



Newer Goals
on the Path
to Sustainable
Metallurgy
of the Future



2023

Unified Report

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Message from CEO

GRI 2-22



Dear colleagues and partners,

The year 2023 marked the 30th anniversary of our Company. In September 1993, Cherepovets Steel Mill acquired its new, grandisonant name - Severstal - and proudly carries it to this day. Today, the Company encompasses the enterprises producing a wide range of products, and over the past three decades, our team has grown to 46,000 people. Over the course of its history, Severstal has melted over 400 million tonnes of steel and produced over 2.5 million kilometres of rolled steel.

The Company has gone through multiple crises, each time successfully handling them. That was the case in 2022, when Severstal faced the severe challenges related to the global geopolitical landscape.

However, as early as in 2023, we managed to win through and redesign our business processes to operate in the new normal. We owe this to our unique customer centric business model, sustained focus on the operating performance of business processes and, most importantly, to the dedication, enthusiasm, and professional excellence of our employees.

Maintaining the Operational and Financial Resilience of Business

In the reporting year, we rerouted our sales chains and focused on the growing domestic market, with solid performance: steelmaking recovered to 11.3 million tonnes, up 5% year-on-year. We significantly increased the share of HVA products in our sales portfolio. These brought us financial resilience, hence Severstal is back again to its common practice of dividend payment. The Board of Directors has already recommended paying dividends in the amount of RUB 191.51 per share on the basis of 2023 reported results.

We continued to invest in enhancing and maintaining our capacities and retained the social support programmes for our employees and residents of the regions of presence. In particular, throughout the year, Severstal invested in the implementation of the metals and mining segments' projects, provision of superior customer experience, cost leadership, and creation of new product types.

On top of that, in the reporting year, we launched the project for erecting an iron ore pellet production complex at Cherepovets Steel Mill. This stands for a 10 million tonnes per annum complex worth about RUB 97 billion being built by Severstal through the use of best available technologies and in compliance with all environmental regulations. The project implementation will bring fundamental positive changes across the cast iron production chain at Cherepovets Steel Mill. Upon the complex launch scheduled for 2026, 90% of the blast furnace charge will be composed of iron ore pellets, and 10% - of other iron-containing components. Resultantly, we will reduce the solid fuel consumption by 25% and increase the blast furnace productivity by 9%. With that, we will likewise reduce the GHG emissions by over 2 million tonnes per annum and pollutant emissions - by 133,000 tonnes per annum. We are confident that the implementation of such large-scale projects will provide us with a solid foundation as an absolute imperative for further development, long-term success, breakthroughs, exploring and conquering new horizons.

Successful Delivery of the Marketing Strategy Focused on the Domestic Market

Owing to the 11% increase in the HVA products sales to 5.3 million tonnes, the revenue in the reporting year grew by 7% to RUB 728.3 billion. EBITDA increased by 22% to RUB 262.2 billion, and EBITDA margin recovered to 36%. This growth reflects the successful delivery of Severstal's marketing strategy with a focus on the domestic market, HVA products, unique integrated solutions, and market-leading customer service.

Sustainable Development Management

Severstal continued to carry out its activities in accord with the sustainability principles. Building on its long-standing ESG expertise, the Company drafted and in 2023 approved its Sustainability Strategy 2030 titled Together Towards Sustainable Metallurgy of the Future. Additionally, in 2023, to determine strategic areas and targets for reducing the GHG emissions, the Company approved the Decarbonisation Strategy 2030 titled Together Towards a Low Carbon Future.

Social Impact

Over the reporting year, Severstal made every effort to support its employees, their families, and communities in the regions of the Company's presence. It is crucial for us that Company employees feel socially protected, work in a safe environment, live in a comfortable city, and are in a position to provide for a long-term well-being of their families. In 2023, we launched the #Dlya Svoikh: With Care for Everyone well-being programme for employees and their family members. It revolves around a spectrum of areas covering the most essential issues of health, occupational longevity as well as such aspects as self-accomplishment and self-development, financial well-being and literacy, volunteering, and beyond.

Moreover, we indexed the wages by 10-12% in the reporting year. Likewise, the Company improved the terms and conditions of the collective bargaining agreement and, to acquire promising specialists, expanded the cooperation with universities and implemented training programmes for students and young professionals.

Consistent with its commitment to prioritising a safe working environment, Severstal extensively promoted its safety culture through the new Leader's VZOR (Involve, Declare, Provide, Develop) programme and conducted the OHS training. In 2023, the expenses on these activities amounted to RUB 2.6 billion.

We continued to provide comprehensive support to the regions of presence in order to ensure favourable conditions for the life and development of local communities: in the reporting year, our social investment totalled RUB 4 billion. Severstal invested in the infrastructure development and landscaping, sports, education, culture, healthcare, and socially disadvantaged groups. In 2023, we implemented our

first pilot projects for improving the quality of urban environment in Cherepovets, i.e., the reconstruction of the historical avenue and the city park, through allocation of RUB 1.5 billion for this purpose. In addition, under the Way Home programme, the Company created a welcoming environment for the development of children in more than 1,400 families. We, also, put strong emphasis on further growth of the volunteer movement by involving more and more people in volunteer campaigns.

Environmental Impact

Environmental protection and climate-related impact reduction are the priority pillars of the Company's strategy at all stages of production. In 2023, we kept contributing to the Clean Air federal project and, to assess our performance, launched the project for setting up an air quality monitoring network in Cherepovets.

Also, we set our targets for GHG emissions reduction up to 2050-2060 under the Decarbonisation Strategy, determined priority areas for implementing climate-related projects, assessed climate-related risks, and worked out adaptation plans for the Company's resource assets. To share experiences, Severstal attended the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP28).

Our consistent efforts towards biodiversity conservation continued as well. Under the programme for exploring and preserving the birds inhabiting the environs of Cherepovets and Cherepovets Steel Mill, in 2023 we presented the Birds and Steel book. On the same note, in cooperation with the Kostomuksha State Nature Reserve, we entered the final stage of the project for conserving and monitoring biodiversity and ecosystems.

The Company kept on maintaining the waste recycling rate at a high level of 98% in 2023. The launch of the pilot site for producing composite material from waste plastic and granulated slag that we use to manufacture marketable products for landscaping became a landmark event.

Looking into the Future

Amid external pressures and challenges, Severstal strives to become a first-choice company for its shareholders, customers, and employees. We will continue to work on strengthening our leadership and sustainable development and we do intend to further come up to your expectations by ensuring the resilience of Severstal's business model and through implementation of ESG projects.

Alexander Shevelev,
CEO
AO Severstal Management







01.

About the Report
and Materiality

About the Report

GRI 2-3

The Unified Report 2023 (hereinafter referred to as the Report) of PAO Severstal contains information on the activities of PAO Severstal and its subsidiaries (hereinafter referred to as Severstal or the Company) for the period from 1 January to 31 December 2023. The Report also covers significant events beyond the reporting period to adhere to the principle of timely reporting.

The information on the Company's financial and economic activities is disclosed in accordance with the disclosed consolidated financial reporting derived from the audited consolidated financial statements of PAO Severstal and its subsidiaries for the years ended 31 December 2023 and 2022, prepared in accordance with International Financial Reporting Standards (IFRS).

The present Unified Report includes certain alternative performance measures (APM) that are not contained in the disclosed consolidated financial statements. They are used by the Company's management to assess the operational performance and as a reference information for recommendations on dividend payment.

EBITDA, widely used in the industry, stands for operating profit plus depreciation expense on fixed assets (inclusive of Severstal's share in depreciation of associated companies' and joint ventures' assets) adjusted for gains/losses from sales of fixed

assets and intangible assets and for the share of non-operating revenue/expenses of associated companies and joint ventures.

The Board of Directors applies such indicators as free cash flow and net debt (calculated as the total debt financing less cash and cash equivalents) as guidance in preparing recommendations on dividend payment. The free cash flow is defined as the sum of the following items: net cash flow from the operating performance, CAPEX, proceeds from fixed assets disposals, and interest and dividends received.

The disclosed consolidated financial reporting is available on [the corporate website](#)¹.

The Report discloses the Company's approach to sustainable development management, including climate change, energy efficiency and environmental protection, HR management, high level of occupational health and industrial safety, community engagement in the regions of presence, as well as ensuring a responsible supply chain, corporate governance, and respect for human rights.

Severstal forms its non-financial reporting on an annual basis and publishes its sustainability reports on the corporate [website](#). The present Report is the Company's first Unified Report containing, inter alia, information on Severstal's financial performance. The Report was published on XX May 2024.

Approach to the Preparation of the Report

The present Report is prepared in accordance with the recommendations of the following non-financial reporting standards and initiatives in sustainable development, including:

- Global Reporting Initiative (GRI) standards updated as of 2021 (application level - in accordance with the GRI Standards), GRI Mining and Metals Sector Supplement;
- Sustainability Accounting Standards Board (SASB) standards for Iron & Steel Producers, Metals & Mining;
- UN Global Compact principles;
- Methodological recommendations of the Ministry of Economic Development of the Russian Federation on the preparation of sustainability reporting;
- Recommendations of the Russian Union of Industrialists and Entrepreneurs (RSPP) on the use of basic performance indicators;
- Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

In addition, the Report reflects the Company's progress in achieving the UN Sustainable Development Goals (SDGs) through to 2030 and contribution to the implementation of the National Projects of Russia.

¹ The consolidated financial reporting is only available in Russian.

GRI 2-14

The preparation of the Report is supervised by Severstal's Corporate Social Responsibility and Brand Department, while the relevant divisions provide the verified qualitative and quantitative data to be disclosed herein. The divisions' work ensures the accuracy, clarity and reliability of the disclosed information.

GRI 2-2

To ensure a clear reflection of information about Severstal's activities, the Company adheres to the principles of clarity and comparability. Owing to this, the Report is comprehensible to a broad reading audience. The non-financial metrics are

disclosed for a period of five years, with explanations on their dynamics. Moreover, the Company discloses information not only on its achievements but also on the areas for improvement, which makes it possible to maintain the Report's balanced nature. Where there are any data collection or calculation assumptions or adjustments to any values from the previous reporting periods due to the improved methodology or errors eliminated, the Report provides respective explanatory comments. In 2023, no material restatements of indicators versus the preceding year were in evidence, unless stated otherwise.

Scope of the Report

GRI 2-2

Severstal aims to make sure that the scope of the Unified Report fully matches the scope of its consolidated financial statements prepared in accordance with IFRS. In the 2023 Report, information on certain material topics is disclosed in relation to the assets whose impact is most significant in the context of the relevant topic.

The Company constantly works towards improving its approaches to setting up a system of data collection and consolidation for future single-scope disclosures. Exceptions in the scope and extent of certain disclosures, including versus prior reporting periods, appear directly in the text of the Report or in footnotes.

Scope of material topic disclosures

	PAO Severstal	AO Izhora Pipe Mill	AO Severstal SMC-Vsevolozhsk	AO Severstal Distribution	OOO Severstal-Vtorchermet	OOO Aircompany Severstal	AO Severstal Steel Solutions	AO Vologdametaloptorg	AO Severstal-Metiz	OOO OSPAZ	AO Severstal Kanaty	OOO UniFence	OOO UniSpring	AO Vorkutaugol ¹	AO Olcon	AO Karelsky Okatysh	Yakovlevskiy Mine
Air Quality	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Occupational health and safety	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Waste management	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Water use and impact on water resources	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Climate change and energy efficiency	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Land resources and biodiversity	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Human capital development	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Development of the regions of presence	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Information security	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Innovation and digitalisation	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Product quality and safety for customers	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Economic performance	Conforms to companies' perimeter of the disclosed consolidated financial reporting																

¹ For Q1 2022.

Identification of Material Topics

GRI 3-1 GRI 3-2

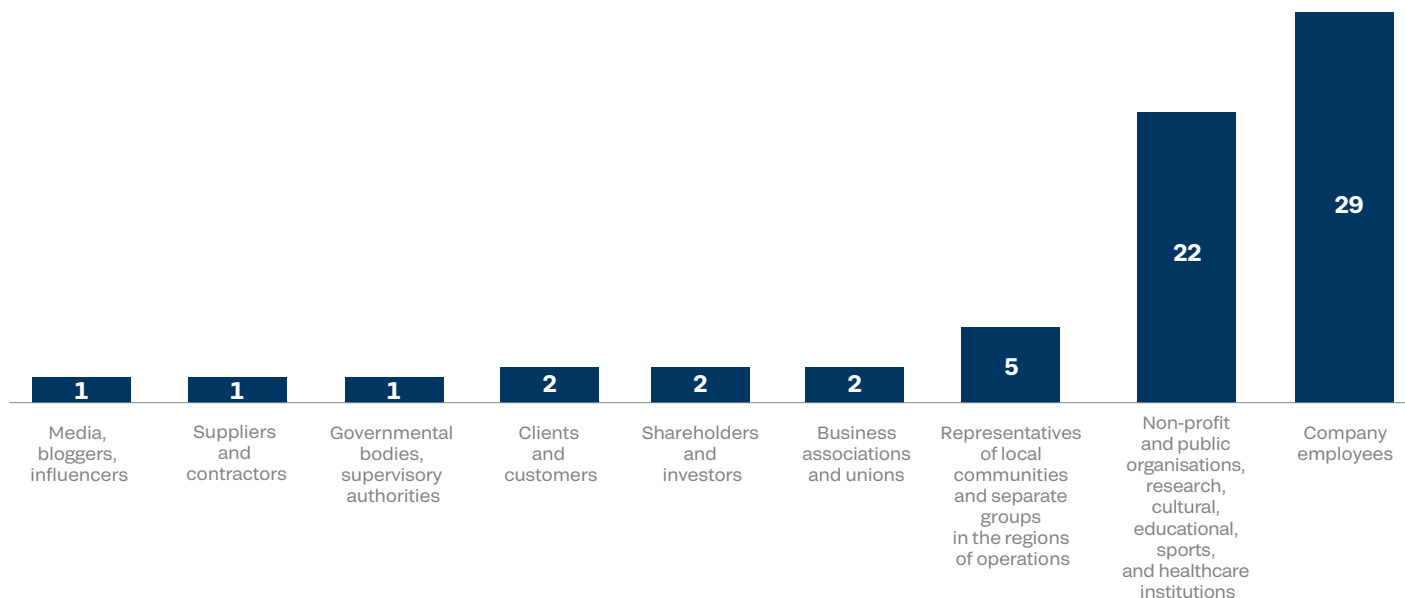
In carrying out its activities, Severstal consistently factors in stakeholders' interests through extensive interaction, including the process of determining material topics of the Unified Report. To this end, the Company annually performs a stakeholder survey to identify the topics of utmost importance to any of stakeholder groups. In preparing the Report for 2023, Severstal remained committed to the previous year's approach to material topics identification.

The list of topics was based on the topics of the Sustainability Report 2022 identified by stakeholders as most material. Due to changes in the Report structure in 2023, the Company supplemented the list with new topics related to corporate governance and financial and operating performance. The Company additionally benchmarked the reports of industry peers and ESG leaders and considered the topics subject to disclosure under the SASB standards. New topics at this stage were Product Quality and Safety for Customers, Economic Performance, Innovation and Digitalisation, Information Security, and Risk Management.

At the next stage, the Company identified positive and negative impacts, both actual and potential, on the economy, environment and society for each topic. With that, Severstal factored in its long-standing non-financial reporting practices, GRI industry standards, Recommendations of the Russian Ministry of Economic Development, and stakeholders' suggestions documented in the process of preparing the 2022 Report. The resulting list of impacts served as the basis for compiling a stakeholder survey questionnaire, and the respondents were offered the opportunity to indicate additional impacts and topics within each aspect.

In 2023, 65 stakeholder representatives took part in the survey, including 29 Severstal employees, 22 representatives of non-profit (NPO) and public organisations, and 14 representatives of other stakeholder groups.

Respondents by stakeholder groups



GRI 3-2

Further to surveying the respondents and assessing the impacts, the respective topics were scored by summing up the averages for positive and negative impacts within the topics. 17 topics were then ranked and nested within three priority groups. According to the Company's approach, the topics that passed the 33% cut-off threshold and were included in Priorities 1 and 2 are regarded as material; there turned out to be 12 such topics in 2023. Priority 3 topics are also important for Severstal, for which reason the Company discloses these in relevant sections.

List of material topics

Priority 1

Occupational health and safety

Water use and impact on water resources

Product quality and safety for customers **NEW**

Air quality

Economic performance **NEW**

Priority 2

Land resources and biodiversity

Waste management ↓¹

Climate change and energy efficiency

Innovation and digitalisation **NEW**

Development of the regions of presence ↑

Information security **NEW**


Human capital development ↑

Based on the identified material topics, the relevant GRI indicators were determined to be disclosed.

[The correlation of material topics and GRI indicators, disclosure of GRI indicators can be found in the Appendix, page 222.](#)

External Assurance

GRI 2-5

A number of key quantitative data is additionally verified as part of external assurance to make sure the Report contains accurate and reliable data only. The Company's approach and the external assurance schedule are stipulated by the Audit and Assurance Policy of PAO Severstal. The verified information is herein marked by the magnifying glass symbol – .

[Independent Practitioner's Assurance report is presented in Appendix, page 250.](#)

To improve the quality of non-financial disclosures, the Company interacts with the Council on Non-Financial Reporting of the Russian Union of Industrialists and Entrepreneurs and submits the Sustainability Report to it for independent public assurance. The Council gives its opinion on the significance and completeness of the information disclosed in the Report guided by the provisions of the Social Charter of Russian Business, including the principles of responsible business practice.

[RSPP Independent Assurance Report is presented in Appendix, page 254.](#)

¹ Arrows indicate an increase or decrease in priority regarding the results of the material topics identification for the Sustainability Report 2022.





02.

Severstal
Today

2023 Highlights, RUB million

MED-1

Revenue

728,314

2022: 682,226

↑ 7%

EBITDA

262,229

2022: 214,298

↑ 22%

CAPEX

72,629

2022: 67,870

↑ 7%

Free cash flow

119,970

2022: 156,742

↓ 23%

Net profit

193,875

2022: 108,361

↑ 79%

About the Company

GRI 2-1 GRI 2-6

Severstal (hereinafter also referred to as the Company) is one of the world's most efficient steel and mining companies that creates new steel products and integrated solutions together with its customers and partners. The Company's assets are based in Russia.

Severstal offers a wide range of products constantly developing new product types and prioritising high value-added products. The Company takes a balanced approach to capital investment. Investment projects are primarily focused on the key elements of the Company's strategy, that is superior customer experience, cost leadership, implementation of new opportunities in the context of corporate culture and commitment to sustainable development. They aim to enhance profitability, create a maximum value, and increase shareholder value. Cutting-edge technologies provide the Company with a great opportunity to elaborate and offer more innovative solutions and value-added products, improve customer service, and minimise negative environmental impacts.

In addition to evolving its core production facilities, the Company places emphasis on creating innovative products and services, and providing customers with a wide range of engineering solutions. In particular, nowadays Severstal develops new high-tech business lines, such as production of wind turbines and cryogenic steel for liquefied natural gas (LNG) tanks.



