ESG Presentation
ESG Highlights
**Environmental**

- **3.75 billion roubles**
  Severstal invested in environmental initiatives

- **7%**
  Severstal reduced its specific atmospheric emissions of pollutants by 7% in comparison to 2018

- **98.27%**
  of the overall water intake at Cherepovets Steel Mill is recycled water

- **11%**
  VOC emissions at Severstal Russian Steel have been reduced by 11% in comparison to 2018

**Social**

- **0.61**
  LTIFR across Severstal reduced to 0.95

- **1.3 billion roubles**
  invested in occupational and safety initiatives

- **50,679 employees**
  Severstal’s average headcount

- **81%**
  employee engagement across Severstal (increased 3% from 78% in 2018)

- **50.3 hours**
  of training in average undertaken by employees

**Governance**

- **$1.6 bn**
  of dividend paid

- **50%**
  of the BoD is independent

- **1 share = 1 vote**

- **40 RNS disclosures**
Main ESG Lines of Action in 2019

External stakeholders communications

Enhanced cooperation with funds, analysts and rating agencies

Updated joint Sustainability & ESG sections of the web-site

Updated sustainability&ESG section at severstal.com

Coordination of ESG activities inside the company

Improved cooperation with CSR, HSE functions

Disclosure

CDP open submissions on Climate and Water, SDGs impacts assessment, improved scope of energy efficiency reporting

Board evaluation

An externally facilitated evaluation of the Board performance was held

Policies update

Adopted Non-Audit Services Policy and Risk Management and Internal Control Policy; Updated Corporate Governance Code, Regulations for Board Committees, Anti-Corruption Policy and Insider Dealing Regulations
Governance
Strong Corporate Governance. Capital Structure and BoD Composition

**Board of Directors Composition**

- **10 members**
  - **50% independent**

**Five Independent Non-Executive Directors**
- Sakari Tamminen – Senior Independent Director, Chair of the Remuneration and Nomination Committee
- Alun Bowen – Chair of the Audit Committee
- Philip Dayer – Chair of the HSE Committee
- Vladimir Mau, Alexander Auzan

**Two Non-Executive Non-Independent Directors**
- Alexey Mordashov – Chair of the BoD
- Andrey Mityukov

**Three Executives**
- Alexander Shevelev – CEO
- Alexey Kulichenko – CFO
- Agnes Ritter

Audit Committee; Remuneration and Nomination Committee (both – fully independent); Health, Safety and Environment Committee

**Severstal’s share capital structure**

- **21.50%** A. Mordashov
- **1.47%** Free float
- **77.03%** Treasury shares

The authorised share capital of Severstal as at **31 December 2019** comprises **837,718,660** issued and fully paid shares

- All Severstal shares carry equal voting and distribution rights. There are no restrictions or limitations on voting rights for holders of Severstal shares and GDRs
- Transparent and predictable dividend policy: 100% FCF if Net debt/EBITDA is below 1.0x

**Share price at MICEX in 2019, RUB**

**GDR Price at LSE in 2019, USD**
**Strong Corporate Governance. Best Practices and Recent Developments**

### Corporate governance developments

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>01</strong></td>
<td>Non-Audit Services Policy adopted</td>
</tr>
<tr>
<td><strong>02</strong></td>
<td>External evaluation of the Board performance undertaken in late 2019</td>
</tr>
<tr>
<td><strong>03</strong></td>
<td>Non-Audit Services Policy and Risk Management and Internal Control Policy adopted; Corporate Governance Code, Regulations for Board Committees, Anti-Corruption Policy and Insider Dealing Regulations updated</td>
</tr>
<tr>
<td><strong>04</strong></td>
<td>Remuneration and Nomination Committee: succession planning &amp; employee engagement</td>
</tr>
<tr>
<td><strong>05</strong></td>
<td>Severstal Pulse survey: employee engagement increased to 81% from 78% in 2018</td>
</tr>
<tr>
<td><strong>06</strong></td>
<td>Corporate Governance Code, Regulations for the Board Committees, Insider Dealing Regulations updated</td>
</tr>
</tbody>
</table>

