and discharges into bodies of water



2025 Magnitogorsk – a clean city

### MAIN ACHIEVEMENTS:

1. Based on 2018 results, Russia's Ministry of Natural Resources removed Magnitogorsk from its list of cities with the worst air pollution
2. The Magnitogorsk reservoir on the Ural River has been recognized as a fishery basin of the highest class

### STRATEGIC INITIATIVES:

- Constant monitoring of emissions; introduction of an environmental dispatch facility
- Investment programme aimed at improving operational efficiency and environmental performance

### PRIMARY TARGETS:

1. Complete elimination of discharges of industrial wastewater into natural bodies of water by 2025
2. **Stored solid waste from steelmaking**  
**-63% ↓** by 2025

## Training and in-service education

## Future talents

## Human resources development and equal opportunities

1. **89%** of employees have vocational education
2. **Staff development:** Training at the best Russian and international business schools
3. **Maintaining a pool of candidates:** Earning a second qualification and providing employees with on-the-job training in other departments



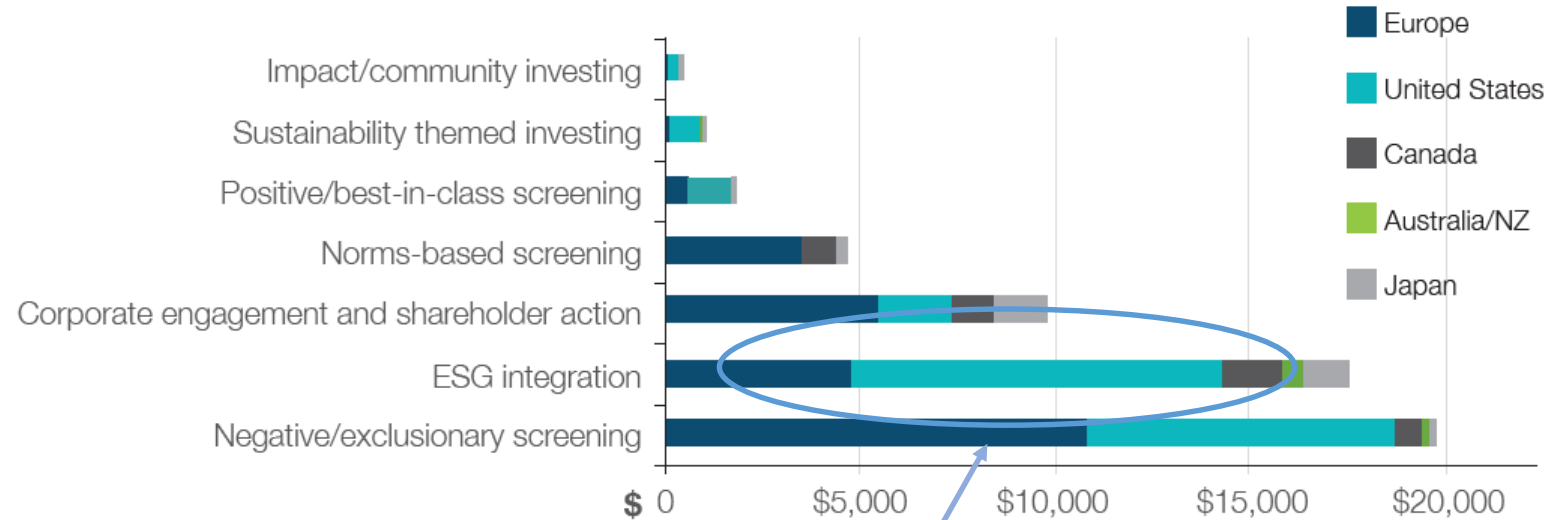
4. **Hiring talented young people:** Over **2,000** students completed internships within the Group in 2018
5. **International Conferences for Young Professionals:** More than **600** young professionals take part in the International Conferences annually



6. **350 programmes** at the Corporate Training Centre, **50** areas of specialisation at education centres in Magnitogorsk
7. **95%** of top managers were trained within the Group
8. **31%** female employees in 2018



## SUSTAINABLE INVESTING ASSETS BY STRATEGY AND REGION 2018



Note: Asset values are expressed in billions of US dollars.

Source: 2018 GLOBAL SUSTAINABLE INVESTMENT REVIEW

Hypothetically ESG information target for a Steel Company

# STEP-BY-STEP UPGRADING PRACTICES OF SUSTAINABLE DEVELOPMENT



1

## Investors' demands

ESG reporting for Mother Comp.

ESG Data in GRI standards

ESG Ratings' issues

Releasing of sustainable development KPI

Adoption of the UN Sustainable Development Goals

Reflection of Sustainable Development Goals in MMK's Strategy

Investor perception analysis

The company shall:

- «... not make ESG noise»;
- compile a comprehensive report with performance of ESG indicators;
- provide data to rating agencies such as Sustainalytics, MSCI, RobecoSAM, RAEX and
- to aggregators such as Bloomberg, Refinitive, CDP, ISS;
- define of 3-5 goals that are actually achievable and controlled by a company committed to the principles of sustainable development;
- not fall under restrictions on access to capital due to non-compliance with regulatory requirements.

2

## Investors' demands

ESG reporting for MMK Group

Expanding reporting volumes and applicable standards

ESG report verification

"Green" capital funding

Joining GHG emission control initiatives

Joining international sustainable development programs / initiatives

The company should:

- accumulate the results of the goals achievements;
- improve ESG ratings;
- demonstrate climate risk control efforts;
- get effective PR from taking part in sustainable development programs.

Developing

Established

Forward-looking

Strategic