Severstal's Business Strategy






Severstal's Strategy consists in improving its financial performance, maximising the added value, and increasing shareholder value combining these with employee care and minimisation of negative environmental impact. Severstal's strategic priorities include the top-quality customer care and service, industry leadership in the cost of production, implementation of new opportunities, and operating activities in accord with the sustainable development principles. The backbone for achieving these priorities is Severstal's advanced corporate culture.

Severstal's goal is to become an innovative, efficient and reliable provider of rolled steel and other product solutions that benefit customers and stakeholders, on the same note enhancing the well-being of people and society.

Since the adoption of the Strategy, Severstal has experienced significant changes, i.e., the internal processes and approaches have been transformed followed by the Company's closer cooperation with customers in elaborating the solutions that contribute to their successful development.

Severstal's commitment to the highest quality of customer service will enable it to attract and retain customers amid the macroeconomic volatility.

Elements of Severstal's Strategy

	Leadership in cost saving	Performance enhancement makes it possible to allocate more resources on projects contributing to the success of Severstal's customers and partners
	Superior customer experience	Continuous development of offerings to provide solutions that enhance Severstal's customer business performance
	New opportunities	Going beyond the customary boundaries of metallurgical production by using cutting-edge technologies and business models
	Culture	Setting up a customer-centric culture to improve customer service and quality of communication within the Company
	Sustainable development	Ongoing delivery of advanced developments in employee well-being, quality of life and environmental protection improvement

Leadership in Cost Saving

Severstal regards leadership in cost saving as one of the most crucial elements of success. To improve its operational, technological and business performance, the Company invests in the construction of new and modernisation of the existing steel and mining facilities, and in evolving its supply chain. Owing to this, Severstal is among the global leaders in steel production cost, according to the World Steel Dynamics.

Superior Customer Experience

Managing the full range of products and services is the key principle Severstal follows to provide for excellent customer service. In particular, the Company constantly adapts its activities to the changing customer needs by prioritising specific areas:

- Building a customer-centric organisation: three industry teams with expertise in construction, machine building, and power engineering.
- Investing in equipment to expand the range of products and services and improve the quality of rolled steel.
- Designing new product categories to keep up with the growing market demands.
- Developing digital, logistics, technical and financial services for customers.

- Mastering the steel grades that are new to the Russian market in order to assist the Company's customers in localising their supply chains.
- New customer engagement models.

The Company offers a portfolio of innovative products, including customisable ones, and a user-friendly brand architecture that facilitates examining the product range and selecting the right products for customers. Providing customers with integrated solutions entails going beyond the metals industry. Severstal's sophisticated engineering technologies help optimise the design of finished products owing to the selection of best materials. On top of that, the Company renders technology consulting services focused on the processes' improvement and economic benefit growth for key customers.

New Opportunities

Severstal implements new opportunities outside the perimeter of its conventional business in order to maintain its status as an innovator at the industry forefront. The Company strives to strengthen its operational leadership through an extensive search for new opportunities and elaboration of engineering solutions that help resiliently support the value enhancement of its business model.

Severstal strives to integrate innovative approaches into all areas of its activities. The Company's innovations cover continuous optimisation and disruptive change, that is advanced engineering technologies in R&D, technology development centres within production segments, Severstal Digital, and the Company's innovation team to bolster the digital business areas.

Severstal's Corporate Culture: Efficiency, Inspiration, Interaction

Severstal strives to maintain in every possible way its corporate culture that accommodates the talented and motivated workforce. The Company's stance consists in its assurance that support to the strong corporate culture and further development thereof will enable it to implement its strategy.

Severstal's priorities in this sphere include:

- Promptness: resolving any issues faster than competitors.
- High engagement: setting up an attractive environment where people get the best results faster.
- Partnership: working with partners to achieve a collective success.
- Production personnel training.

Severstal firmly believes that these strategic priorities contribute to improving the quality

of operational and organisational processes, strengthening the safety and cooperation culture, and increasing customer satisfaction. The Company constantly develops its corporate culture, creating the environment where employees:

- endeavour to understand business needs and handle topical issues much faster than the Company's competitors;
- demonstrate full involvement in their work to achieve the best performance and are able to cultivate their talent in various aspects of the Company's business;
- interact with partners to add value to products and cater to customer needs; and
- show interest in a joint work on creating a sustainable business and reducing negative environmental impacts of the Company's operations.

Sustainable Development

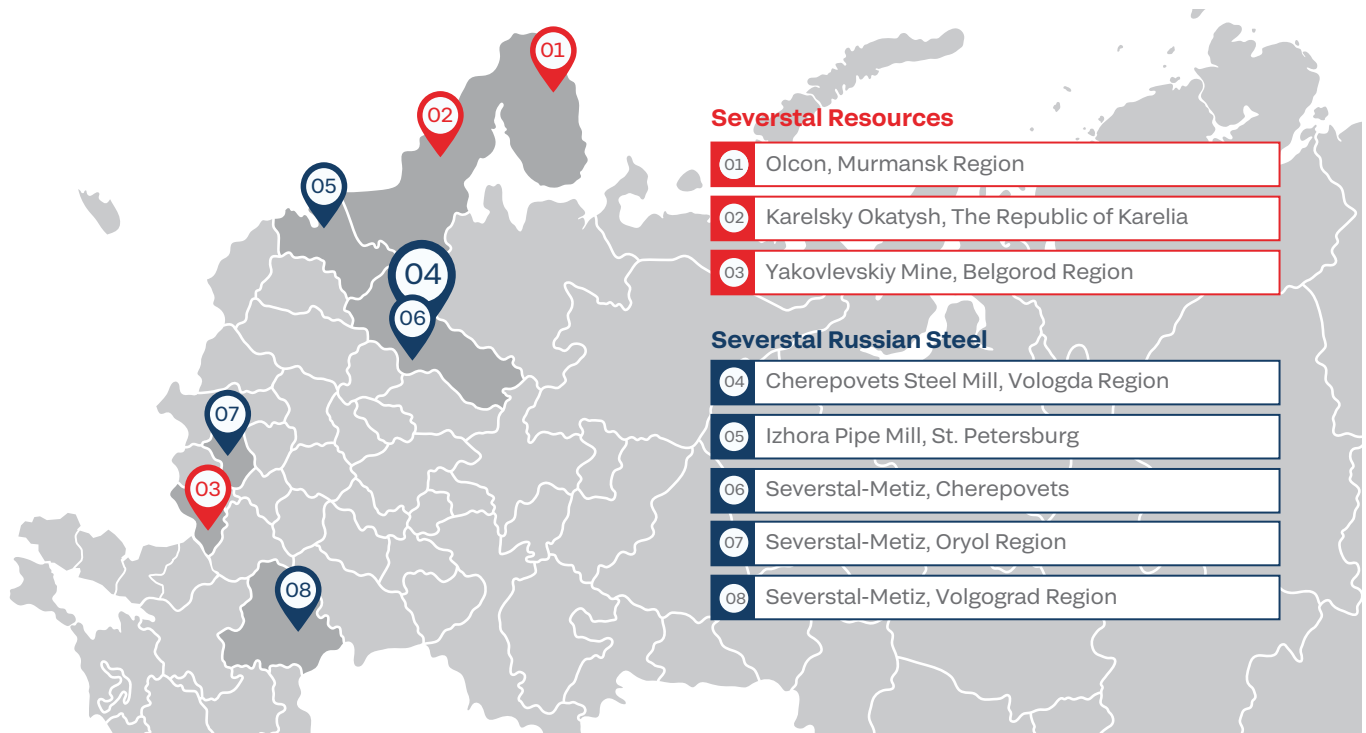
Sustainable development is a key area of Severstal's business strategy. The Company actively integrates the sustainability principles into all organisational levels of management and its business processes.

[For more details regarding Severstal's Sustainability Strategy, see the Severstal's Sustainability Strategy section, page 65.](#)

Geography and Key Assets

GRI 2-1 GRI 2-6

Severstal consists of two production segments: Severstal Resources and Severstal Russian Steel. The Company's vertically integrated business model enables it to exercise control over the operation and execution of all internal processes, from iron ore mining to finished product manufacturing, distribution, development of end-to-end integrated solutions for customers, and service and maintenance.






Severstal Resources

- 01 Olcon, Murmansk Region
- 02 Karelsky Okatysh, The Republic of Karelia
- 03 Yakovlevskiy Mine, Belgorod Region

Severstal Russian Steel




- 04 Cherepovets Steel Mill, Vologda Region
- 05 Izhora Pipe Mill, St. Petersburg
- 06 Severstal-Metiz, Cherepovets
- 07 Severstal-Metiz, Oryol Region
- 08 Severstal-Metiz, Volgograd Region

Severstal Resources

Region/Enterprise	Product	Headcount	Operating performance ¹
01	Iron ore concentrate 	1,927	Iron ore concentrate - 2.3 million tonnes per annum Reserves - 381 million tonnes Resourcing - 165 years
02	Iron ore pellets 	4,030	Pellets - 10.4 million tonnes per annum Reserves - 1.3 billion tonnes Resourcing - 125 years
03	Iron ore mining and processing 	2,426	Iron ore concentrate - 3.5 million tonnes Reserves - 9 billion tonnes Resourcing - 3 thousand years

¹ Data for 2023 and as of 31.12.2023.

Severstal Russian Steel

Region/Enterprise	Product	Headcount	Operating performance ¹	
04	<ul style="list-style-type: none"> Value-added flat-rolled products Long products (including for the construction sector) Downstream products Galvanised steel Cold rolled steel Hot rolled steel 		29,341	Steel - 11.3 million tonnes , including: BOF - 10.4 million tonnes (90%) EAF - 0.9 million tonnes (10%)
05	Electric welded pipes		2,505	Large diameter pipes - 0.3 million tonnes per annum
06 07 08	Metalware and secondary products		2,058	Metalware - 0.6 million tonnes per annum

Severstal Resources

Severstal Resources covers all of the Company's mining assets located in Belgorod and Murmansk Regions and in the Republic of Karelia, producing iron ore, iron ore concentrate, and iron ore pellets. Iron ore mining assets constitute a fundamental element of Severstal's vertically integrated business model. The Company uses raw materials and manufactured products to cater to the needs of both Severstal Russian Steel and external customers. The segment produces a wide range of iron ore products: iron ore and iron ore concentrate with iron content of 62-70%, as well as iron ore pellets with iron content of 62-65%.

Severstal Russian Steel

Severstal Russian Steel combines the Company's assets involved in manufacturing and selling finished rolled steel. The segment has a large product range, the prevailing share of which is represented by high value-added (HVA) flat-rolled steel. The segment includes steel mills and rolling mills in Cherepovets in Vologda Region, a large-diameter pipe and tube mill in Kolpino in Leningrad Region, metalware enterprises, scrap metal recyclers and various auxiliary trading, service and transportation enterprises of Severstal. The key asset - Cherepovets Steel Mill - is one of the most profitable metal manufacturers globally and is well-positioned in terms of its vicinity to Severstal's mining enterprises, the Baltic Sea ports, and Russian industrial zones.

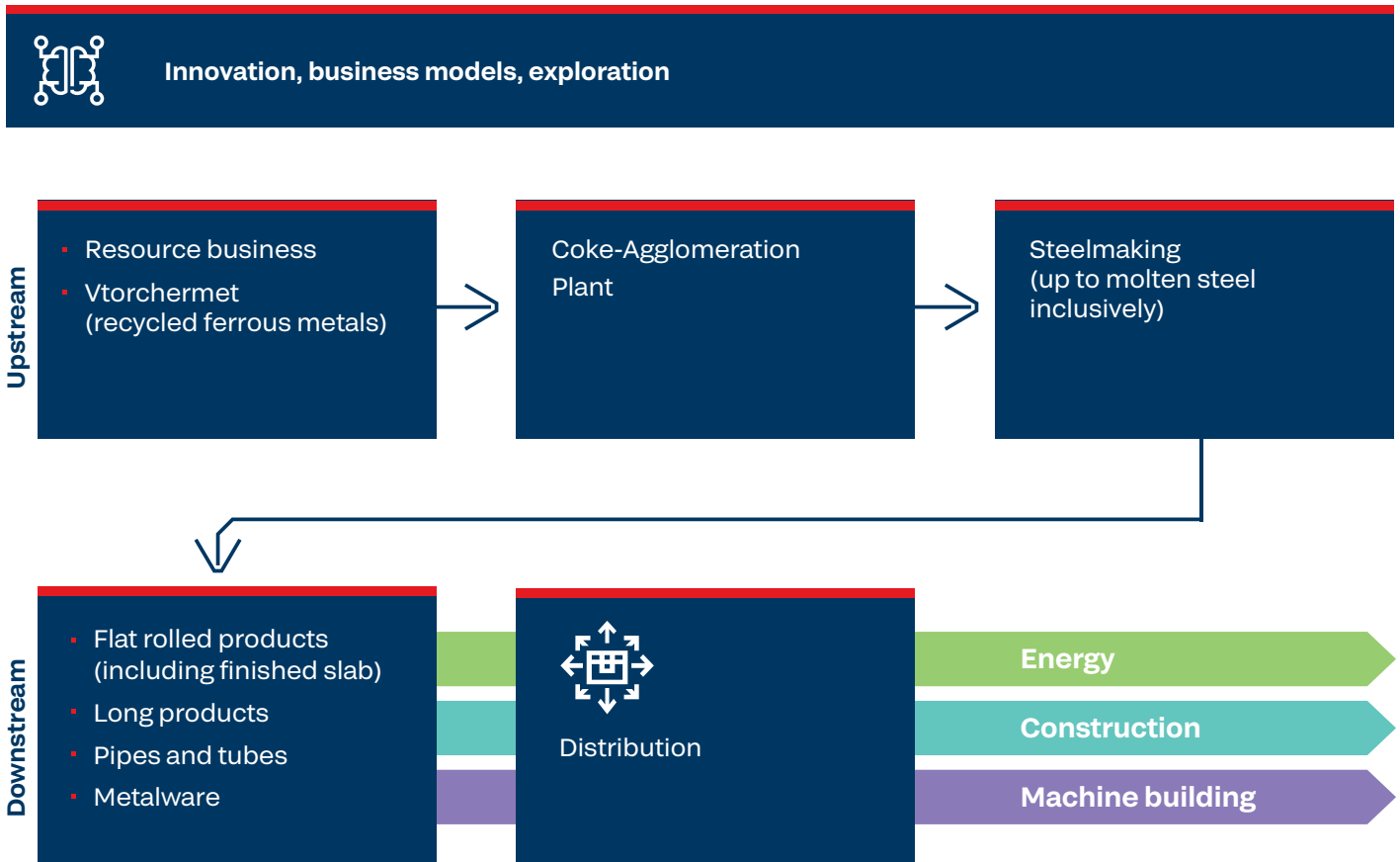
¹ Data for 2023 and as of 31.12.2023.

Business Model

GRI 2-6

Severstal achieves high financial and non-financial performance due to its efficiently organised vertically integrated business model. A combination of mining and metals operations as well as the Company's self-sufficiency in raw materials help maintain industry-leading profitability of production assets and protect the Company from seasonal fluctuations in feedstock prices. Severstal dispatches its finished products to construction, machine building and power engineering enterprises for respective use.

Severstal's Value Chain



The Company stands out for its responsible business approach integrated in its business model. Severstal continuously improves its activities in line with best sustainability practices and, through the use of various capital inputs, transforms them to build stakeholder value outputs. Severstal takes a balanced approach to capital investment. Investment projects are primarily focused on the core elements of the Company's strategy. They aim to enhance business profitability, maximise stakeholder value, and increase shareholder remuneration.

By implementing its environmental and social measures, Severstal contributes to achieving both the UN Sustainable Development Goals (SDGs) and the national projects' goals.

Business Model

Capital	Resources in 2023	Results in 2023
<p>Human Employees, personnel training and development, workplace safety</p> 	<ul style="list-style-type: none"> 46,113 employees - headcount  RUB 86.5 billion - salaries and social contributions RUB 274 million allocated for personnel development programmes RUB 2.6 billion allocated for occupational health and industrial safety activities 	<ul style="list-style-type: none"> Ranks first in the industrial employer IT brand rating (Habr.ru) 95% - share of employees covered by training 0.58 - LTIFR by Company employees and contractors 
<p>Social Stakeholder engagement</p> 	<ul style="list-style-type: none"> 29% - share of purchases from SMEs 16% - share of purchases from local suppliers RUB 3.9 billion - social investments  RUB 97.3 billion - taxes and contributions paid, including for social security 	<ul style="list-style-type: none"> 91% - overall customer satisfaction 100 charity projects 500 events dedicated to informational support of SMEs and promotion of entrepreneurship
<p>Natural Environmental footprint reduction</p> 	<ul style="list-style-type: none"> 14 iron ore deposits 10.7 billion tonnes of iron ore reserves RUB 6.1 billion allocated for environmental protection activities 	<ul style="list-style-type: none"> 98.2% - share of recycled water 98% - share of waste recycling 2.162 tonnes of CO₂/tonne of steel - GHG emissions intensity 
<p>Production Production capacity, operating efficiency</p> 	<ul style="list-style-type: none"> 2 segments 6 enterprises 11.3 million tonnes of cast iron production 11.3 million tonnes of steel production¹ RUB 481 billion - OPEX 	<ul style="list-style-type: none"> 481 partners involved in improvement of operational performance and optimisation of production processes 244.5 tonnes of produced steel / person - labour productivity²
<p>Financial Investments in the development of production activities</p> 	<ul style="list-style-type: none"> RUB 72.6 billion - CAPEX around RUB 300 million - the subsidised target loan obtained from Industrial Development Fund for one of the key projects of the comprehensive action plan for pollution emissions reduction under the Clean Air federal project RUB 13 billion - interest paid 	<ul style="list-style-type: none"> RUB 728.3 billion - revenue RUB 359.9 billion - net value added³ 10.73 million tonnes - sales of steel products, including: <ul style="list-style-type: none"> 0.95 million tonnes - sales of semi-finished products 4.52 million tonnes - sales of commercial steel (commercial mill products) 5.27 million tonnes - sales of HVA products 16.7 million tonnes - sales of iron ore⁴
<p>Intellectual Knowledge, skills, and production experience</p> 	<ul style="list-style-type: none"> RUB 223.7 million - R&D funding >51 thousand ideas submitted under the Idea Factory initiative 	<ul style="list-style-type: none"> 554 patents owned 10.8% - share of new product types RUB 635.6 - economic effect from inventions

¹ 90% of steel produced through the basic oxygen furnace process, and 10% - through the electric arc furnace process.













² 214.5 is the 2022 indicator.

³ RUB 394.6 billion - the value added.

⁴ Including the ore designated for own use and for sales (1.5 million tonnes - iron ore sales to third parties).