### Adherence to the highest standards

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>01</strong></td>
<td>Unified, well-structured business supported by a focused corporate strategy</td>
</tr>
<tr>
<td><strong>02</strong></td>
<td>Industry-leading disclosure and transparent corporate reporting</td>
</tr>
<tr>
<td><strong>03</strong></td>
<td>Adherence to the highest ethical standards across the entire organisation</td>
</tr>
<tr>
<td><strong>04</strong></td>
<td>Effective whistleblowing &amp; grievance mechanisms: 24/7 anonymous hotlines; CEO hotlines; Ethics Committee</td>
</tr>
<tr>
<td><strong>05</strong></td>
<td>Adherence to Russian and UK Corporate Governance Codes; Board composition balanced with half comprising Independent Non-Executives</td>
</tr>
</tbody>
</table>
Social
Safety Is Our Key Priority. LTIFR Dynamics

LTIFR dynamics*

By 2025, reduce LTIFR* by 50% compared with 2017 and ensure zero work-related fatality rate

Implementation

01 LTIFR targets set annually for each asset

02 In 2019 launched specialised tools ‘Hazards Identification’, ‘Safe Environment’ and ‘Targeted Questionnaire’.

03 Top-management remuneration linked to safety performance targets

04 LTIFR reduced by 45% over the past 5 years and has remained below industry average in the last 3 years

* LTIFR stands for Lost Time Injury Frequency Rate. All figures exclude Severstal North America and PBS Coals.

** Excluding the mine accident in Feb 2016.
Safety Is Our Key Priority. LTIFR by Industry in 2019

### Steel

<table>
<thead>
<tr>
<th>Asset</th>
<th>LTIFR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer 10</td>
<td>0.31</td>
</tr>
<tr>
<td>Peer 9</td>
<td>0.33</td>
</tr>
<tr>
<td>Peer 8</td>
<td>0.35</td>
</tr>
<tr>
<td>CherMK</td>
<td>0.41</td>
</tr>
</tbody>
</table>

### Ore

<table>
<thead>
<tr>
<th>Company</th>
<th>LTIFR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Olcon</td>
<td>0.63</td>
</tr>
<tr>
<td>Karelsky Okatysh</td>
<td>0.92</td>
</tr>
<tr>
<td>Peer 6</td>
<td>1.05</td>
</tr>
<tr>
<td>Peer 5</td>
<td>1.07</td>
</tr>
<tr>
<td>Peer 4</td>
<td>1.27</td>
</tr>
<tr>
<td>Yakovlevskiy GOK</td>
<td>1.28</td>
</tr>
</tbody>
</table>

### Coal

<table>
<thead>
<tr>
<th>Company</th>
<th>LTIFR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer 5</td>
<td>0.68</td>
</tr>
<tr>
<td>Peer 4</td>
<td>1.01</td>
</tr>
<tr>
<td>Peer 3</td>
<td>1.15</td>
</tr>
<tr>
<td>Vorkutaugol</td>
<td>2.04</td>
</tr>
<tr>
<td>Peer 3</td>
<td>2.93</td>
</tr>
</tbody>
</table>

### Metalware

<table>
<thead>
<tr>
<th>Company</th>
<th>LTIFR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer 2</td>
<td>0.35</td>
</tr>
<tr>
<td>Severstal-Metiz</td>
<td>0.35</td>
</tr>
</tbody>
</table>

All the assets have shown better results in 2019. The most recent asset Yakovlevskiy Mine is still lacking the best practice in its safety performance, though introducing at Yakovlevskiy Mine corporate H&S systems, equipment upgrade, monitoring and training systems has resulted in LTIFR going down to 1.28 against 3.08 in 2018.
Safety Is Our Key Priority. Safety Pyramids and APS Audits

In 2019, the overall number of injuries decreased, as well as near misses and unsafe actions.