Sustainability Ratings, Rankings and Indices

MED-39

 <p>Ranked 57th (of 156) among global steel companies – 36.7 scores</p>	 <p>Group 1 in ESG index of Russian companies</p>	 <p>Group A – high level. Ranked 2nd in the ESG ranking of Russian companies in the ferrous metallurgy sector, and 11th in the overall rating</p>
 <p>AA.esg – very high level of ESG agenda integration into the company’s operations and quality of compliance with the relevant practices</p>	 <p>Ranked 3rd in the ferrous metallurgy sector of the ESG Transparency Ranking of Russian companies</p>	 <p>81% (corresponds to the average industry level), where 100% is the maximum score</p>
 <p>Ranked 1st with a B+ rating in the climate ranking</p>	 <p>Collaboration in progress, information provided without verification</p>	 <p>Group A+ – Leaders in Corporate Charity rating</p>
 <p>Diploma for the 10-year leading positions in RSPP’s indices (2014–2023). Severstal is one of the five companies awarded this merit</p>	 <p>Group A in the Responsibility and Transparency Index – companies with best disclosures Group A in the Sustainability Vector Index – companies with best performance dynamics</p>	 <p>Group AAA – companies with a very high anti-corruption level</p>

Sustainability awards



Grand Prix of the All-Russian contest Leaders of Russian Business: Dynamics, Responsibility, Sustainability 2022 competition



1st Degree Laureate of the Leaders of Responsible Business first national award.

Winner in the nominations:

For the contribution to addressing environment- and climate-oriented strategic objectives (for the Company's activities under the Clean Air federal project);

For the contribution to sustainable development of territories (for the projects aimed to develop the Cherepovets urban environment quality)



Nine Severstal's programmes contributing to the delivery of national projects among the finalists of the Award



Winner in the Environmental Activities and Resource Saving nomination of the XX Mining and Metals Company of High Social Performance industry contest



Winner in the Best Programme Encouraging Sustainable Development through Grant Competitions (Best Grant Competition) nomination

Winner in the Best Programme (Project) to Support Culture and Art nomination



Winner in the Best Sustainability Report nomination



Winner of the Plus One Award – Change Management. Visionaries in the Best Environmental Impact Disclosure 2022 nomination



Winning "Gold" in the 2023 Rating of Russian Employers for the contribution to employees and society (S).

Winning "Platinum" in the E and G nominations





03.

Strategic
Report

Market Overview

Global Economy and Steel Market

The global economy continues to gradually recover, notwithstanding the unprecedented tightening of global monetary conditions aimed to overcome the highest inflation rate over the past decade.

With that, the economic slowdown is more apparent in advanced economies rather than in developing countries. According to the International Monetary Fund (IMF), the global GDP grew by 3.1% in 2023 following the 3.5% increase in 2022. The overall (average) inflation rate dropped from its 8.7% peak in 2022 down to 6.8% in 2023.

According to IMF forecasts, the global economic growth in 2024 will be 3.1% (below the historical average of 3.8% in 2000-2019) owing to higher key rates of central banks established to combat inflation, and to curtailment of budgetary support against the backdrop of high indebtedness exerting pressure on economic activity. The global inflation is expected to fall down to 5.8% in 2024. In general, in the context of disinflation, the probability of hard landing has

decreased, and, by and large, the risks for global economy growth remain well-balanced. There remains the possibility of a higher economic advance in 2024 in the event of an accelerated disinflation pace and the related faster easing of monetary conditions.

The global steel consumption started to slow sharply in H2 2022 against the high inflation and rising key rates. The same trend continued in 2023. Nonetheless, following the 3.3% decline in 2022, the global steel consumption grew by 1.8% in 2023, as estimated by the World Steel Association. The steel demand recovery in 2023 was driven by the support measures for infrastructural projects and the housing market in China, as well as by the domestic demand growth in certain countries (India, Turkey, South Korea).

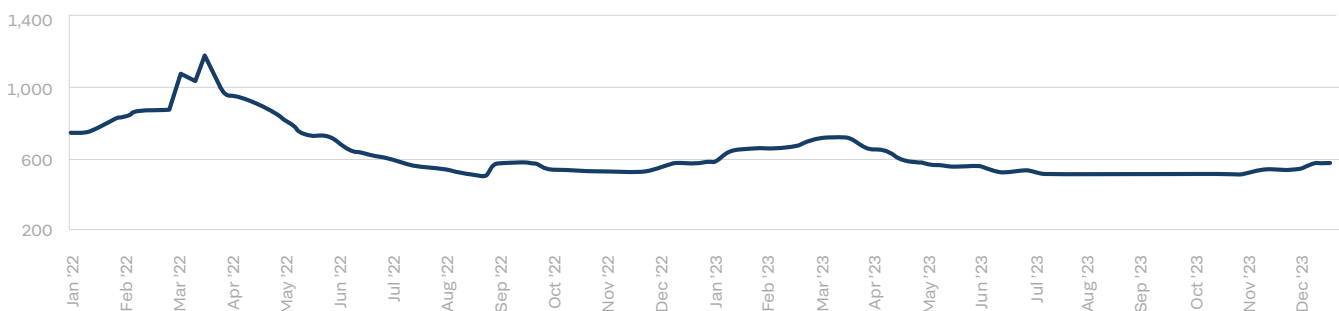
In 2024, the global steel demand is expected to slightly accelerate (to 1.9%, according to the World Steel Association) as stagnation in steel consumption in China is largely offset by the consumption growth in other countries, especially India (by 7.7%).

Steel Prices

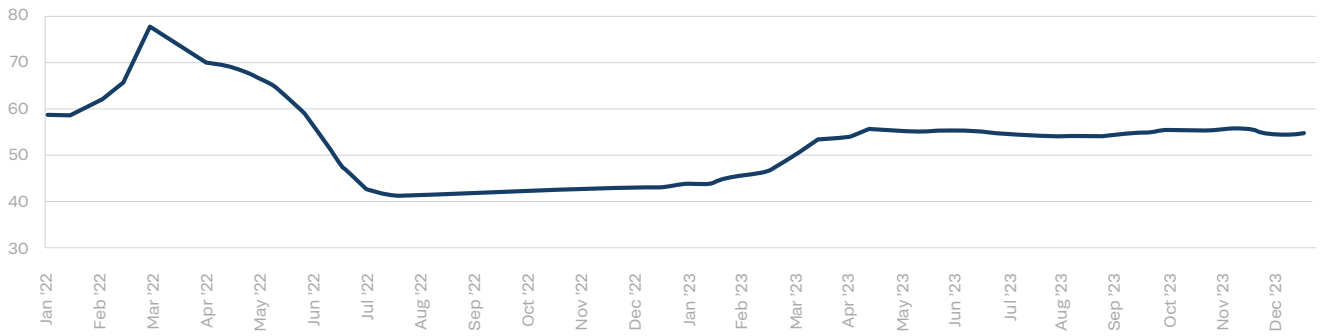
On average, the export prices for Russian hot-rolled coil FOB Black Sea in 2023 decreased by 17% year-on-year. The decline was driven by the high base effect of H1 2022, that is the period during which the effect of pent-up demand after the COVID-19 pandemic was still operative, and increased exports of steel products from China to multi-year highs caused by the poor domestic demand, which affected the global steel prices in 2023.

In 2023, the prices for hot-rolled steel in Russia turned out to be more resilient amid the record-breaking domestic demand for rolled steel as well as due to higher (vs the global average) inflation rates and the rouble depreciation relative to other foreign currencies. Against this background, there was an incremental increase in prices for rolled steel throughout 2023. Nonetheless, they declined on average by 1% year-on-year due to the high base in early 2022.

Price for hot-rolled coil FOB Black Sea, USD/tonne



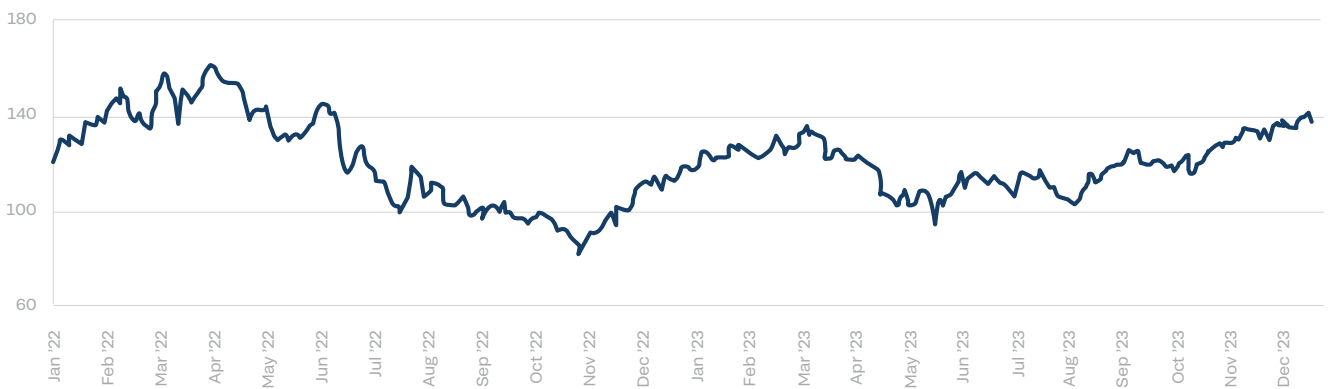
Price for hot-rolled sheet EXW Russia, net of VAT, thousand RUB/tonne



Iron Ore Prices

The average iron ore prices decreased by 1% to USD 120 per tonne CFR China. The prices fluctuated in a significant range from below USD 100 to over USD 140 per tonne. In particular, in May 2023, the ore prices fell to six-month lows due to reduced demand from China caused by concerns about the Chinese property market, it being one of the main consumers of rolled steel. However, the prices subsequently moved to a relatively steady upward trend owing to the Chinese authorities' efforts to curb the downturn in the property market.

Prices for iron ore (62% Fe) CFR China, USD/tonne



Coking Coal Prices

In 2023, the average coking coal prices decreased by 19% to USD 296 per tonne FOB Australia. The prices fluctuated in a significant range from below USD 200 to almost USD 400 per tonne. As is the case with iron ore prices, among the key factors affecting the coking coal price variations in 2023 were the concerns and hopes associated with the property market activity in China. However, the strong demand

for coking coal from India who significantly increased its steel production was not the least of the factors either. The Chinese policy of safety inspections at coal mines also supported the prices in late 2023. It brought about the closure or suspension of operations at some of them and, accordingly, led to the increased purchases of imported raw materials, in particular of Australian origin.

Prices for coking coal FOB Australia, USD/tonne



Russian Economy and Steel Demand

The 2023 growth of the Russian economy following a 1.2% decline in 2022 was 3.6% (as estimated by Rosstat). The significant GDP growth in 2023 is driven by the household consumption and investments in fixed assets. The inflation in Russia in 2023 was 7.42% following the level of 11.94% in 2022. The Bank of Russia anticipates the Russian economy to grow by 1.0–2.0% in 2024, while the IMF forecasts 2.6%. As estimated by Severstal, the consumption in Russia grew by 7% to

46.3 million tonnes in 2023, which is largely driven by the construction sector growth by 9% year-on-year and the machine building sector growth by 14%, slightly offset by a 4% decline in the power engineering sector. In 2024, the consumption is expected to grow by 1–2% to 47.3 million tonnes on account of the construction sector's moderate growth by 0.5% year-on-year, machine building sector's continuing growth by 5% and power engineering sector's recovery growth by 10%.

Overview of Operational and Financial Performance

Operational Performance

The cast iron production increased by 3% year-on-year to 11.3 million tonnes and the steel production showed the growth by 5% to 11.27 million tonnes due to higher unit utilisation.

With that, the consolidated sales of rolled steel decreased by 2% to 10.73 million tonnes against the built-up of stocks of semi-finished products before the shutdown of blast furnace No. 5 for overhaul in 2024. As a result, the sales of cast iron and slabs fell to 0.95 million tonnes, down 40% compared to 2022. The commercial steel sales (hot-rolled and long products) declined by 2% down to 4.52 million tonnes due to the downturn in hot-rolled steel sales caused by re-focusing

to further treatment to increase the production and sales of HVA products. At the same time, the sales of finished rolled steel generally increased by 5% to 9.79 million tonnes, whereas the HVA products sales rose by 11% to 5.27 million tonnes. Consequently, the share of HVA products reached the record-breaking 49% of the total sales, up 5 p.p. year-on-year.

The iron ore sales to third parties went down by 37% to 1.48 million tonnes mainly due to the increased pellet supplies to Cherepovets Steel Mill and temporary decline of the concentrate production at AO Olcon amid the extended stripping operations for maintaining certain production levels in future periods.

Financial Performance

Owing to the improved product mix of sales with a growing share of finished rolled steel and HVA products, the revenue increased by 7% to RUB 728.3 billion. Severstal continued to demonstrate the efficient cost control owing to the low production costs and Severstal's vertically integrated business model that provides the Company with additional control over the supply chain. Consequently, EBITDA grew by 22% year-on-year to RUB 262.2 billion. EBITDA margin amounted to 36%, up 5 p.p. The Company's net profit for the 12 months of 2023 surged by 79% to RUB 193.9 billion. CAPEX rose by 7% to RUB 72.6 billion.

In the first instance, the Company invested in the implementation its growth strategy, that is superior customer experience, cost leadership, and new commercial opportunities. Severstal adheres to the following clear rule: the internal rate of return (IRR) of each development project shall not fall below 25%. The Company intends to further invest in strategically important projects that

are expected to provide it with leadership in cost saving. Further customer base expansion, new market segments development, and environmental footprint reduction constitute Severstal's new-term plans. The amount of investments the Company budgeted for 2024 will total to RUB 119 billion: RUB 54 billion will be allocated for maintaining the existing capacities, and RUB 48 billion will be spent on development projects. Investments in IT and digital projects will reach RUB 10 billion, whereas investments in environmental protection, security systems' enhancement and occupational health will exceed RUB 7 billion.

With such an impressive investment programme, Severstal continues to consistently generate the positive cash flow: in the reporting year, it amounted to about RUB 120 billion (down 23% year-on-year). The working capital financing amounted to RUB 9.1 billion, which is mainly driven by the enhanced reserves in the backdrop of slab reserves formation before the shutdown of blast furnace No. 5 for overhaul.

Financial Standing

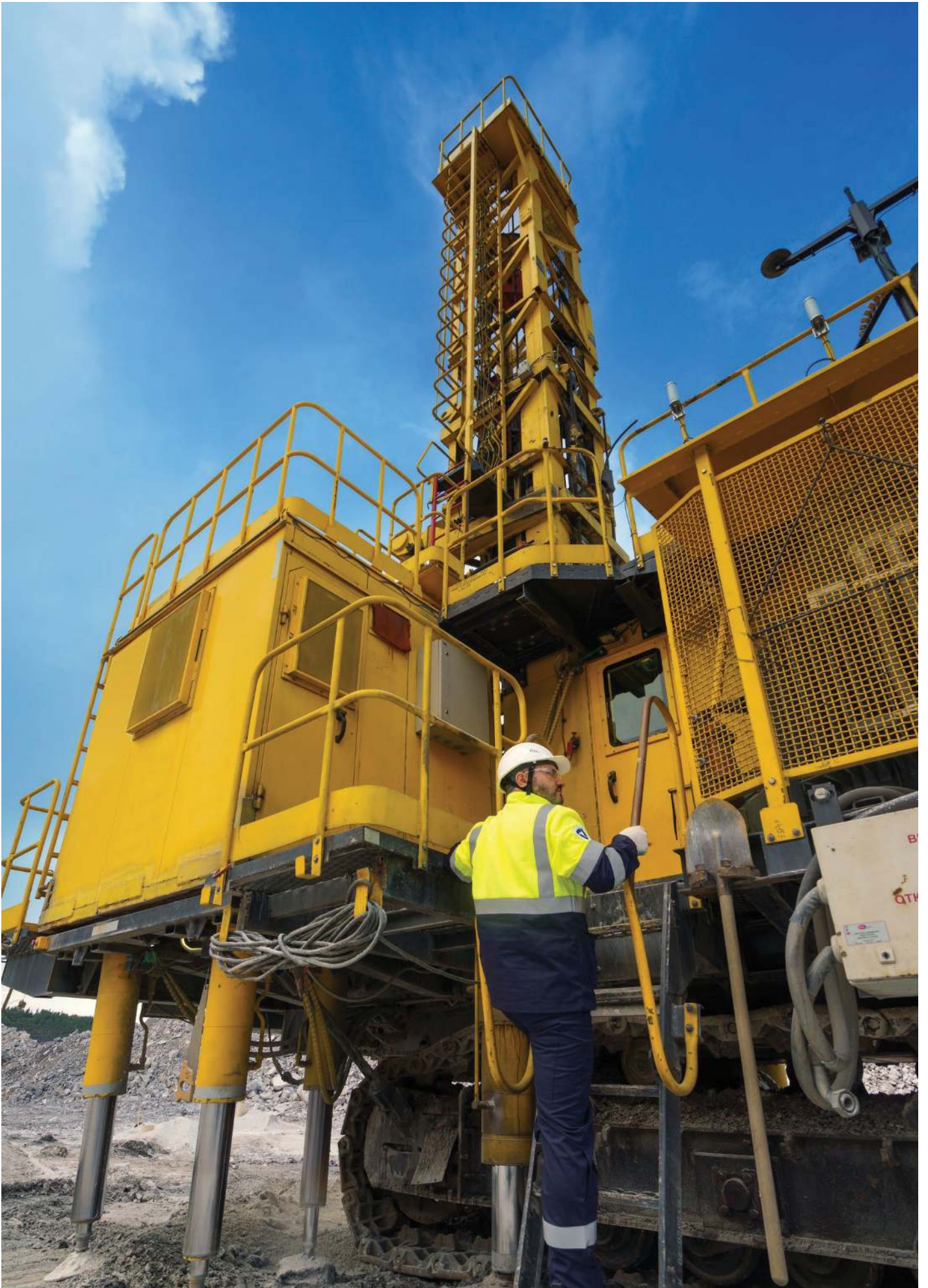
In 2023, the Company managed to retain its strong financial standing with a low debt burden. Net increase in cash and cash equivalents amounted to RUB 373.6 billion (vs RUB 186.2 billion as of 31 December 2022) due to the introduction of anti-crisis measures in the form of temporary suspension of dividend payments to create a sufficient liquidity cushion in response to the external sanctions pressure. The total debt rose to RUB 163.1 billion (up 61% year-on-year) due to currency revaluation of the dollar portion of the debt and partial portfolio restructuring from public to bank debt. The net cash position amounted to RUB 210.5 billion. The Net Debt to EBITDA ratio was -0.8.

Overview of Dividends

PAO Severstal's dividend policy implies payment of 100% of the Company's free cash flow in favour of shareholders, provided the Net Debt/EBITDA ranges from 1.0 to 0.5. In the event it exceeds 1.0 dividends will amount to 50% of free cash flow for the respective period. If the Net Debt to EBITDA ratio is below 0.5 the amount of dividends may constitute over 100% of free cash flow.

The achieved financial results enable Severstal to return back to the practice of dividend payment. The Board of Directors of the Company recommended a dividend payment of RUB 191.51 per share on the basis of the 2023 performance. The recommended date for forming a shareholder register (list of persons entitled to dividends) is 18 June 2024. As projected by the Company, the dividend declaration and payment procedure is to be approved at the General Meeting of Shareholders scheduled for 7 June 2024.









04.

Corporate Governance

2023 Highlights

100%

of Severstal's employees and business partners are introduced to the Anti-Corruption Policy

12

Severstal's functional units passed the Corruption Risk Assessment Procedure

1,733

persons completed the anti-corruption training course (↑42%)¹

0

cases of breach of confidentiality of personal data

UN Global Compact Principles

Principle 10. Businesses should work against corruption in all its forms, including extortion and bribery.

Material Topic

- Information security

UN Sustainable Development Goals



¹ Against 2022.

Corporate Governance System

Corporate Governance Standards and Principles

Severstal's corporate governance system is organised in such a way so as to ensure efficient administration of the Company's activities and manage risks and sustainable development issues, thereat strictly respecting the interests of shareholders, investors, and all stakeholders.

Key corporate governance documents

Internal

The fundamental principles underlying the corporate governance system are outlined in the [Corporate Governance Code of PAO Severstal](#), namely:

- effective and transparent mechanisms for guaranteeing shareholder rights and interests;
- equal treatment of all shareholders;
- exercising shareholder rights to participate in managing the Company;
- high-level engagement with all stakeholders, including customers, suppliers, employees, and professional communities; and
- increasing the market value of the Company's shares.

External

- Corporate Governance Code recommended by the Bank of Russia.

The Company's Corporate Governance Structure

GRI 2-9

General Meeting of Shareholders



Board of Directors

Audit Committee

Safety and Sustainability
Committee

Nomination and Remuneration
Committee



Sole Executive Body
CEO

The General Meeting of Shareholders (hereinafter referred to as the Meeting) is the supreme governing body of Severstal administering the key issues of the Company's activities attributed to its competence by the legislation in effect and the [Charter of PAO Severstal](#). The procedure for preparing and convening the Meeting, as well as the composition, functions and authorities of its working bodies are governed by the [Regulations for the Procedure of Conducting General Meeting of Shareholders](#).

In conformity with the legislation of the Russian Federation, Severstal convenes the General Meeting of Shareholders at least once a year in person or by absentee voting. Extraordinary meetings may also be convened as resolved by the Board of Directors or required by the auditor or shareholders (shareholder) holding at least 10% of the voting shares of PAO Severstal as at the date of the request. In 2023, the Company only held the annual Meeting by absentee voting. Extraordinary meetings were not convened.

The Board of Directors

GRI 2-12 **GRI 2-13**

The Board of Directors is in charge of the overall management of the Company's activities, approval of its long-term development strategy, actualisation of its business model, control and performance assessment of the executive bodies, and execution of other functions assigned by the legislation in effect and the Charter of PAO Severstal.

The Board of Directors pays particular attention to the strengthening of the Company's market positions, assurance of shareholder and investor rights, interaction with the investment community and stakeholders, and to the handling of sustainable development issues.

[For more details regarding the approach to sustainable development management, see the Sustainability Management section, page 63.](#)

Board meetings may be held at the initiative of the Chairman of the Board of Directors, Board members, Head of the Internal Audit Department or the Company's auditor, the executive body, and shareholders (shareholder) holding at least 2% of the Company's voting shares. The Board of Directors convenes its meetings as deemed necessary, both in person and by absentee voting. The meeting format shall be determined by the person convening the meeting. The Board of Directors' proceedings are governed by the [Regulations for the Board of Directors of PAO Severstal.](#)

MED-35 **MED-36**

In 2023, the Board of Directors convened seven meetings. The attendance rate was 100%. In February 2023, it approved the Sustainability Strategy 2030 and the Decarbonisation Strategy 2030.

The Sustainability Strategy is published on [the Company's official website.](#) [For more details regarding the Sustainability Strategy, see the Sustainability Management section, page 63.](#)

The Decarbonisation Strategy is also published on [the Company's website](#)¹. [For more details regarding the Strategy, see the Climate Change and Energy Efficiency section, page 152.](#)

¹ This document is only available in Russian.

GRI 2-9 **GRI 2-10** **GRI 2-11** **MED-37** **MED-44**

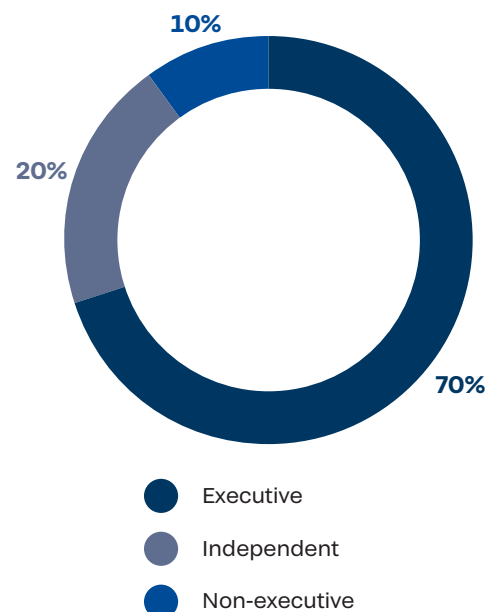
The Company forms the Board of Directors on the basis of candidates' professional competencies and expertise in relevant areas. Most of the active Board members have higher economic and financial education, many years of experience in the legal, engineering, and technology sectors, as well as in human resources management.

The Board members are elected by shareholder voting at the General Meeting of Shareholders for the term of office till the next annual Meeting. The Chairman of the Board of Directors is elected by the Board members' voting. A candidate shall be deemed elected to the office of Chairman of the Board of Directors if he/she received the majority of votes of the Board members. The Chairman may be re-elected by the Board of Directors at any time by the same number of votes.

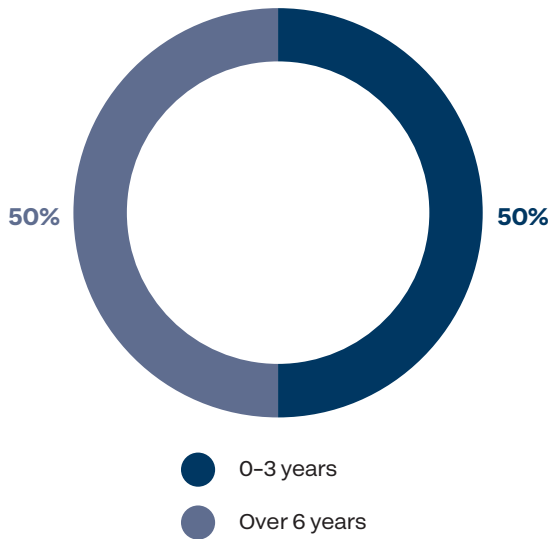
For more details regarding the election procedure for the Board of Directors, see the [Charter of PAO Severstal.](#)

As of 31 December 2023, the Board of Directors was composed of ten members, with a percentage of women being 10%, and a percentage of independent directors being 20%.

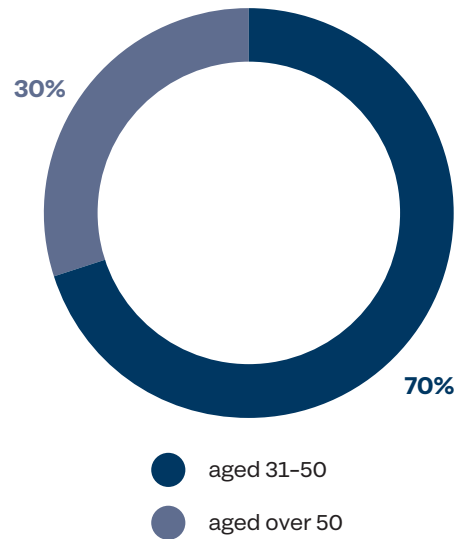
Status of the Board members in 2023



Term of office of the Board members

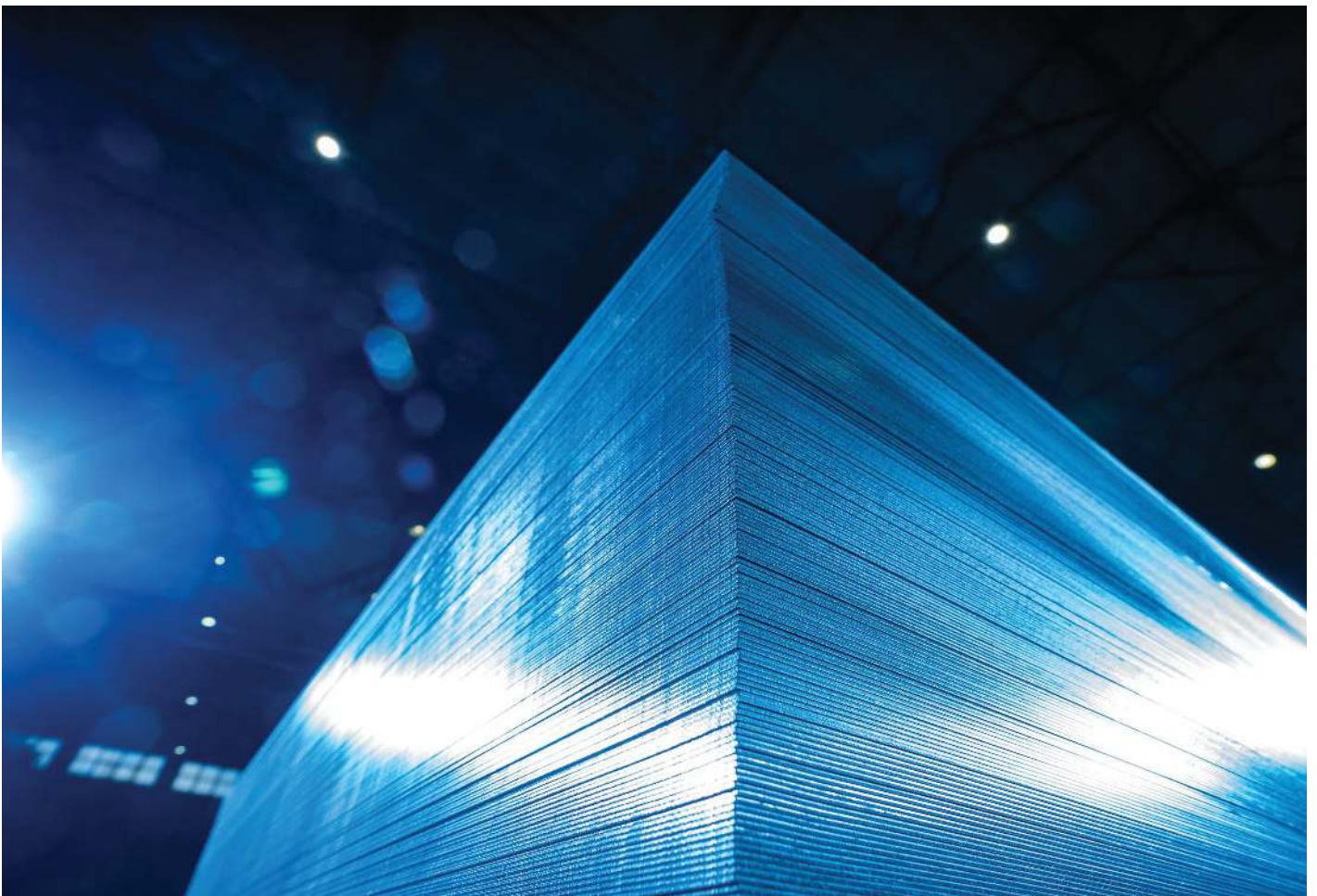


Age of the Board members



GRI 2-18

The Board of Directors regularly performs its self-assessment. Proceeding from the individual contribution of each Board member, the Board conducts an internal assessment of its performance annually, and an external independent assessment – once every three years. In 2023, the Board of Directors assessed its performance and the performance of its committees based on the outcomes of their work over the reporting period. The Board members reviewed the assessment results at the meeting held on 1 February 2024 and identified the areas for further improvement.



Committees of the Board of Directors

GRI 2-13

The Committees of the Board of Directors are the consultative and advisory bodies in charge of accomplishing the tasks assigned by the Board of Directors. The [Regulations for the Committees of the Board of Directors of PAO Severstal](#) in effect determines the procedure of the Committees' formation, activities, and election of the members thereof. To date, Severstal has the following standing committees:

- The Audit Committee in charge of exercising the control over the Company's financial and economic activities, including monitoring the status of risk management, internal control, and corporate governance systems.
- The Safety and Sustainability Committee in charge of the appropriate functioning of the safety and sustainability risk management system.
- The Nomination and Remuneration Committee in charge of attracting qualified specialists for managing the Company and incentivising them to perform efficiently.

MED-38

In 2023, the Audit Committee convened three meetings. The attendance rate was 100%.

Top Management Remuneration

GRI 2-19 GRI 2-20

As resolved by the General Meeting of Shareholders, members of PAO Severstal's Board of Directors may receive remuneration and/or compensation of expenses related to the discharge of their duties during the period of their fulfillment. The amount of the said remuneration and compensation shall be established by a resolution of the General Meeting of Shareholders.

The top management remuneration principles are governed by the local regulatory acts and employment contracts. The Company has the [Regulations on the Reduction of Long-Term Remuneration Elements in AO Severstal Management](#)¹ in place, pursuant to which the Nomination and Remuneration Committee is entitled to reduce payments under the long-term incentive and bonus system for the key top managers, should any deliberate wrongful behaviour be revealed on their part. The Regulations aim to mitigate the Company's financial, reputational and other risks arising therefrom.

¹ This document is only available in Russian.

Ethical Conduct of Business and Anti-Corruption

Approach to Management

Severstal's corporate governance is based on the principles of business ethics and anti-corruption that contribute to building trust-based relationships with contractors and stakeholders. The Company not only follows the principles of responsible business conduct but also applies corporate requirements for ethical and anti-corruption behaviour throughout the supply chain.

[For more details regarding stakeholder engagement, see the Sustainability Management section, page 63.](#)

EM-MM-510a.1 **GRI 2-23**

Key internal business ethics and anti-corruption documents

- [Code of Business Conduct of the Severstal Group of Companies](#)
- [Anti-Corruption Policy of PAO Severstal and Related Legal Entities](#)
- [Anti-Corruption Policy for Severstal Counterparties](#)
- [Gifts and Business Hospitality Policy](#)
- [Conflict of Interest Management Policy¹](#)
- [Human Rights and Community Relations Policy](#)
- [Anti-Bribery Management System Standard](#)
- [Employee Code of Conduct of the Severstal Group of Companies](#)
- [Regulations on the Compliance Commission](#)

Business Ethics

GRI 2-15

Compliance with ethical standards as an integral part of Severstal's corporate culture is an imperative for all employees, regardless of their position. PAO Severstal's Code of Business Conduct sets forth the principles of business ethics followed by the Company in any dealings with customers and contractors throughout its supply chain. They include:

- zero tolerance to any signs of corruption;
- respect for partners, suppliers, and customers;
- compliance with occupational health and safety rules;
- provision of truthful information only;
- protection of confidential information and personal data;
- abidance by agreements;
- rejection of gifts and other favours that would put the receiving party in a dependent position;
- countering the conflict of interests.

¹ This document is only available in Russian.

Anti-Corruption

GRI 2-23

Severstal follows the principle of zero tolerance to any signs of corruption, which is fully reflected in the Anti-Corruption Policy of PAO Severstal and Related Legal Entities. It applies to all employees and members of the Board of Directors and is binding.

The goals of the Anti-Corruption Policy of PAO Severstal and Related Legal Entities are as follows:

- observance of anti-corruption laws;
- mitigation of corruption risks;
- raising employee and stakeholder awareness of the Company's zero tolerance towards any signs and forms of corruption.

Guided by the provisions of the Policy, Severstal defines the following fundamental anti-corruption principles:

- legitimacy;
- zero tolerance towards any signs and forms of corruption;
- leading by example (tone at the top);
- risk assessment and regular monitoring;
- informing and training.

GRI 205-1

The Board of Directors exercises control over the observance of the Anti-Corruption Policy. Corruption risks assessment is the responsibility of the Risk Management and Internal Control Department that performs it annually pursuant to the Anti-Corruption Policy of PAO Severstal and Related Legal Entities and the Corruption Risk Assessment Procedure adopted by the Company. In the reporting year, 12 functional units of the Company were covered by the said assessment. On top of that, the Internal Audit Department performed an audit of the anti-corruption system, which enabled the Company to objectively assess the efficiency of anti-corruption standards and procedures, and elaborate measures to enhance these.

GRI 2-15

In the reporting year, the Company set up the Compliance Commission and approved the Regulations on the Compliance Commission in order to streamline the conflict of interest management and anti-corruption system. The Compliance Commission is authorised to conduct meetings on anti-corruption issues, review the cases of employee non-observance of the requirements of the Company's anti-corruption regulations, decide on measures to be taken upon revealing such non-observance, and perform other functions within the anti-corruption

management system. In particular, the Commission held two in-person meetings in 2023, reviewed nine cases of conflict of interest identified during the reporting period, approved the remedial measures, and elaborated corrective measures to minimise them in the future.

Reporting the actual or potential cases of corruption constitutes an important part of Severstal's anti-corruption strategy. If any such situations are detected, employees are required to report them to their line manager, contact the Ethics Committee or apply to the Unified Hotline.



Severstal's anti-corruption awards in 2023

The effective anti-corruption system and minimal corruption risks were confirmed by the **AAA class** (companies with a very high level of anti-corruption) assigned to Severstal by the annual Anti-Corruption Rating of Russian Business of the Russian Union of Industrialists and Entrepreneurs (RSPP).

GRI 205-3 MED-43

It is a common practice that Severstal immediately terminates contractual relations with businesses held to be involved in corrupt practices and adds bad faith contractors to the list of entities not recommended for cooperation.

In 2023, the Company recorded one confirmed case of corruption that resulted in bringing a criminal case. In addition, there were several cases of refusing to enter into contracts with potential counterparties due to high corruption risks.

In the reporting year, the Company introduced new IT tools to minimise corruption risks in its interaction with counterparties. These include the Automated Scoring project that makes it possible to promptly obtain information regarding the integrity of counterparties, including an assessment of reputational risks of business partner engagement. The project envisages an automated control over the extended list of suppliers' risk factors.

Another IT tool is the Supplier Business Reputation Monitoring. It entails an automated inspection of significant changes to counterparty activities at all stages of the life cycle that may lead to corruption risks. If potential risks are identified the Supplier Business Reputation Monitoring makes sure that the accountable persons are notified thereof in the online mode.

To prevent occurrence of corrupt practices, Severstal conducts a mandatory anti-corruption training for its employees. Its intervals depend on an employee’s position and the provisions of the Company’s local regulatory acts. In 2023, Severstal updated the Standards of Conduct anti-corruption training course to reflect the changes introduced to the anti-corruption system. The course was completed by 1,733 people, which is almost a 42% increase year-on-year. In 2024, Severstal intends to scale its anti-corruption practices to all business units.