### Accident Prevention System Audits (max 5 p.)

<table>
<thead>
<tr>
<th>Business Unit</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russian Steel</td>
<td>3.3</td>
<td>3.9</td>
</tr>
<tr>
<td>Severstal Metiz</td>
<td>1.9</td>
<td>2.8</td>
</tr>
<tr>
<td>Vorkutaugol</td>
<td>2.6</td>
<td>3.0</td>
</tr>
<tr>
<td>Karelsky Okatysh</td>
<td>2.3</td>
<td>2.3</td>
</tr>
<tr>
<td>Olcon</td>
<td>0.9</td>
<td>2.0</td>
</tr>
<tr>
<td>Yakovlevsky Mine</td>
<td>0.3</td>
<td>1.5</td>
</tr>
</tbody>
</table>

- To evaluate a safety system
- To identify areas for improvement
- To elaborate recommendations
- Five areas
  (Leadership, Risk Assessment and Visualization, Training and Instructing, Industry Controls, Managing Violations)
Safety Is Our Key Priority. Long-Term Goals and Financing

**GOALS:**
public, specific, measurable and achievable

**Health and Safety**

By 2025, reduce LTIFR by 50% compared with 2017 and eliminate all work-related fatalities

By 2025, ensure all businesses achieve ISO 45001 certification

Invested in occupational health and safety initiatives, billion roubles

- **2015:** 3.3
- **2016:** 5.3
- **2017:** 4.4
- **2018:** 4.4
- **2019:** 4.1
Severnaya Mine Accident 2016: Investigation and Corrective Actions

A methane explosion in February 2016, which together with the rescue operation caused the deaths of 31 miners and five rescue workers. The exact cause remains unknown because the underground sections of Severnaya mine were flooded to contain and extinguish the fire set off by the explosion. The investigation by the Russian Federation Investigative Committee is still ongoing (which will continue while the mine is sealed off).

Corrective Actions at Vorkutaugol

Technical Solutions

- Purchased three remotely controlled mining systems for Vorgashorskaya mine to remove workers from the dangerous area
- Installed interlocks preventing simultaneous door opening at all Vorkutaugol air shafts to ensure appropriate ventilation and prevent accumulation of gas near development faces
- Installed two automated stone dusters in each mine and so fully mechanised dust suppression and explosion protection of all development faces equipped with monorail (80% of all development faces)
- In 2018, multi-functional underground Strata system introduced at all the mines. This data network provides versatile options in day-to-day and post-accident mine monitoring, tracking and communications, including complete connectivity with digital voice, high-speed data, two-way texting, personnel tracking, asset tracking, gas detection, and atmospheric monitoring

Policy Making

- Management remuneration linked to H&S results
- Long-term goals on H&S adopted
- APS Audits introduced
- Training intensified and approaches reconsidered
- Commitment, reporting & disclosure (operational results), integration of contractors into safety systems
- Certification
  - Currently eight business units are certified with OHSAS 18001 (about 75% of employees). Target 100% with ISO 45001 by 2025
Four production sites of Severstal have tailings facilities: three Resources enterprises (Karelsky Okatysh, Olcon, Vorkutaugol) and the main production site Cherepovets Steel Mill

Settlements
There are no settlements in the flood hazard areas of any of Severstal’s tailings facilities

Hazard Mitigation
Each facility has Emergency Hazard Mitigation, Localization and Liquidation Plans

Impact Assessment
Severstal regularly undertakes formal analysis of the downstream impact on communities, ecosystems and critical infrastructure in the event of catastrophic failure

For more details see the designated presentation on Severstal’s tailings storage facilities management
Social Aspects: Highlights

<table>
<thead>
<tr>
<th>Framework</th>
<th>Diversity and Development Programmes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Rights Policy</td>
<td>Severstal Leadership Programme</td>
</tr>
<tr>
<td>Health and Safety Policy</td>
<td>Severstal Women’s Club</td>
</tr>
<tr>
<td>Corporate Social Responsibility Policy</td>
<td></td>
</tr>
<tr>
<td>Corporate Standard for the Management of Sponsorships and Charitable Activities</td>
<td></td>
</tr>
<tr>
<td>Corporate External Social Programme Management Policy</td>
<td></td>
</tr>
</tbody>
</table>

Feedback channels
- Hotlines, email account, portal
- SMS center
- Manager Q&A system
- Internal research
- Ethics committee

50,679 employees
81% employee engagement across Severstal
50.3 hours of training per employee in 2019

50,679 employees
81% employee engagement across Severstal
50.3 hours of training per employee in 2019
Social Aspects: Community Development and Engagement

**Agency for Urban Development**

In 1999, together with local authorities Severstal set up an Agency for Urban Development to provide consultancy to start ups and later stage business, marketing and business plans support.