Feedback Mechanisms

Severstal has feedback mechanisms in place to promptly respond to grievances and reports on violations. The existing communication channels are equally available to Company employees and external stakeholders. Severstal guarantees an anonymous, independent, and unbiased review of all submissions.

<p>Unified Hotline communication channels</p>	<ul style="list-style-type: none"> ▪ Line for confidential calls ▪ Messenger (WhatsApp) ▪ Email address vopros@severstal.com ▪ Corporate portal
<p>The Ethics Committee</p>	<ul style="list-style-type: none"> ▪ Email address komitet@severstal.com ▪ Mailing address
<p>Company’s Business Support Service</p>	<ul style="list-style-type: none"> ▪ Email address security@severstal.com

The Ethics Committee

The Ethics Committee headed by the Chairman of the Board of Directors is responsible for reviewing and resolving the ethical business conduct issues.

During the reporting year, the Committee reviewed 19 reports containing the following information on potential violation of the Company’s ethical and anti-corruption requirements:

- violation of the corporate ethics and the [Employee Code of Conduct](#) – 37%;
- labour misconduct – 26%;
- corruption-related breaches – 26%;
- requests to apply the Company’s anti-corruption policies – 11%.

In 53% of cases, the information contained in the submissions was confirmed in the course of internal investigations. All the confirmed cases were attended to by the Ethics Committee through a release of instructions to remedy the situation and formation of the list of measures to be taken towards violators.

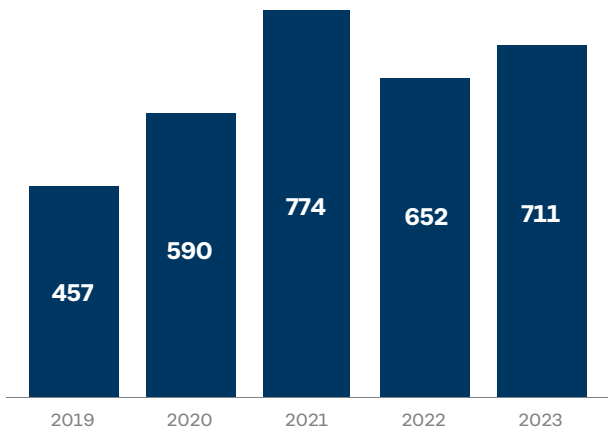
The Unified Hotline

Severstal operates the Unified Hotline feedback mechanism to promptly respond to ethics-related violations. It makes sure that any complaints and submissions are to be addressed in a timely and fair manner and guarantees complete anonymity to an applicant.

The Company annually updates the list of topics covered by the Unified Hotline supplementing it with topics related to the current processes and changes. In 2023, the service started accepting submissions concerning the health insurance programmes (VHI) and employee welfare. This innovation resulted from Severstal’s extensive launch of several projects in these areas.

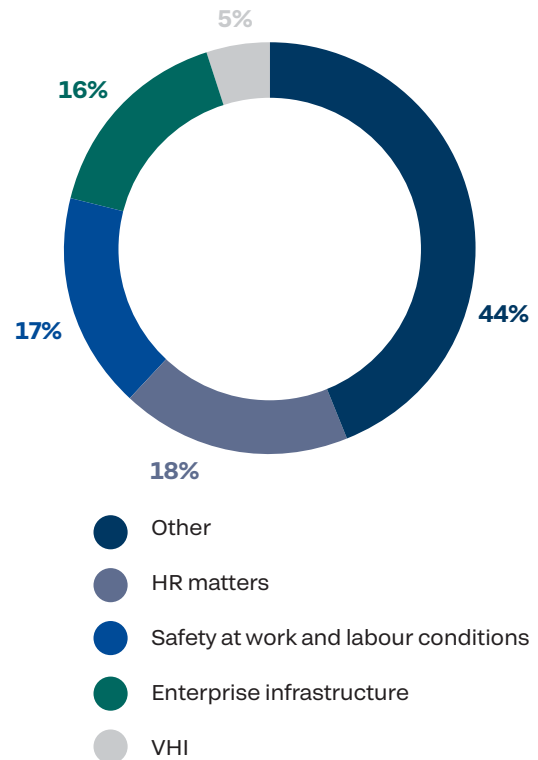
In the reporting year, the Unified Hotline service received 711 submissions mainly on such HR issues as payroll calculation, bonus payments, sick leaves and sick pays, etc. Submissions in the Other category include healthcare and medical services, enterprise-wide access and safeguarding arrangements, and production-related issues.

Unified Hotline submissions, pcs



In regard to each submission, Severstal conducted a thorough investigation, implemented remedial measures (as and where necessary), provided feedback to applicants, and engaged all the core divisions and functional centres of excellence to deal with the information received, i.e., HR management, occupational health, industrial safety, etc.

Submissions structure by topic in 2023¹



GRI 2-26

In 2023, the Company did not identify any cases of discrimination on racial, gender or other grounds among the submissions received via the Ethics Committee and the Unified Hotline.

Business Support Service

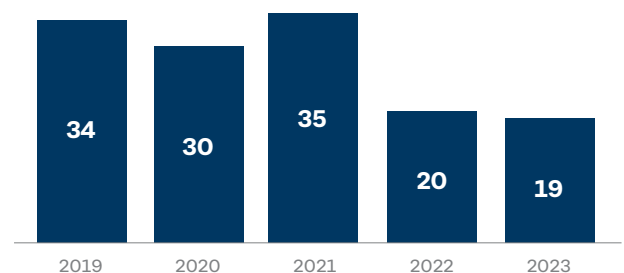
GRI 205-3

Severstal operates the Business Support Service (BSS) in charge of economic, information, and personnel security activities, and prevention of any attempted infringement of the Company's legitimate interests. The service is also involved in discontinuing any violations of anti-corruption policy requirements and for taking anti-corruption measures to increase the responsibility of the Company's staff and counterparties in this sphere. To mitigate corruption risks, the BSS consistently performs the following activities:

- proactive meetings with the heads of structural units and contractors to notify them of the consequences of corruption incidents and, if identified, response measures;
- meetings and conferences with business partners for discussing essential concerns and issues in countering corruption;
- training webinars and cross-functional conferences for business units;
- integration of IT services as part of the preliminary analysis and assessment of reputational and corruption risks of interaction with active and potential partners.

In 2023, the BSS received and reviewed 19 submissions on attempted commercial bribery towards employees.

Submissions to BSS, pcs



¹ The Other category covers: healthcare and medical services, access and safeguarding at checkpoints and within the enterprise, production-related issues (preparing equipment for repair), transportation and supply to the place of work, etc.

Effective Risk Management

Approach to Management

GRI 2-12

Severstal's operations are exposed to certain risks. Effective risk control is among the critical elements of the Company's business and strategy. Accurate and timely risk identification, assessment and management facilitate decision-making at all levels of management, thus helping Severstal achieve its strategic goals and key results.

Risk Management System

Severstal's risk management system aims to identify, manage, and mitigate the risk of non-achievement of the Company's strategic goals. Severstal's senior executives, managers, and employees at all levels are continuously involved in risk management and execute respective duties imposed on them within this process. In their activities, the Board of Directors and all employees are obliged to strictly abide by the Company's risk management policies and standards. The governing document is the [Risk Management and Internal Control Policy](#).

The Board of Directors is ultimately liable for maintaining the uninterrupted functioning of the risk management and internal control system. The Board of Directors on a regular basis discusses the risks Severstal's business is exposed to. The Audit Committee closely supervises the risk management system performance, receives regular reports from the management on risks and measures to administer them, is in charge of monitoring the internal controls on behalf of the Board of Directors, and coordinates the issues requiring assistance with the Internal Audit Department.

Severstal's risk management system operates effectively and reinforces the Board of Directors' comprehensive assessment of the principal risks the Company faces. The key risks are analysed throughout the year and formally discussed at Board of Directors meetings at least twice a year. At the same time, in the risk management system as such, certain areas of responsibility and obligations fall within the competence of not only the senior management but also of Company employees.

Risk management and internal control structure

Business unit	Functions
Board of Directors	<ul style="list-style-type: none"> Is in charge of the quality of the risk management system functioning
Audit Committee	<ul style="list-style-type: none"> Is responsible for internal controls monitoring and overall performance of the system
Company management and operational management	<ul style="list-style-type: none"> Arrange, elaborate, and perform risk management and internal control procedures
Risk Management and Internal Control Department	<ul style="list-style-type: none"> Carries out overall coordination of the risk management and internal control system functioning; Implements best practices in risk management and internal control; Elaborates, implements and updates the corporate standards governing the risk management and internal control process; Arranges for training on risk management and internal control; Analyses the key risks portfolio and works out proposals on the response strategy and resource reallocation for administering the relevant risks; Coordinates formation of reporting on the risk management process efficiency for the Audit Committee and the Board of Directors twice a year
Internal Audit Department	<ul style="list-style-type: none"> Conducts an independent assessment of the internal control system (ICS) condition; Identifies ICS faults; Prepares proposals on improving the internal control procedures; and Provides information on the ICS condition to the Audit Committee and the Board of Directors.

Risk Identification and Assessment

Severstal takes into account all the risks capable of affecting its business, customers, supply chain, and local communities. The Company has a formalised risk identification and management process in place to continuously identify, assess and, where possible, neutralise the risks related to economy in general and the sector. Severstal places special emphasis on ESG risks that include the production and environmental safety factors, climate-related and social risks managed the Company through integrating them into the overall risk management system.

New Risks

At each of its meetings, the Board of Directors analyses new risks triggered by current market conditions and the state of the Russian and global economy. The management presents its assessment of the market conditions, trends and threats, which is reviewed and scrutinised. In between meetings, the Board of Directors receives information from the management regarding the market situation and changes in legislation and state regulation.

Risk Appetite and Key Risks Management

Severstal takes a balanced approach to risks, with the Board of Directors striving to minimize the safety, health, and reputational risks. The Board of Directors realises that it is neither possible nor always appropriate to eliminate all risks associated with the Company's activities. Moreover, certain risks the Company's business is exposed to are unmanageable from a practical point of view, which is quite a fair judgement towards the market risks.

Severstal applies the annual planning process that includes short-term (one-year) and longer-term (five-year) financial forecasts based on the information received from each of the Company's enterprises. These plans and potential implementation risks are reviewed by the Board of Directors under the strategy revision and budget approval processes.

The Company's key risks and risk mitigation measures¹

Risk factors	Risk mitigation measures
<p>Occupational health and industrial safety risks (for more details, see the Occupational Health and Industrial Safety Risks Management section, page 142)</p> <p>Workplace hazards (fire risk, high methane concentration or cave-in hazards in mines, risk of injury when walking, and increased risk of injury during routine maintenance in metallurgical shops), accidents at facilities</p> <p>● ✓ ✓ ✓ ← →</p>	<ul style="list-style-type: none"> ▪ Observance of occupational health and industrial safety laws, regulations, and relevant corporate documents ▪ Control exercised by the Occupational Health, Industrial Safety and Environmental Protection Department ▪ Regular screening of all employees for awareness of health and safety risks using a polygraph ▪ Root cause analysis of all safety issues and implementation of appropriate remedial measures ▪ Continuous training, staff awareness-raising, and behavioural training ▪ Extended contractor control in occupational health and industrial safety



¹ For certain risks, the relative severity, speed at which the risk may have an impact, and the overall change against 2023 are not indicated as these risks were not assessed in 2023.



Risk factors	Risk mitigation measures
--------------	--------------------------

Environmental risks

(for more details, see the [Environmental Management System section, page 173](#))

Pollutant emissions, discharges to water bodies, waste management violations that may affect human health, property, and the environment and incur various costs, non-observance of regulatory requirements, accidents with environmental damage



- Observance of environmental laws, regulations, and relevant corporate documents
- Industrial environmental control across the enterprises
- Monitoring the technical condition of environmental facilities
- Investing in nature protection activities, industrial equipment upgrades, and technological process improvements

Climate-related risks

(for more details, see the [Climate Risks and Opportunities section, page 158](#))

Risks arising from climate change and caused by one-off events (drought, fire) and long-term changes (increased average annual precipitation, sea level rise)

Risks associated with the transition to a global economy with lower greenhouse gas emissions



- Monitoring the condition of buildings, structures, and permafrost soils on the territory of enterprises located in the Arctic Zone
- Annual formation of the Climate Report detailing the climate-related risk management system and activities in progress
- Approval of the [Decarbonisation Strategy](#)¹ in 2023
- Introduction of the Climate-related Risk Management Standard in 2023 in line with the TCFD recommendations
- Formation of climate change risks adaptation plans for the Company's assets - in progress; in 2023, such plans were elaborated for the resource assets

Social risks

(for more details, see the [HR Management section, page 105](#))

Potential increase in social tension among employees related to remuneration level, work content and working conditions or downsizing of human resources in the course of ongoing technological enhancement and digital transformation

Potential increase in social tension among local communities related to adverse trends in the labour market and changes in socioeconomic conditions, including under the influence of geopolitical drivers.






Formation of an unfavourable social climate for the functioning of the Company's enterprises

- Effective communication and feedback system, dialogue with employees and trade union leaders
- Maintaining the wage level above the average prevailing in the regions of presence, social support measures towards employees and their families
- Implementation of the personnel reallocation system at other enterprises
- Wage level analysis in the markets of the regions of presence, indexation, extra payments
- Affirmative interaction with local authorities and the public
- Investing in the development of social potential of territories
- Involvement in dealing with communities' specific social issues
- Development programmes for SMEs, local workforce capacity, improvement and creation of a high-quality urban environment
- Support to employees and their families residing in border areas

¹ This document is only available in Russian.





Risk factors	Risk mitigation measures
Supply chain risks (for more details, see the Responsible Supply Chain section, page 81)	
Disruption to continuity of supply	<ul style="list-style-type: none"> ▪ Reliable supply channels, solution-minded search for substitutes of the items presently under restriction ▪ Import substitution, a switch to alternative markets ▪ IT systems development to enhance the procurement process efficiency
ESG risks on the part of suppliers and contractors	<ul style="list-style-type: none"> ▪ Adding to original contracts the OHS compliance clause, the anti-corruption clause, and references to Severstal's policies that are expected to be observed by the Company's suppliers and contractors
Cyber security risks (for more details, see the Information Security section, page 49)	
Risk of cyber attacks by intruders and potential damage they may cause to Severstal 	<ul style="list-style-type: none"> ▪ Building the Security Management System ▪ Implementing the IT infrastructure cyber resilience strategy ▪ Implementing the comprehensive programme for improving personnel cyber security culture
Market risks	
Change in steel demand 	<ul style="list-style-type: none"> ▪ Customer focus in sales ▪ Optimisation of the sales geographical structure ▪ Search for new sales markets ▪ Concentration on the most resilient segments with higher added value
Steel price fluctuations 	<ul style="list-style-type: none"> ▪ Customer focus ▪ Use of long-term contracts ▪ Interaction with anti-dumping and tariff regulation authorities
Fluctuations in prices for feedstock, fuel, and services 	<ul style="list-style-type: none"> ▪ Optimal planning of feedstock purchases, including scrap ▪ Feedstock use efficiency improvement
Competition risks 	<ul style="list-style-type: none"> ▪ Cost-saving and product quality improvement activities





Risk factors	Risk mitigation measures
<p>Strategic risk</p> <p>High uncertainty in the world political arena and potential actions of governmental authorities (new taxes, export duties), risk of additional sanctions imposition</p> <p>●</p> <p>✓ ✓ ✓</p> <p>← →</p>	<ul style="list-style-type: none"> ▪ Challenge response and business sustainability plans ▪ Regulatory compliance procedures
<p>Regulatory risks</p> <p>Changes in the legislation of the Russian Federation on taxes and levies</p> <p>●</p> <p>✓</p> <p>← →</p>	<ul style="list-style-type: none"> ▪ Observance of the tax, customs, currency and other laws in effect ▪ Tracking and timely response to changes in the legislation ▪ Constructive dialogue with regulatory authorities on the interpretation of rules of law and the Company's standpoint (as and where necessary)

Relative risk severity:

● - High ● - Medium

Speed at which the risk may have an impact:

- ✓ ✓ ✓ - less than three months
- ✓ ✓ - less than a year
- ✓ - more than a year

Overall change against 2023:

↑ - risk increased ← → - no change ↓ - risk decreased

In 2023, Severstal conducted an internal assessment of its risk management system performance. The Board of Directors reviewed the achieved positive results thereof at its meeting.

In the reporting year, the Company arranged training sessions for its employees on the current risk management issues attended by 16 senior managers. The training covered workshops on structuring the internal control system, principles of allocation of powers, anti-corruption compliance arrangements, etc. Upon completion of the training, the attendees provided positive feedback.

The enhancement of climate-related and occupational risk assessment practices and improvement of risk management measures became the significant event of 2023.

Climate-related Risks

Since 2023, Severstal has been following the ALARP (As Low As Reasonably Practicable) principle for assessing the climate-related risks and analysing the climate-related risk management measures. Using this principle, the Company assesses the practicability of introducing additional climate-related risk management measures.

On top of that, the Company conducted a repeated audit of climate-related risks at the iron ore assets of AO Karelsky Okatysh and AO Olcon in the reporting year. The audit entailed updating the data on climate-related risks, interviewing the enterprises' key employees, and reviewing the accomplished and scheduled measures on prevention and minimisation of losses for each of the risks identified.

[For more details regarding the climate risk management and specific 2023 activities, see the Climate Risks and Opportunities section, page 158.](#)

Occupational Risks

In the reporting period, Severstal conducted the occupational risks assessment and elaborated programmes for reducing potential fatalities in industrial and transport safety. As an additional measure, the Company set up an IT infrastructure for dealing with fatal risks.

[For more details regarding the occupational risk management and specific 2023 activities, see the OHS Risk Management section, page 142.](#)

The Company's Business Resilience to Risks

The Company assesses its business' resilience within the following time horizons:

- short-term resilience: 12 months from the approval of the financial statements (Going Concern Assessment);
- medium-term resilience: one to three years; and
- long-term resilience: 3 to 15 years.

Short-Term Resilience: Going Concern Assessment

In the course of this assessment the Company considers the issue of whether its financial statements ought to be prepared on a going concern basis. The Board of Directors reviewed the Company's budgeted cash flows and underlying assumptions, including the appropriate stress testing of risks (primarily related to the steel demand and prices) and factored in the unused credit lines and debt maturities. Following this analysis, the Board of Directors arrived at the conclusion that the Company possessed the adequate resources to continue its production activities in the foreseeable future, hence the going concern assumption is continued to be applied in preparation the consolidated financial statements.

Medium-Term Resilience

In order to assess it, the Audit Committee held consultations with investors and other stakeholders on the following scenarios:

- long-term maintenance of steel prices at low levels;
- Severstal's assumed inability to export steel; and
- scenario replicating the global steel production downturn that started in 2014 and lasted for three years.