In 2010, one more agency was set up – Investment Agency Cherepovets – to assist in raising investment for the business.

- > 5,000 new businesses
- > 10,000 new jobs
- > 8,000 jobs preserved

1 RUB of state investment converts into 13 RUB of tax and other revenues.

**Investment in social & culture, creating tourist attractions**

- Renovation of sports facilities and park
- Opened a world-class museum of steelmaking
- The Road Home project has allowed to radically reduce child orphanage
- Opened an aqua park
- Best national theatre and other cultural shows come to Cherepovets regularly
- Support of major local museums, and of the local hockey team

**Infrastructure: Airport & Airline**

Severstal Air Company is an operator of Cherepovets Airport and performs domestic and international scheduled and charter flights across Russia, CIS countries and Europe.

- Contribution to infrastructure and accessibility

<table>
<thead>
<tr>
<th>Buying local, RUB</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>RUB</td>
<td>13</td>
<td>15</td>
<td>20</td>
<td>21</td>
</tr>
</tbody>
</table>

1 RUB of state investment converts into 13 RUB of tax and other revenues.
Environment
Environment. Long-Term Goals and Financing

GOALS:
public, specific, measurable and achievable

Environment

By 2025, reduce the weight of discharged wastewater pollutants into water bodies (above wastewater discharge limit value) **by 12%**

By 2025, reduce the weight of waste disposed of **by 20%**

By 2025, reduce total atmospheric emission of pollutants **by 7%**

Invested in environmental protection initiatives, billion roubles

- 2015: 3.41
- 2016: 3.14
- 2017: 5.46
- 2018: 3.75
Environment. Key Investment Projects

**Blast Furnace №3**

**Project info**
Increasing pig iron production (+3 mt per year)

**Start**
4Q2020

**Economics**
- $18 m additional EBITDA
- $428 m CAPEX
- 68% IRR

**ESG:**
Modern aspiration and gas purification system. Intensity of atmospheric emissions is 53% lower than at BFs 1&2

**Coke Battery №11**

**Project info**
Increasing consumption of cheaper coal by 9%

**Start**
Block #1 – 4Q2020, full capacity from 4Q2022

**Economics**
- $93 m additional EBITDA
- $532 m CAPEX
- 28% IRR

**ESG:**
Modern gas purification systems, including dust free coke pushing, dust trapping unit of CDQ plant, incineration system for nitrogen oxide of coke battery, unique technology in Russia of coal charge stamping

---

2019-2023

**Refurbishmentment of blast furnace #3**

Installation of weighing equipment, thermal cameras and chemical analysers in the sinter production process

**Karelsky Okatysh: a comprehensive programme to reduce emissions of sulphur dioxide in the production of concentrate and pellets**

As a result of increased production it was the major reason for increased emissions in 2018 and earlier years
<table>
<thead>
<tr>
<th>№</th>
<th>Environmental performance indicator</th>
<th>2018</th>
<th>2019</th>
<th>Change (volume)</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Atmospheric emissions of pollutants, thousand tonnes (Russian Steel)</td>
<td>301.7</td>
<td>277.5</td>
<td>- 24.2</td>
<td>- 8</td>
</tr>
<tr>
<td>02</td>
<td>Atmospheric emissions of pollutants, thousand tonnes (Severstal Resources)</td>
<td>220.0</td>
<td>213.3</td>
<td>- 6.7</td>
<td>+ 3</td>
</tr>
<tr>
<td>03</td>
<td>Specific emissions of pollutants, kg / t (Russian Steel)</td>
<td>25.1</td>
<td>23.4</td>
<td>- 1.7</td>
<td>- 7</td>
</tr>
<tr>
<td>04</td>
<td>GHG emissions (Scope 1), mln tonnes</td>
<td>22.1</td>
<td>23.4</td>
<td>+ 1.3</td>
<td>+ 6</td>
</tr>
<tr>
<td>05</td>
<td>Discharge of pollutants, thousand tonnes (Russian Steel)</td>
<td>13.2</td>
<td>12.5</td>
<td>- 0.7</td>
<td>- 5</td>
</tr>
<tr>
<td>06</td>
<td>Discharge of pollutants, thousand tonnes (Severstal Resources)</td>
<td>55.0</td>
<td>54.9</td>
<td>- 0.1</td>
<td>0</td>
</tr>
<tr>
<td>07</td>
<td>Generation of waste (except heavy waste of Resources – tailings and overburden), million tonnes</td>
<td>7.3</td>
<td>7.4</td>
<td>+ 0.1</td>
<td>0</td>
</tr>
<tr>
<td>08</td>
<td>Recycling % (except heavy waste of Resources – tailings and overburden)</td>
<td>96.2</td>
<td>tbd</td>
<td>tbd</td>
<td>tbd</td>
</tr>
</tbody>
</table>
Environment. Climate Change Mitigation

Disclosure
Data on carbon emissions for the first time disclosed in Sustainability Report 2017

CDP
In 2019, carbon data for the first time openly submitted to CDP; D score assigned

Risk Management
Climate is integrated into risk management analysis. Climate change is identified as a material matter

Governance
Climate change is overseen by Health, Safety, and Environment Committee of the BoD

Worldsteel four step programme leading to mill CO₂/energy reduction

- Raw material quality
- Energy efficiency
- Process yield
- Process reliability

Severstal is an accredited member of 2018-2019 World Steel Association Climate Action programme and Step Up ‘smartsteel’ plant

Climate Partnership
In March 2019, Severstal and Air Liquide signed a contract for the construction of a new state-of-art Air Separation Unit (ASU) which will improve the energy efficiency and the overall environmental footprint of the Severstal production process. It will enable improving significantly the energy efficiency and reducing CO₂ emissions by 20,000 tons/year.
CherMK CO₂ emissions against global benchmark, tonnes/tonne of molten steel (2018), Scope 1 – Scope 3

- Global Max. 3.34
- Global Average 2.33
- Global Min. 1.81

Source: WSA ‘CO₂ Data Collection Report’, December 2019

- Severstal is 13th out of 64 peers
- Severstal is better than average

- CherMK is a core asset of Severstal. It produces a wide range of products, including coke, sinter, hot metal, flat and long products
- The total GHG emissions went up by 6% in 2019 due to increased coke production and consequent hot metal output increase by 4%, as well as with planned long-term (six months) maintenance works at turbine-generator #5, that resulted in significantly higher blast furnace gas flaring.

As a result of Severstal’s integrated business model, much of its Scope 1 emissions would be Scope 3 emissions in other steel companies.
## Environment. Atmospheric Emissions (Group)

### Particulate matters, tonnes

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>24,304</td>
<td>28,956</td>
<td>27,530</td>
<td>25,655</td>
<td>24,314</td>
</tr>
</tbody>
</table>

2016 peak – review of methodology and scope of emissions measurement at Vorkutaugol and Olcon (updated every 5 yrs)

### Sulphur dioxide, tonnes

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>75,566</td>
<td>90,503</td>
<td>88,480</td>
<td>96,529</td>
<td>97,324</td>
</tr>
</tbody>
</table>

Growth in 2016 and 2018 because of increased extraction volumes and content of Sulphur in raw materials for producing pellets at Karelsky Okatysh

### Nitrous oxides, tonnes

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>16,858</td>
<td>18,762</td>
<td>19,810</td>
<td>17,955</td>
<td>17,234</td>
</tr>
</tbody>
</table>

Normal fluctuations due to different quality of raw materials at Karelsky Okatysh

### VOC, tonnes

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>759</td>
<td>747</td>
<td>952</td>
<td>939</td>
<td>890</td>
</tr>
</tbody>
</table>

Increased volumes and reviewed methodology and scope of emissions measurement at CherMK and Karelsky Okatysh in 2017