In 2021, the Board of Directors reviewed the scenarios worked out by the management, analysed the vulnerabilities inherent in the scenarios, and discussed the key risks Severstal was exposed to, along with the risk counter-measures. Upon analyzing the submitted materials, the Board's conclusion was that the Company would be able to continue its activities and to execute its obligations in a timely manner through to 31 December 2025.

Long-Term Resilience

Severstal operates in the industry that demands a long-term resilience. In Russia as Severstal's core market, there exists a demand for large-scale infrastructure projects, and in the foreseeable future, demand for steel is only anticipated to grow. Same growth is anticipated to take place in other countries, and, given the free trade conditions are maintained, Severstal counts on the continuation of its activities in the global steel market in the light of its cost leadership. Severstal's geographic proximity to the export markets makes it possible to relatively promptly refocus supplies between the domestic and export markets.

Plans for 2024 and Mid-Term

Severstal's risk management plans cover:

- automation of the Information and Communication block of the internal control system; and
- elaboration of preventive and detection procedures aimed at data quality assurance.

Information Security

Cyber Security

The Company's information security (IS) system is the responsibility of the Information Security Department, its primary functions being:

- identifying and analysing threats to information security;
- determining the data protection regime;
- monitoring compliance with information confidentiality restrictions;
- incorporating information protection means and systems and monitoring their operation;
- administering access to information resources;
- detecting and responding to computer attacks; and
- eliminating the consequences of computer attacks.

The Board of Directors is extensively involved in managing the IS system by addressing the issues of protecting the Company's divisions on an annual basis, and as part of the Audit Committee's meetings – on a quarterly basis. The Board of Directors can be promptly engaged through informing on the key issues in the form of analytical notes. Additionally, the Company engages business units and the IT function in insuring the information security.

Key internal documents in Information Security

- [Policy of AO Severstal Management in Information Security](#)
- [Password Protection Policy](#)
- [Personal Data Processing and Protection Policy](#)
- [Regulations on Trade Secret Mode](#)
- [Regulations on the Procedure for Personal Data Processing and Protection](#)
- [Regulations on Control of Access to Information Resources of Severstal Group of Companies](#)

The information security management system (ISMS) of Severstal – Shared Service Centre is certified under ISO 27001 standard. In 2023, it successfully passed the recertification audit.

Information security management activities and deliverables in 2023

Stage	Procedures	Deliverables and activities in 2023
ISMS performance review	<ul style="list-style-type: none"> ▪ Verifying compliance by Severstal-Infocom, an internal licensee, with the requirements of personal data protection laws 	<ul style="list-style-type: none"> ▪ No significant deviations. Providing recommendations on the elimination of defects caused by changes in legislation
	<ul style="list-style-type: none"> ▪ Red Team testing – an integrated simulation of real attacks to assess the system cyber security 	<ul style="list-style-type: none"> ▪ Severstal's cyber protection system was highly rated by one of the leading companies in the Russian IS services market and hit the top 7 Russian companies
	<ul style="list-style-type: none"> ▪ The regulator (the Federal Security Service of the Russian Federation) assessed the IS protection of Severstal's metalware assets against cyber attacks 	<ul style="list-style-type: none"> ▪ Issuing a report regarding a good level of implementation of organizational and technical measures for the Company's protection





Stage	Procedures	Deliverables and activities in 2023
Responding to cyber attacks	<ul style="list-style-type: none"> ▪ Deploying model scenarios for responding to cyber threats and IS incidents ▪ Defining the action plan to be followed by employees in case of IS threats 	<ul style="list-style-type: none"> ▪ Communicating the action plan for IS threats to all employees through cyber security training ▪ Confirming the plan's efficiency through staff training tests
	<ul style="list-style-type: none"> ▪ Integrating a system of robotic detection and auto-blocking of typical cyber attacks 	<ul style="list-style-type: none"> ▪ Blocking over 3.2 thousand cyber attacks monthly
Eliminating the consequences of cyber attacks	<ul style="list-style-type: none"> ▪ Elaborating IT disaster recovery plans 	<ul style="list-style-type: none"> ▪ Reviewing and updating plans on a regular basis

In 2023, to improve the ISMS, Severstal implemented the large-scale project to upgrade the email protection system, which significantly improved the quality of automatic blocking of dangerous content in email messages. In addition, the Company successfully embedded the brand protection and leak detection system for employee accounts and the system for protecting web services, which ensured a timely response to Internet threats to Severstal's assets.

The Company operates the corporate e-learning system to train employees in information security. One of the elements of the platform's digital literacy programme is the Cyber Security module. Training on this module helps employees master advanced skills to counter IS threats. Mandatory cyber training for all staff is also provided. There is a target score value for the employees to achieve by the training completion. Moreover, employees' observance of the IS rules is covered by the annual employee performance review. For this purpose, employee feedback is collected using the 360 Degree method.

Data Confidentiality

Personal data protection at Severstal is the responsibility of the Information Security Department, its main functions being:

- taking measures to prevent unauthorised access and/or transfer of personal data to persons with no rights to access such information;
- timely detecting unauthorised access to personal data;
- preventing any impact on technical means of automated personal data processing, which may result in disturbing their operation; and
- ensuring the continuous control over the appropriate level of personal data protection.

The personal data protection performance is controlled by the Head of the Information Security Department, the Personal Data Commission, and the CEO. A regulator-licensed company performs regular audits of Severstal's personal data protection processes.

Key internal documents on personal data protection

- [Personal Data Processing and Protection Policy](#)
- [Regulations on the Procedure for Personal Data Processing and Protection](#)

To ensure data confidentiality, Severstal keeps records of all the actions involving personal data within information systems. In addition, the Company restricts access to information processing facilities and premises where personal data is stored. The Company also provides legal support to its relationship with customers and partners in terms of guaranteeing the data confidentiality and information security.

Severstal holds regular training for its employees on the rules of personal data processing and protection. Training is covered by the Digital Steel programme to enhance employees' digital skills as well as through special e-learning courses on the corporate portal.

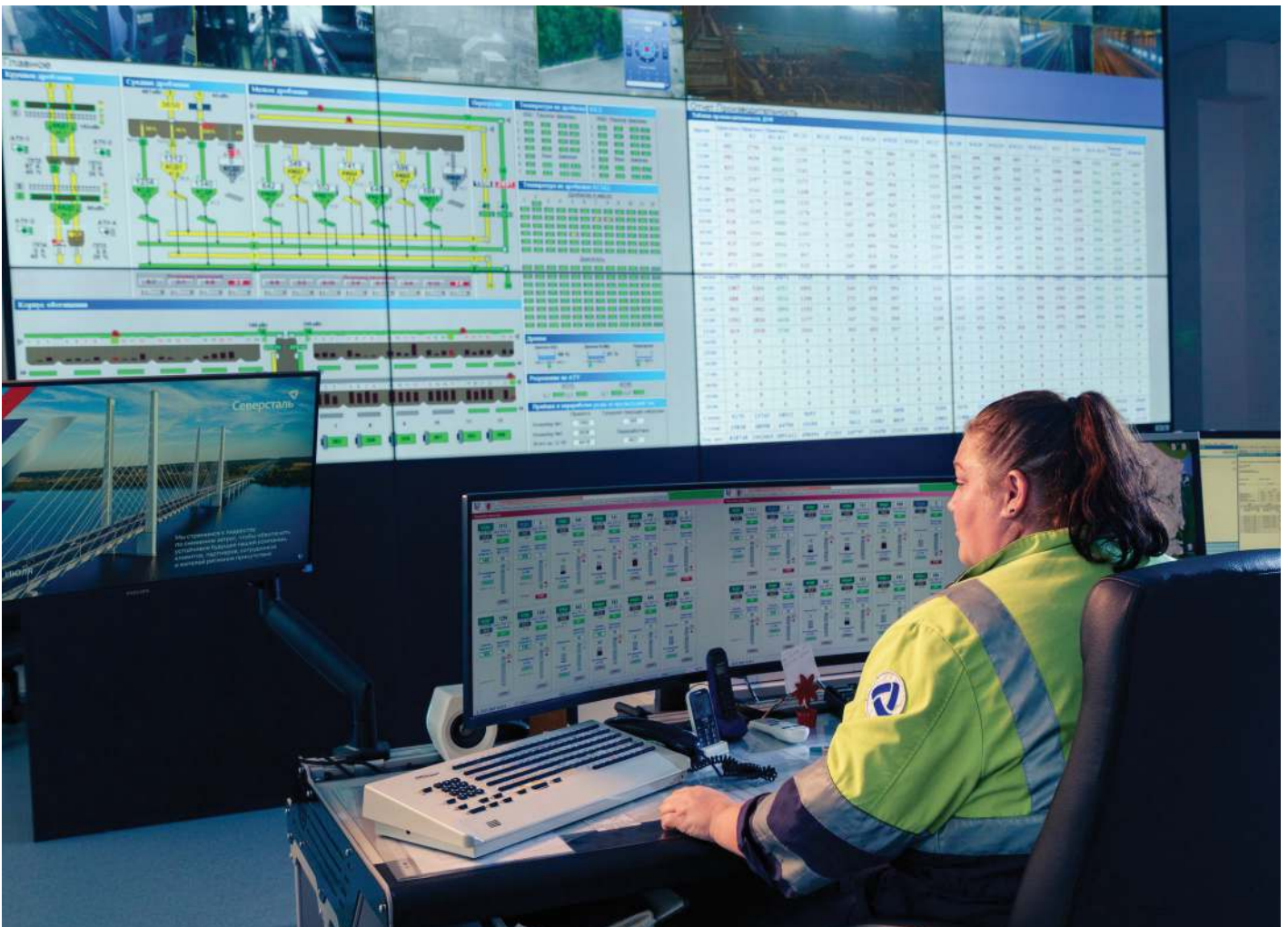
GRI 418-1

In 2023, there were no cases of violation of personal data confidentiality or unlawful transfer of personal data to third parties.

Plans for 2024 and Mid-Term

Severstal sets the following goals in information security and data protection:

- improving the cyber security culture by increasing the number of employees with formed skills of compliance with IS rules;
- upgrading the information security systems in use at external perimeters and in the key server segments;
- deploying ISMS automation systems;
- using artificial intelligence in the cyber and data protection processes.



Innovation Management and Digitalisation of Production

2023 Highlights

554

patents owned within the Russian Federation (↑15.4%)¹

190

new product types developed (↑12%)

UN Global Compact Principles

Principle 9. Businesses should encourage the development and diffusion of environmentally friendly technologies.

Material Topic

- Innovation and digitalisation
- Product quality and safety for customers

UN Sustainable Development Goals



¹ Hereinafter against 2022.

Process, product and business model innovation as well as continuous improvement of the existing technologies constitute important pillars of the Company's business strategy. Owing to these, Severstal boosts efficiency of its business processes.

Internal Innovations and Products

GRI 3-3

The Company's established innovation ecosystem is an internal source of Severstal's growth as it provides for studying the market trends and adapting them both to own business operations and customers in view of the external factors.

Key internal innovation-related documents

- Organisation of the Patent Council Operation Proprietary Standard;
- Management of the Results of Intellectual Activity Proprietary Standard;
- Organisation of Streamlining Activities Proprietary Standard; and
- Management of Scientific and Scientific and Technical Activities Proprietary Standard.

In 2023, Severstal amended the standards titled Organisation of the Patent Council Operation and Management of the Results of Intellectual Activity to update its internal regulations. The main changes were aimed at improving the material incentives for authors of results of intellectual activities (RIA) and employees contributing to RIA creation and implementation in production.

Severstal administers the innovation-related issues at both strategic and operational levels.

Innovation Development Management Structure

Technical Development and Quality Directorate (TDQD)

- **Product Innovation and Solutions Department** (search for new product types, advanced engineering, implementation of technical development projects)
- **New Product and Technology Department, covering:**
 - Metallurgical Production and Research Centre of Excellence (developing new technologies and product types from production waste)
 - Rolling Production Centre of Excellence (developing the technology for producing new types of metal products)
- **Technology Department** (technical audit of orders, customer issues resolution)
- **Digital Quality Development Centre** (creating automated control and prediction systems)
- **Quality Department** (product, raw materials and supplies technical control and testing)

Patent Council

- Reviewing and approving engineering solutions for further patenting (in 2023, the Council reviewed 80 such proposals)

Technological

- Search for and implementation of engineering solutions for the Company's resource assets
- Implementation of projects for integrating new waste recycling technologies

When designing and embedding new technologies, Severstal adheres to the precautionary principle at all stages of R&D implementation and efficiently administers the innovation risks.

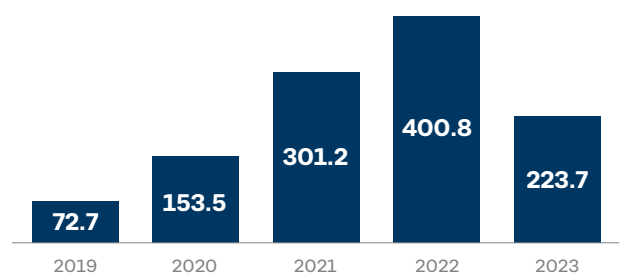
Project risk assessment 	<ul style="list-style-type: none"> ▪ potential project risk assessment ▪ project ranking based on potential risk assessment ▪ selection of projects with minimum potential risks
Partner selection 	<ul style="list-style-type: none"> ▪ holding regular meetings with industry-specific universities and R&D centres
Project implementation 	<ul style="list-style-type: none"> ▪ dividing projects into short implementation stages ▪ conducting regular assessment of the relevance and feasibility of continuation of work on each project in reliance upon changes in the market conditions and geopolitical landscape
New product release 	<ul style="list-style-type: none"> ▪ checking products for infringement of third-party patents ▪ filing patent applications for own-developed designs ▪ identifying and preventing third-party infringements of the Company's intellectual property rights

2023 R&D Performance

During the reporting year, 104 Company employees, 481 Company partners, and over 100 independent experts were engaged in the R&D efforts. Against the previous year, the financing in this area decreased by 44%, down to RUB 223.7 million. High performance in prior years was driven by the implementation of major projects involving government funding. The predictive economic effect from R&D with external entities in 2023 is estimated at RUB 635.6 million.

MED-4

R&D financing, RUB million



In 2023, the number of the patents owned by Severstal within Russia increased to 554 (up 15.4% year-on-year)

In addition to embedding the own-developed products, Severstal contributed to three state-funded R&D projects.

Partner	Project
Cherepovets State University and the Institute of Metallurgy of the Ural Branch of the Russian Academy of Sciences	Development and implementation of the technology for smelting cast iron from iron ore with high iron content and lower specific coke consumption
Bardin Central Research Institute for Ferrous Metallurgy	Development of the technology for new-gen bimetallic flat products to be used in the power, chemical, petroleum engineering and other sectors
National University of Science and Technology MISIS	Development and mastering of innovative technology for producing high-strength rolled steel for manufacturing building structures with a rated fire resistance limit. Such structures ensure the safety of production and civil facilities in extreme conditions

Innovative development roundtables

In 2023, Severstal was extensively involved in such significant innovative development events as:

- roundtable of the Green Metallurgy Expert Centre;
- roundtable on the current and prospective areas of interaction between Severstal and MISIS; and
- roundtable on product quality issues with metals companies.

Idea Factory Corporate Programme

Involving Company employees in the idea generation and implementation process is an important pillar of Severstal’s innovation development. In this regard, the Company operates the Idea Factory programme aimed to unlock each employee’s potential and enable them to express themselves and contribute to the enhancement of the production processes. For proposals accepted for implementation, employees are awarded points that may be exchanged for gifts and social services or donated to charity. Authors whose ideas produce a positive effect after their implementation receive a monetary reward.

In 2023, each of the Company’s enterprises independently chose its own topics and areas within the Idea Factory. A flexible approach made it possible to receive proposals to address the requests

of specific divisions. Priority was given to those ideas that were closely associated with cost saving, product quality improvement, and production processes safety enhancement. As at the year-end, the number of ideas with a confirmed economic effect rose by 11% year-on-year.

51 thousand

ideas submitted in 2023

Over RUB **57** million

allocated for participant remuneration in 2023

66%

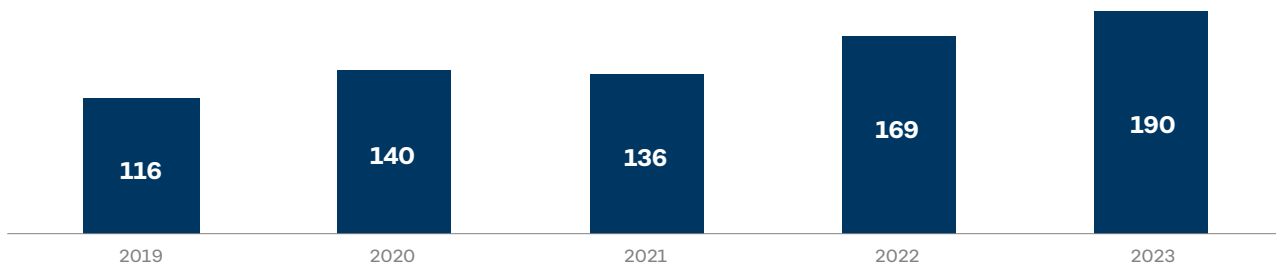
of employees covered by the programme in 2023

Development of New Product Types

The Technical Development and Quality Directorate extensively develops new product types (NPTs), the effect from selling which grows each and every year. In 2023, the TDQD, together with the production divisions' and workshops' teams, developed 12% more new types than in the previous year. It is noteworthy that 88% of the NPTs developed throughout the reporting period have already been deployed in production by the Company. The amount of the NPTs shipped increased by 3.4% to 1,074 thousand tonnes against 2022. During the period under review, Severstal launched 21 products, including:

- new line of multi-faceted sheet piling;
- high-strength pipe for scaffolding;
- high-strength ferritic steel;
- cryogenic bars and sheet for liquefied natural gas; and
- high-tech steel for lightweight absorber construction.

Number of new product types developed, pcs



Release of new cold-formed products

As part of NTP development, a RUB 1.5 billion high-performance unit is under construction at Cherepovets Steel Mill. The production line is designed to manufacture cold-formed sheet piling and thick-walled cold-formed channel bars that are used in the erection of support structures. They are also used in machine engineering for manufacturing the machinery that requires high-strength elements. Upon reaching its design capacity, the unit will release about 50–60 thousand tonnes of products per annum, depending on the product range.

Since the Russian market experiences a shortage of such products, Severstal will be able to meet the demand for cold-formed products from the construction and machine engineering industries with the launch of its new production line. Introducing the cold-formed sheet piling to the market is scheduled for 2024.

RUB **6.5** billion

extra economic effect¹
from the NPTs sales in 2023

≈ **11%**

percentage of NPTs
in the product portfolio in 2023

¹ Revenue.



Severstal's new product development awards in 2023

In 2023, Severstal received the Russian Federation Government Award in Science and Technology titled Resolution of the issue of reliable operation of extended underground oil and gas infrastructure facilities in conditions of high seismotectonic activity and instability of ground foundations due to the development and application of materials with an increased deformation capacity.