### Carbon monoxide, tonnes

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>247,676</td>
<td>235,364</td>
<td>254,646</td>
<td>250,896</td>
<td>229,605</td>
</tr>
</tbody>
</table>

Insignificant fluctuations while increased production and raw materials extraction volumes

### Total, tonnes

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>516,712</td>
<td>508,878</td>
<td>517,397</td>
<td>521,424</td>
<td>494,656</td>
</tr>
</tbody>
</table>

Insignificant fluctuations while increased production and raw materials extraction volumes
Environment. Atmospheric Emissions (Severstal Russian Steel)

Particulate matters, tonnes

2016: 18,431
2017: 17,800
2018: 14,900
2019: 10,066

Construction of the central gas cleaning system for Ladle Furnace No. 2 and the Steel Finisher, the renovation of the blast furnace slag treatment plant in 2018.

Sulphur dioxide, tonnes

2016: 24,334
2017: 27,968
2018: 26,407
2019: 27,464

Fluctuations of Sulphur content in iron ore and coking coal used while sintering.

Nitrous oxides, tonnes

2016: 11,895
2017: 14,097
2018: 12,260
2019: 11,882

Increased sinter production and output at central power plant; reduced flaring of blast furnace gas surplus.

Carbon monoxide, tonnes

2016: 231,771
2017: 251,007
2018: 246,790
2019: 225,605

Fluctuations in coking coal use for sintering; reduced flaring of blast furnace gas surplus.

Total, tonnes

2015: 301,800
2016: 288,084
2017: 312,728
2018: 301,695
2019: 280,323

Increased production volumes while maintaining the same level of emissions.

Specific atmospheric emissions, kg/tonne of steel

2015: 26.40
2016: 24.81
2017: 26.84
2018: 25.06
2019: 23.4

Reduced emissions intensity over 5 years; insignificant fluctuations throughout the cycle.
Environment. Waste Management

**Waste generation**, million tonnes

<table>
<thead>
<tr>
<th>Year</th>
<th>Waste generation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>6.3</td>
</tr>
<tr>
<td>2014</td>
<td>6.7</td>
</tr>
<tr>
<td>2015</td>
<td>6.9</td>
</tr>
<tr>
<td>2016</td>
<td>6.8</td>
</tr>
<tr>
<td>2017</td>
<td>7.3</td>
</tr>
<tr>
<td>2018</td>
<td>7.3</td>
</tr>
</tbody>
</table>

- 1.6% iron ore + coal
- 98.4% steel

**Waste disposal**

- 96% recycling
- 75% reprocessed into products
- 21% reused as a raw material
- 1% processed by specialized companies
- 4% disposed

<table>
<thead>
<tr>
<th>Nº</th>
<th>Type of waste</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Construction waste</td>
<td>1.88</td>
</tr>
<tr>
<td>2</td>
<td>Solid process wastes</td>
<td>1.24</td>
</tr>
<tr>
<td>3</td>
<td>Metallurgical sludges</td>
<td>0.64</td>
</tr>
<tr>
<td>4</td>
<td>Wood processing wastes, railway sleepers</td>
<td>0.20</td>
</tr>
<tr>
<td>5</td>
<td>Other wastes</td>
<td>0.04</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>4</td>
</tr>
</tbody>
</table>

**Target 2025**
Reduce the weight of waste disposed of by 20%
Balance of water consumption and discharge has been achieved, as confirmed by external verification (‘OUTOTEC’). We aim at maintaining the results reached.

Starting 2019, the Institute of Russian Academy of Sciences has monitored biodiversity of water bodies near CherMK.

**Target 2025**
Reduce the weight of discharged wastewater pollutants into water bodies (above wastewater discharge limit value) by 12%
### Aquatic Plants for the Purification of Wastewater

<table>
<thead>
<tr>
<th>Technology of natural biological purification of quarry waters</th>
<th>Such phyto-purification plants are analogous to natural wetland objects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Artifcially created sewage treatment plants with a specific composition of microorganisms developing in the root zone of plants and on other substrates in the aquatic environment</td>
<td>At Olcon, a decrease in the discharge of certain substances by 90% or more has been achieved</td>
</tr>
</tbody>
</table>
# International Ratings and Initiatives

## Severstal

<table>
<thead>
<tr>
<th>SUSTAINALYTICS</th>
<th>FTSE4Good</th>
<th>ISS QualityScore</th>
<th>MSCI</th>
<th>CDP</th>
</tr>
</thead>
</table>

### As of August 2019,
Severstal holds a Sustainalytics ESG score of **74** out of 100. With the 8th relative position out of 42, it was granted with the rank of ‘Outperformer’

### In 2019,
Severstal confirmed its inclusion into the FTSE4Good Index Series, which represents those companies that demonstrate high CSR and sustainability performance

### In 2018,
Severstal joined the UN Global Compact and adheres to its principles throughout our operations

### In 2018,
Severstal for the first submitted information on its carbon emissions to the Carbon Disclosure Project initiative. In 2019 – public submission (D score)

### As of August 2019,
Severstal is awarded with an ISS QualityScore to confirm its excellence in corporate governance

### Severstal retains CCC score with MSCI ESG.
Currently the rating report is under review

### Severstal supports the Sustainable Development Goals,
has integrated them into strategy and operations and contributes actively into their achievement

---

It is strictly forbidden to use, copy, disclose or distribute materials contained in this document (or appendices herein) in any way whatsoever without due authorization.

---

Severstal is a global industry leader, delivering high-quality, innovative products that meet the needs of its customers and contribute to a sustainable future. The company’s commitment to sustainability is reflected in its scores and ratings, which demonstrate its excellence in corporate governance and its contributions to the Sustainable Development Goals.
Investment community notifies* Severstal progress on ESG in 2019

"Severstal has done a good job in order to improve their own execution of the policies they have in place and also the communication of the ESG efforts they make. They have been very transparent over the last couple of years.

Anonymous Security Analyst I"

"I think Severstal, from an ESG, governance and environmental perspective is in a better position than most of the other Russian steels.

Anonymous Security Analyst II"

"We are appreciative of their efforts on the environmental and the ESG aspect of things.

Anonymous Security Analyst III"

*Data is provided by an independent agency NASDAQ, running a survey among investors and analysts
ESG: What’s next?

- Increase transparency further
- Climate strategy elaboration and implementation; Setting targets on carbon reduction
- Safety to remain Severstal’s top priority
- Increased focus on suppliers: promoting the highest standards across our supply chain
- Innovation & efficient use of resources → better environment
- Continue taking responsibility for impact of the whole production process as part of our vertical integration
- Implementation of the Long-Term Goals on Environment, Health and Safety
- Regional development of the presence regions to support positive social climate, small-scale business and infrastructure
These materials are confidential and have been prepared by PAO Severstal (Severstal) solely for your information and may not be reproduced, retransmitted or further distributed to any other person or published, in whole or in part, for any other purpose.

These materials may contain projections and other forward-looking statements regarding future events or the future financial performance of Severstal. You can identify forward-looking statements by terms such as “expect”, “believe”, “estimate”, “intend”, “will”, “could”, “may” or “might”, or other similar expressions. Severstal cautions you that these statements are only predictions and that actual events or results may differ materially. Severstal will not update these statements to reflect events and circumstances occurring after the date hereof. Factors that could cause the actual results to differ materially from those contained in projections or forward-looking statements of Severstal may include, among others, general economic and competitive environment conditions in the markets in which Severstal operates, market change in the steel and mining industries, as well as many other risks affecting Severstal and its operations.

These materials do not constitute or form part of any advertisement of securities, any offer or invitation to sell or issue or any solicitation of any offer to purchase or subscribe for, any securities of Severstal in any jurisdiction, nor shall they or any part of them nor the fact of their presentation, communication or distribution form the basis of, or be relied on in connection with, any contract or investment decision.

No representation or warranty, express or implied, is given by Severstal, its affiliates or any of their respective advisers, officers, employees or agents, as to the accuracy of the information or opinions or for any loss howsoever arising, directly or indirectly, from any use of these materials or their contents.

For more information refer to ESG section at website:
https://www.severstal.com/eng/ir/esg/