In addition, Severstal showcased its new products at the Metal-Expo'2023 International Industrial Exhibition held in November. The gold medals went to:

- rolled steel for producing columns from flexible continuous longitudinally seamless (coiled tubing) pipes for the national oil and gas industry;
- high-strength galvanised rolled steel for the construction of buildings and structures on a frame of light steel thin-walled structures; and
- sleeper set for heavy-weight tracks, a product solution by Severstal-Metiz.

Product Quality and Safety Management

Severstal's Quality Management System (QMS) rests on the principles outlined in the [Quality Policy](#). The corporate standards governing the QMS processes define the tools and methods of product quality management regularly updated by the Company in line with changes to internal procedures and external regulations. In 2023, Severstal introduced amendments to 39 QMS standards.

The quality management systems of Severstal's core production facilities are certified for compliance with the international automotive industry standard IATF 16949:2016. The recertification audit performed by independent experts in 2023 reaffirmed the processes' efficiency and conformity of Severstal, PJSC with the standard. The equipment of in-house testing labs, the outcomes of implementing a large-scale project for product quality control digitalisation, and the enhancement of iron and alloy powder production were highly evaluated by experts.

Apart from the production units, the supporting processes of Severstal, PJSC, such as raw materials and supplies procurement, production planning, product sales and promotion, equipment repair, etc., validated their compliance with IATF 16949:2016.

IATF 16949 certification is not mandatory, however Severstal, PJSC consistently ensures its compliance therewith to cater to the current requirements of car manufacturers and guarantee a high level of product quality and service for its customers. The divisions of Severstal, PJSC also pass voluntary certification under ISO 9001:2015 requirements.

Along with Severstal, PJSC, Severstal-Metiz is certified under IATF 16949 and ISO 9001 standards. On top of that, the Severstal-Metiz QMS is certified for compliance with ISO/TS 22163 for railway enterprises as it delivers products to an organisation

operating in this sector. In 2023, Severstal-Metiz successfully passed a recertification audit to ISO 9001:2015 and IATF 16949:2016 as well as an inspection audit to ISO/TS 22163.

100%

all the divisions of Severstal, PJSC and Severstal-Metiz were certified under ISO 9001:2015 as at the year-end 2023

50% of production processes and 80% of supporting processes of Severstal, PJSC as well as 30% of production processes and 80% of supporting processes of Severstal-Metiz were covered by IATF 16949:2016 certification as at the year-end 2023.



In 2023, Severstal's Izhora Pipe Mill was the first Russian pipe company to receive a certificate from the Institute for Oil and Gas Technology Initiatives¹ attesting to the ability to manufacture pipe products in accordance with the Institute's requirements. Due to this, the Mill's products were also included in the Inti.insights register of verified products.

¹ The institute works on the creation of a unified industry-wide system of standardisation and conformity assessment of pipe products manufacturing, with account taken of the experience of Russian oil and gas and petrochemical companies and the need to bring the existing foreign documents (API, ASME, ISO, etc.) into compliance with domestic regulatory requirements.

GRI 417-1

Product standards and specifications establish requirements specifically for Severstal’s products. Over 2023, the Company elaborated 56 new proprietary standards / specifications and introduced amendments to the documents in effect.

Severstal regularly checks whether its products are aligned with the European Union’s RoHS2 and RoHS3 directives. The Quality Department laboratories monitor Severstal’s rolled steel for such hazardous impurities as lead, cadmium, mercury, hexavalent chromium, and bromine compounds. Should there arise a need to analyse the rolled stock for phthalate content (according to RoHS3), the SGS research laboratory (Hong Kong) shall be contracted to perform the said tests on a request basis. In 2023, no product safety declarations were issued as there were no corresponding requests from customers.

In line with the GOST 7566-2018 requirements, Severstal specifies the quality characteristics, chemical composition, and product test results in quality certificates. Upon customers’ request, additional information is also provided. For example, the Company may disclose the sources of components and materials for product manufacturing or the content of substances that may be harmful to the environment.

In 2023, Severstal laid out an integrated approach to product quality management. It covers the implementation of projects for optimising the quality management system to prevent shipment of low-quality products to customers and improve the quality of logistics, streamline the process of addressing customer issues through employee engagement, and enhance the relevant services. The implemented measures made it possible, inter alia, to hit the quality targets set by the Company for the year under review.

Progress in achieving the 2023 targets

2023 Targets	2023 Progress
<p>Quality culture change to trigger a common interest in losses elimination and employee competencies development</p>	<ul style="list-style-type: none"> ▪ Nine employee behaviour change tools embedded, and feedback received. ▪ The employee loyalty and satisfaction indicator improved at certain enterprises. ▪ Consciousness towards the need to implement changes as per the ADKAR¹ model formed among managers of certain enterprises
<p>Advancement of a risk-oriented approach for transition to a proactive system of product quality improvement</p>	<ul style="list-style-type: none"> ▪ IT tools for assessing the risk of non-compliance with the quality standard during order acceptance implemented thus ensuring the level of admitted claims on high-risk orders to almost quadruple. ▪ A pilot project for introducing a technology violation handling methodology launched at Cherepovets Steel Mill; the number of violations fell by 21%. ▪ The Quality Loops and the Sherlock² automatic quality certification system for steel products implemented as part of a pilot project at Cherepovets Steel Mill (metal finishing shop No. 2); the number of quality submissions³ from customers of metal finishing shop No. 2 declined by 61%
<p>Use of digital tools for technology development, order placement, follow-up control, product quality validation, and feedback collection</p>	<ul style="list-style-type: none"> ▪ The process of measuring product characteristics and technology parameters automated. ▪ The Sherlock functionality extended (e. g. auto-quarantines introduced to identify rolled steel with deviations). ▪ The violation control system scaled up for the entire value chain. ▪ An automated technology management system launched across all products of Severstal, PJSC. ▪ Digital twins put into operation: technology development time reduced from three weeks to one or two days for mill 2000. ▪ Investment projects for creating a measuring system for hot and cold-rolled galvanised steel flows implemented

¹ ADKAR (A – awareness, D – desire, K – knowledge, A – ability (to apply knowledge), R – reinforcement) is a change management model.

² A digital assistant that incorporates tools to search for root causes of quality deviations, analyse trends and build models, and ensures data availability for any user.

³ Customer submissions without financial claims.

The measures implemented over the reporting year enabled the Company to attain considerable performance in terms of product quality improvement and provided for its competitiveness. This made it possible to prevent high-impact product quality claims in 2023¹.

92.27%

First Time Through (FTT)
metric in 2023

Due to higher efficiency in handling customer submissions, the average number of resolved customer issues rose on average from 33 to 65 per month. In particular, the Company increased the frequency of contact with customers of Severstal, PJSC and Severstal Distribution to obtain information about their concerns for consequent resolution.

Information on the enhancement of the Checksteel application aimed at obtaining quality feedback from customers is presented in the Customer Relationship Management section, page 92.

Improvement of product analysis quality

In 2023, Cherepovets Steel Mill commenced the implementation of a project for improving the quality of analytical control of various product types. A new express laboratory will represent an automated complex designed to receive and register samples, perform sample preparation, analyse chemical composition, and transmit its results to the network. The laboratory operation will make sure the time of express analysis per sample is reduced to two minutes, and the quality control complies with GOST requirements. Equipment delivery is scheduled for 2024.

Automation of product quality control

During the reporting period, Severstal commissioned a system for surface quality control of continuous cast billets. To date, this equipment has no equivalents in the market in terms of its features. The solution is based on machine vision technology, owing to which the system is able to identify all macrostructure defects and self-learn in the course of operation. In the future, it will enable the automation of routine processes that are currently performed by employees. The system is also expected to become a reliable assistant for steelmaking quality control.

2024 and Mid-Term Targets

Severstal intends to continue implementing its innovations based on in-house products in technology areas that are relevant for the Company, including industrial safety, repairs and decarbonisation, as well as to launch new products.

The Company sets the following targets:

- maintaining the pace of introducing the NPTs to the market at a high level, increasing the NPTs sales, and launching new product brands;
- developing the import-substituting technologies and cryogenic steels for liquefied natural gas transportation and storage;
- automating and digitalising the production processes; and
- enhancing the innovative projects for recycling own production waste, manufacturing new products based thereon, improving energy efficiency, and decarbonisation.

On top of that, Severstal is focused on product quality improvement and, therefore, sets the following targets in this domain:

- achieving 92.71% for the FTT metric;
- continued delivery of the projects titled Transformation of the Quality Management System, 'Addressing Customer Issues, Quality in Logistics and Digital Certification'; and
- implementing the Creating Value with Customers programme that entails increasing the efficiency of customer engagement through the enhancement of digital services, as well as optimising the services of helping customers deal with complicated technical issues at their sites, and improving customers' technological process and products.

¹ A claim with a certain amount demanded and admitted.

External Innovations

Over the years, Severstal has been dealing with external innovations and is open to cooperation and experience and knowledge exchange in this area. The Company operates the [Severstal. Open Innovations](#)¹ website for finding partners who possess expertise in metallurgy and related industries. This is where stakeholders may come to know about all the Company's current projects and apply for participation.

On top of that, Company employees contribute to respective topic-specific events. For example, in 2023, Severstal participated in such significant external innovation activities as the Green Tech Startup Booster, a programme for developing the ecosystem of environmental, industrial safety and resource efficiency suppliers, and the 8th annual Digital Industry of Industrial Russia conference (CIPR).

Severstal's Technopark

The Technopark enables to deliver joint projects by providing infrastructure, intellectual property protection, and expertise for making innovative ideas come true. Based on the territory of iron and steel works, the Technopark has all the necessary resources for the advancement of relevant projects, such as a laboratory, a computer modelling centre, a production prototyping centre, and a comfortable workspace. Enterprises and industrial companies, startups, research and educational institutions may participate by applying on [Technopark's website](#)².

Severstal Digital Business

Owing to Severstal Digital Business, the Company sets up new businesses for the metals industry and end users of its products. The areas covered by the programme include online distribution and digital platforms capable of altering the metals industry for the better. It also offers digital products aimed to create value-added services and address customer concerns.

Severstal Ventures

Severstal Ventures is a separate division of Severstal formed to support and foster venture projects in new production technologies and materials. It carries out its work with projects both directly and through investing in industry-specific venture funds, which contributes to attracting high-impact technologies and projects. The Severstal Ventures team dynamically advances its technology expertise in new areas across the Company and applies best available global practices.

In 2023, the team's primary focal areas were exploring the investment opportunities in the Chinese market and investing in Russian startups. Thus, the Company studied a number of Chinese funds selecting some of them for further analysis of cooperation prospects. In the reporting year, a startup for managing the production of steel structures joined the Company enabling it to deliver integrated projects through the use of this technology.

2024 and Mid-Term Targets

Severstal set the following targets in developing the external innovations:

- shifting the focus of searching for business partners to Asian countries;
- searching for innovative engineering solutions to systemic challenges, namely CO₂ capture and utilisation, blast furnace slag heat recovery, automation advancement, and industrial safety; and
- looking for solutions to automate a future pellet production complex at Cherepovets Steel Mill.

^{1,2} This webpage is only available in Russian.







05.

Sustainability Management

Sustainable Development Management Structure

GRI 2-13

Sustainable development is an important strategic area and an integral part of Severstal’s corporate culture. Sustainability management is embedded into all organisational levels and business processes of the Company.



Severstal's Sustainability Strategy

MED-35

In early 2023, the [Sustainability Strategy 2030](#) was adopted at the Board of Directors level and then published under the general motto 'Together Towards Sustainable Metallurgy of the Future'.

The Sustainability Strategy constitutes a part of Severstal's business strategy and sets forth strategic priorities in the Company's ESG agenda, with the economic aspects included in the business strategy.

In the reporting year, the Company for the first time publicly presented its Sustainability Strategy and Sustainability Report 2022 at the Civic Chamber of the Russian Federation.

In forming the Strategy, Severstal relied upon best global practices and international initiatives in sustainable development, ESG ratings requirements, key stakeholder expectations, expertise and experience gained.

Severstal interlinks its strategic priorities with the UN Sustainable Development Goals (SDGs). To maximise its positive impact, the Company identified eight priority SDGs by formalising them in its Sustainability Strategy.

The Strategy encompasses Severstal's seven priority areas and lists the Company's public goals in environmental protection, occupational health and industrial safety, development of the regions of presence, and personnel growth. To achieve its set goals, the Company elaborated an action plan for each practice area.

In conformity with best global practices, the Strategy is expected to be reviewed and amended on an annual basis with reference to the Company's stakeholder needs.

The goals of the Strategy serve as key performance indicators (KPIs) for managers of Severstal's enterprises and functional units. In 2023, the coverage of employees whose KPIs include occupational health and industrial safety targets was broadened. Within the Strategy framework, the Company intends to continue broadening the coverage of employees with sustainability KPIs.

In the reporting year, Severstal, also, approved its [Decarbonisation Strategy 2030 titled Together Towards a Low Carbon Future](#)¹ that defines the Company's strategic areas and goals in GHG reduction.

[For more details regarding the Decarbonisation Strategy, see the Climate Change and Energy Efficiency section, page 152.](#)

In addition to the said strategies, the Company has a wide spectrum of [internal corporate documents](#) in place that govern the Company's activities in specific sustainability areas. Severstal's internal documents factor in best global and Russian ESG initiatives and rest upon Russian legislative requirements and international management system standards (ISO standards).



¹ The document is only available in Russian.

Goals of the Sustainability Strategy and goals achievement progress as at year-end 2023

	Focus area	Goal	Progress
E   	Air quality	<ul style="list-style-type: none"> Reduce gross pollutant emissions by 13% by 2025 (against 2017) 	<ul style="list-style-type: none"> ↓ by 6.5% in 2023 against 2017
	Climate action	<ul style="list-style-type: none"> Reduce GHG emissions intensity by 3% in 2024 and by 10% in 2030 (against 2020) 	<ul style="list-style-type: none"> ↓ by 1.7% in 2023 against 2020¹
	Waste management	<ul style="list-style-type: none"> Achieve the share of waste recycling of 98.5% by 2030² 	<ul style="list-style-type: none"> 98% in 2023
	Water conservation	<ul style="list-style-type: none"> Reduce by 12% effluent discharges into water bodies exceeding the maximum allowable discharge rates by 2025 for PAO Severstal, Cherepovets Steel Mill (against 2017) 	<ul style="list-style-type: none"> ↓ by 11.3% in 2023 against 2017
S   	Occupational health and industrial safety Working conditions	<ul style="list-style-type: none"> 100% production facilities to be certified under ISO 45001 by 2025 	<ul style="list-style-type: none"> 92% in 2023
		<ul style="list-style-type: none"> Reduce occupational injuries (LTIFR) among employees and contractors down to 0.48 by 2025 and down to 0.45 by 2030 	<ul style="list-style-type: none"> 0.58 in 2023 ☒
		<ul style="list-style-type: none"> Zero fatalities by 2025 	<ul style="list-style-type: none"> 2 fatalities in 2023 ☒
G  	Enhancing the corporate governance system	Quantitative goal was not set	

¹ The 1.7% reduction against the 2020 intensity baseline is assessed with reference to the share of cast iron in the steelmaking charge.

² The Company calculates the value according to the following formula: (neutralisation + treatment + reuse and recycling) * 100 / waste generation.

Contribution to the Focal UN SDGs

SDG targets	The Company's core areas	Key results in 2023
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SDG 3.

Ensure healthy lives and promote well-being for all at all ages

<p>3.4. Reduce mortality from non-communicable diseases</p> <p>3.8. Achieve access to quality health-care services</p>	<p>Voluntary health insurance (VHI), well-being programme, discounted vouchers for employees and their family members to health resorts for rehabilitation and recreation, corporate sports events, enhancement of healthcare institutions in the regions of presence, page 112</p>	<ul style="list-style-type: none"> ▪ Equipment purchased for the children's hospital in Vologda Region; support to the medical staff. ▪ 2,858 employees and their children benefited from sanatorium-and-health-resort treatment and recreation under the VHI programme
<p>3.7. Ensuring access to family planning services</p>	<p>The Course on Parenthood project for pregnancy services and preconception care (launched in 2023); the Mlada project aimed to prevent and avoid newborns abandonment, page 130</p>	<ul style="list-style-type: none"> ▪ 130 women participated in the Course on Parenthood project. ▪ Three of four newborns abandonments prevented owing to the Mlada project



SDG 4.

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

<p>4.3 Ensure equal access to technical, vocational and tertiary education, including university</p>	<p>Cooperation with educational institutions, career guidance programmes, attracting students of universities and vocational schools¹ for internship, employment of graduates, page 108</p>	<ul style="list-style-type: none"> ▪ Joint educational programmes in reverse engineering, financial literacy, production technology, etc. implemented with UrFU, BMSTU, ChSU, and VoSU². ▪ 30 graduates employed by the Company following the internship for IT Hub students and graduates
<p>4.4 Increase the number of youth and adults who have relevant skills, including entrepreneurship</p>	<p>Training events for entrepreneurs in the context of cooperation with Urban Development Agency (UDA, Cherepovets), free of charge training within the framework of pro bono corporate volunteering, page 125</p>	<ul style="list-style-type: none"> ▪ 33 educational events held for entrepreneurs. ▪ Within the framework of pro bono volunteering, 50 Company veterans and children from orphanages trained in the basics of computer and mobile phone use

¹ A higher educational institution and a secondary vocational educational institution.

² The Yeltsin Ural Federal University, the Bauman Moscow State Technical University, the Cherepovets State University, and the Vologda State University.



SDG 8.

Promote sustainable economic growth, full and productive employment and decent work

<p>8.2 Achieve higher levels of economic productivity</p>	<p>Development of new product types, technological modernisation, innovations, page 53</p>	<ul style="list-style-type: none"> ▪ 190 new product types developed, 21 new products introduced to the market. ▪ The Blast Furnace Process Expert System SW¹ developed to help employees efficiently manage fuel consumption
<p>8.3 Development-oriented policies</p>	<p>Projects for economic development of the region implemented in interaction with Urban Development Agency, Cherepovets; investments in the development of the regions of presence; annual indexation of employees' salaries; competitive remuneration in the regions; additional material incentives for employees (for mentoring, volunteering, innovation proposals, etc.), page 112</p>	<ul style="list-style-type: none"> ▪ Jointly with SPbSU², Urban Development Agency and the Cherepovets Administration, the programme for improving the quality of urban projects management implemented for representatives of municipal administrations and services of Cherepovets. ▪ The contest held to support the Cherepovets residents' socially-oriented projects with a total grant value of RUB 9 million
<p>8.4 Improve global resource efficiency</p>	<p>Programme for the optimisation of energy consumption and development of own generation; recycled water use, page 167</p>	<ul style="list-style-type: none"> ▪ New non-compressor gas recovery turbine launched at Cherepovets Steel Mill. ▪ 98.2% – the share of recycled water
<p>8.8 Protect labour rights and promote safe and secure working environments</p>	<p>Enhancement of the occupational health management system, provision of safe working conditions, page 136</p>	<ul style="list-style-type: none"> ▪ About 43 thousand employees completed the occupational health training. ▪ 82% – evaluation of the Company's safe behaviour culture, according to Severstal Pulse survey
<p>8.9. Devise and implement policies to promote sustainable tourism</p>	<p>Advancement of industrial, domestic and inbound tourism in the regions of presence, funding of the Museums of the Russian North programme, page 133</p>	<ul style="list-style-type: none"> ▪ 168 beneficiaries received the aid under the Museums of the Russian North programme. ▪ 45 events held to promote domestic and inbound tourism



SDG 9.

Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation

<p>9.3 Increasing the access of SMEs³ to financial services, and their integration into value chains and markets</p>	<p>Purchasing from SMEs, training, information support, SME investment projects follow-up, assistance in expanding the sales markets for SME representatives under the UDA activities, page 90</p>	<ul style="list-style-type: none"> ▪ Over one thousand events and consultations held for SMEs
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¹ Software.

² The Saint Petersburg State University.

³ Small and medium-sized enterprises.



SDG 11.

Make cities and human settlements inclusive, safe, resilient and sustainable

<p>11.4 Protect and safeguard the world's cultural and natural heritage</p>	<p>Landscaping programme for Cherepovets, greening, page 130</p>	<ul style="list-style-type: none"> 500 trees and 2,670 shrubs planted. Reconstruction of the Cherepovets historical centre and park accomplished
<p>11.6 Reduce the adverse environmental impact of cities</p>	<p>Reduction of pollutant emissions into the air, wastewater treatment, page 181</p>	<ul style="list-style-type: none"> The programme for aspiration and gas treatment systems modernisation elaborated. The storm sewage treatment plant for coke agglomeration production commissioned



SDG 12.

Ensure sustainable consumption and production patterns

<p>12.5 Substantially reduce waste generation</p>	<p>Waste disposal reduction, waste recycling share growth, page 197</p>	<ul style="list-style-type: none"> The pilot site for composite material production from waste plastic and granulated slag launched. Separate collection of oily waste introduced at Olcon
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SDG 13.

Take urgent action to combat climate change and its impacts

<p>13.1 Strengthen resilience and adaptive capacity to climate-related hazards</p>	<p>Climate-related risk assessment, reduction of greenhouse gas emissions, implementation of enterprise adaptation plans, release of the annual Climate Report, page 162</p>	<ul style="list-style-type: none"> The Decarbonisation Strategy 2030 titled Together Towards a Low Carbon Future approved. Climate-related risks assessed, adaptation plans elaborated for Karelsky Okatysh and Olcon
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SDG 17.



Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development

<p>17.17 Encourage and promote effective public, public-private and civil society partnerships</p>	<p>Cooperation with other enterprises on sustainability issues, partnerships with NPOs and other public organisations, memberships in business associations and business unions, participation in events dedicated to reviewing topical ESG issues, page 73</p>	<ul style="list-style-type: none"> Participation to the UN Climate Change Conference (Conference of the Parties of the UNFCCC, COP28). Over two thousand employees and residents involved in the volunteering activities through partnerships within the National Council for Corporate Volunteering
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Participation in National Projects

Severstal's activity vector broadly coincides with the goals of Russia's national projects. The Company is extensively involved in achieving these through implementation of its various programmes.


Severstal is ranked in "Our Contribution, the national ranking of business and NPO contribution to the achievement of the national goals and implementation of national projects. Also, the Company possesses the National Projects Partner status awarded by ANO National Priorities¹.

	Programme ²	Key results in 2023
	PAO Severstal's comprehensive programme for reducing cumulative pollutant emissions and priority pollutant emissions (under the Clean Air federal project), page 181	<ul style="list-style-type: none"> 18 of 26 activities of the Comprehensive Plan under the Clean Air federal project accomplished. Total reduction of pollutant emissions amounted to 47.1 thousand tonnes, of hazardous (priority) pollutants – 6.66 thousand tonnes. For the second consecutive year, PAO Severstal wins the All-Russian campaign titled I Vote for Clean Air
	Cooperation between Severstal and Darwin Nature Reserve for the sake of the Russian North eagles, page 213	<ul style="list-style-type: none"> The Birds and Steel album published, printed copies sent to all schools and libraries of Cherepovets. The ecological trail at Darwin Nature Reserve created and landscaped
	Biodiversity conservation in Severstal's region of presence – Karelia, page 215	<ul style="list-style-type: none"> The final stage of the project for studying Karelsky Okatysh's environmental impact accomplished followed by elaboration of the biodiversity and ecosystems conservation and monitoring measures
	The International Cooperation and Export programme aimed to increase the purchase share from SMEs of Cherepovets and Vologda Region among large businesses. Within its framework, the Company provides a unified platform for interaction, conducts training for SME representatives and cooperation-building meetings, and deals with import substitution, page 90	<ul style="list-style-type: none"> Operation of the Electronic Business Cooperation merchant aggregation platform provided and continued by the Company, with SME representatives enabled to place their goods and services and supply these to large businesses. Severstal's purchase share from SMEs amounted to 29%

¹ Following the results of [Our Contribution National Award 2021–2022](#) published in spring 2023.

² Including Severstal's projects that hit the finals of [Our Contribution National Award 2021–2022](#).

	Programme	Key results in 2023
	<p>The Steel Energy programme for promoting a healthy lifestyle among employees and organising their leisure time through sports and cultural events and opportunities to go in for sports, page 114</p>	<ul style="list-style-type: none"> 124 sports events held attended by 6,788 employees
	<p>Severstal's employees No Limits sports movement, page 114</p>	<ul style="list-style-type: none"> The second Metallurgical Run held in four cities of presence attended by 1,300 participants. Under the corporate Affordable Sports project, the No Limits movement participants, by purchasing sports clothes/ equipment and paying for sports classes, helped over 200 children from disadvantaged families go in for sports. Support to sports marathons and festivals in Cherepovets. Under the No Limits Sports Volunteer School, over 40 volunteers trained and involved in citywide sports. Volunteer team numbers 1,500 members
	<p>Severstal's engineering classes aimed to develop the educational environment in metals and IT for schoolchildren, reduce the youth outflow, and raise the cities of presence attractiveness, page 108</p>	<ul style="list-style-type: none"> As at year-end 2023, seven classes in four schools of Cherepovets with 220 schoolchildren. 90% of the engineering classes graduates enrolled in higher education in the technical specialties
	<p>Cherepovets territory development programme: setting up the Cherepovets Industrial Park to support SMEs, page 125</p>	<ul style="list-style-type: none"> Regional budget revenues from the Park's residents amounted to RUB 507.2 million
	<p>The Digital Transformation programme aimed to digitalise the production, develop IT, and implement integrated IT platforms in Severstal's activities, page 53</p>	<ul style="list-style-type: none"> The functionality of the Sherlock automated steel products quality certification system expanded; IT tools for assessing the risk of non-compliance with product quality requirements introduced as part of the customer order acceptance stage
	<p>Projects for improving the Cherepovets urban environment quality aimed to search and implement best practices in urban planning and urban environment management mechanisms for enhancing its quality, versatility and convenience for citizens, page 130</p>	<ul style="list-style-type: none"> The historical Sovetsky Avenue and the Serpentine Park reconstructed. Investments amounted to RUB 1.5 billion. Severstal won the For Contribution to Sustainable Territory Development nomination of the Leaders of Responsible Business national award

	Programme	Key results in 2023
	<p>The Museums of the Russian North programme for actualisation of the historical and cultural heritage of the Russian North, identification of the regional museums' best project initiatives of regional museums, and improvement of museum attendants' professional skills, page 133</p>	<ul style="list-style-type: none"> 285 entry submissions received for various sectors of the programme; RUB 15 million allocated for the programme
	<p>The Metallurgical Industry Centre in Cherepovets is a cultural and educational complex dedicated to the history and modern age of the metals sector; for more details, please follow the link here¹.</p>	<ul style="list-style-type: none"> Over 19 thousand visitors to the Centre



¹ The website is only available in Russian.

Participation in Organisations and Initiatives

GRI 2-28

Severstal realises the importance of evolving and strengthening partnerships and consolidating efforts with other organisations to achieve the UN SDGs and national goals. For that purpose, the Company maintains membership in business associations and unions and, in cooperation with partners, contributes to a sustainable metallurgy of the future.

In particular, since 2018, the Company has been maintaining the membership in the UN Global Compact Russia and is committed to the observance of the ten principles thereof. In conformity with the requirements of this Initiative, Severstal in its annual Sustainability Report discloses information on the progress achieved.

Membership in business associations and unions

Industry-specific organisations

- NP Market Council Association
- World Steel Association
- Russian Steel Association of Ferrous Metals Enterprises
- Steel Construction Development Association

Sustainability organisations

- UN Global Compact Russia
- Renewable Energy Development Association
- Russian Managers Association
- Association of Corporate Directors of Russia
- Association of Communication Directors and Corporate Publishing
- Donors Forum
- AI Alliance

Business associations

- Russian Union of Industrialists and Entrepreneurs (RSPP)
- Chamber of Commerce and Industry of the Russian Federation
- Public Council and Expert Advisory Council under the Federal Customs Service of Russia
- All-Russia Public Organisation Business Russia
- BAT Bureau
- EAEU Business Council
- European Business Association
- Russian-German Chamber of Commerce

On top of that, Severstal supports research institutes and initiates joint projects aimed at improving the environmental and economic efficiency of production. To train prospective employees, the Company maintains cooperation with industry-specific higher educational and secondary vocational educational institutions, the number of signed agreements with whom is continuously growing.

Cooperation with research and educational institutions

Research institutes

Moscow and Moscow Region:

- Federal State Unitary Enterprise Bardin Central Research Institute for Ferrous Metallurgy¹
- Construction, JSC Research Centre
- RAS Institute of Problems of Chemical Physics
- The Scientific Research Institute of Steel

Saint Petersburg:

- Kurchatov Research Institute – Prometheus Central Research Institute of Structural Materials

Yaroslavl Region:

- Papanin Institute for Biology of Inland Waters, IBIW RAS

Higher educational institutions

Moscow and Moscow Region:

- Lomonosov Moscow State University
- Moscow State Institute of International Relations
- Bauman Moscow State Technical University
- Higher School of Economics National Research University
- National Research Nuclear University MEPhI
- MISIS National University of Science and Technology
- Moscow Polytechnic University
- Moscow Power Engineering Institute
- Plekhanov Russian University of Economics
- Financial University under the Government of the Russian Federation

Saint Petersburg and Leningrad Region:

- Saint Petersburg State University
- ITMO University
- Saint Petersburg Mining University
- Peter the Great Saint Petersburg Polytechnic University

Belgorod Region:

- Belgorod State National Research University
- Shukhov Belgorod State Technological University

Tomsk Region:

- Tomsk Polytechnic University

Sverdlovsk Region:

- Yeltsin Ural Federal University

Vologda Region:

- Vologda State University
- Cherepovets State University

Chelyabinsk Region:

- Nosov Magnitogorsk State Technical University

Ivanovo Region:

- Ivanovo State Power Engineering University

¹ The research centre has its branches in other regions as well.





Secondary vocational educational institutions

Vologda Region:

- Bardin Cherepovets Metallurgical College
- Cherepovets Technological College
- Cherepovets Construction College
- Cherepovets Multidisciplinary College
- Cherepovets Forestry College

Belgorod Region:

- Belgorod Construction College
- Belgorod Machine Building School
- Belgorod Polytechnic School
- Belgorod Industrial College
- Yakovlevsky Polytechnic School

Murmansk Region:

- Olenegorsk Mining and Industrial College

The Republic of Karelia:

- Kostomuksha Polytechnic College



Key Stakeholder Engagement

GRI 2-12 **GRI 2-28** **GRI 2-29**

In carrying out its activities, Severstal builds long-term relationships with each stakeholder group by maintaining robust communication and factoring in their interests and expectations. In particular, the Company conducts stakeholder surveys to identify material topics for disclosure in the Report, and collects feedback to improve the quality and transparency of reporting.

For more details regarding stakeholder surveys and outcomes, see the Identification of Material Topics section, [page 10](#).

Key stakeholders and forms of engagement

Group	Forms of engagement	Engagement outcomes in 2023
Shareholders and investors	<ul style="list-style-type: none"> ▪ convening the General Meeting of Shareholders ▪ celebrating the Investor Day ▪ ESG information disclosure ▪ composing responses to inquiries questions, promoting a dedicated website ▪ consultations 	<ul style="list-style-type: none"> ▪ over 100 meetings held with investors ▪ PAO Severstal's shares listed on the MOEX Blue Chip Index
Suppliers and contractors	<ul style="list-style-type: none"> ▪ counterparty due diligence ▪ cooperation in developing and mastering new technologies ▪ supplier surveys to collect feedback ▪ support to the Industrial Market online procurement platform ▪ contractor engagement improvement 	<ul style="list-style-type: none"> ▪ voluntary supplier qualification procedure by ESG metrics launched ▪ procurement process accelerated due to updates to the Industrial Market SW
Customers and consumers	<ul style="list-style-type: none"> ▪ research of customer preferences ▪ satisfaction assessment survey ▪ implementation of joint projects ▪ development of new product types ▪ on-site visits to major consumers ▪ interaction in the CheckSteel mobile application 	<ul style="list-style-type: none"> ▪ the annual customer satisfaction survey held (overall satisfaction reached 91%) ▪ output of products developed jointly with customers increased by 56% ▪ customer engagement processes in the CheckSteel mobile application automated





Group	Forms of engagement	Engagement outcomes in 2023
<p>Company employees</p>	<ul style="list-style-type: none"> ▪ communication and feedback collection via various communication channels: <ul style="list-style-type: none"> - corporate newspaper, newsletters, and information stands - corporate TV broadcasting system, the Severstal Info intranet portal - Yammer knowledge exchange system - regular meetings of the management with staff - guidelines and publications for various personnel groups - satisfaction and engagement surveys ▪ employee training and development ▪ corporate volunteering enhancement 	<ul style="list-style-type: none"> ▪ employee training coverage reached 95% ▪ list of social programmes for employees expanded ▪ performance assessment of all employee groups conducted ▪ share of respondents of the Severstal Pulse engagement and satisfaction survey reached 88%
<p>Governmental bodies, supervisory organisations</p>	<ul style="list-style-type: none"> ▪ participation in governmental advisory bodies' activity ▪ implementation of projects under social and economic partnership agreements with the regions of presence ▪ partnership with regional authorities in climate change adaptation, modernisation, waste management, etc. 	<ul style="list-style-type: none"> ▪ the agreement for accepting plastic waste from city residents for recycling signed with the Environmental Protection Committee of the Cherepovets Mayor's Office ▪ the agreement on a climate project signed with the Vologda Region Government ▪ the concept of adaptation to climate change in the Republic of Karelia and the adaptation project elaborated jointly with partners ▪ the agreement on an investment project implementation for the facilities upgrade signed with the Oryol Region Government
<p>Representatives of local communities and separate groups in the Company's regions of presence</p>	<ul style="list-style-type: none"> ▪ SME support ▪ urban improvement activities ▪ support to education, culture and sports ▪ orphanage prevention ▪ participation in national projects' implementation ▪ public debates ▪ notifying local residents of environmental measures and key takeaways ▪ dealing with residents' submissions and complaints 	<ul style="list-style-type: none"> ▪ over RUB 1.5 billion allocated for landscaping programmes in the regions of presence ▪ 62 new businesses started up in Cherepovets under UDA activities ▪ 24 social projects implemented under the Way Home foundation ▪ funds allocated for implementation of three measures for preserving national traditions of indigenous minorities of the North





Group	Forms of engagement	Engagement outcomes in 2023
Business associations and unions	<ul style="list-style-type: none">▪ participation in industry-specific and other business associations' work▪ conducting meetings with the participants to the Climate Memorandum titled Achieving a Low Carbon Future Together and implementing joint projects	<ul style="list-style-type: none">▪ the UN Global Compact National Network, System Electric, Lenta and Power Machines joined the Climate Memorandum titled Achieving a Low Carbon Future Together▪ indicative figures of GHG emissions worked out for BAT reference books through participation in technical working groups under BAT Bureau
Non-profit and public organisations, scientific research, cultural, educational, sports, and healthcare institutions	<ul style="list-style-type: none">▪ cooperation with industry-specific R&D institutes and universities for personnel training to meet the production demands▪ joint participation in, and organisation of, sponsorship and charity projects▪ implementation of projects to support and develop culture, arts and sports	<ul style="list-style-type: none">▪ financial aid in favour of four sports organisations for equipment and gear purchase▪ three inclusive sports grounds for remedial schools installed▪ over RUB 1.4 billion allocated for maintaining the activities of the Kindness of the North charitable foundation









06.

Responsible
Supply
Chain

2023 Highlights

16%

purchase share from local suppliers
(↓1 p.p.)¹

29%

purchase share from SMEs (↑ 2 p.p.)

91%

overall customer satisfaction with
direct rolled steel supplies (↑ 2 p.p.)

UN Global Compact Principles

The topic covers all the ten principles

UN Sustainable Development Goals

9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



17 PARTNERSHIPS
FOR THE GOALS



¹ Hereinafter, against 2022.

Supplier and Contractor Engagement

Approach to Management

GRI 2-23

In building a sustainable and transparent supply chain, Severstal is guided by the principles of responsible procurement. The Company develops long-term mutually beneficial relationships with its business partners and customers in accordance with [PAO Severstal's Code of Business Conduct](#) that sets forth its commitments and expectations towards partners, including compliance with ESG requirements. The Ethics Committee monitors counterparties' observance of the Code.

Key documents applicable to building a responsible supply chain

- The **Code of Business Conduct** sets forth the principles for building a responsible supply chain.
- The **Procurement Development Strategy 2028** defines the strategic priorities of the Company's procurement activities.
- The **SRM Regulations¹** contain the rules for performing procurement procedures and basic requirements to suppliers.
- The **Quality Manual** contains the requirements to suppliers and purchased products in terms of quality.
- The **standards** reflecting the approach to supplier evaluation in procurement:
 - **Procurement Arrangements** (updated in 2023 and, inter alia, supplemented with new types of purchases: R&D Purchases, Purchases for End-to-End Sales, Purchases for Charity, Startup; on top of that, responsibility for procurement stages was updated);
 - **Inventory Management** (updated in 2023 and brought into compliance with the implemented resource planning system); and
 - **Purchasing, Supplier Evaluation and Development.**
- The **Anti-Corruption Policy for Severstal Counterparties** establishes the core anti-corruption requirements to counterparties.
- A **standard contract** (updated in 2023) lays down the requirements to respect human rights, the provisions of the Anti-Corruption Policy for Severstal Counterparties and the Code of Business Conduct.

GRI 2-24

Based on the above documents, Severstal formalises all procurement procedures. With that, the Company gives preference to responsible and reliable suppliers guided by the principles of sustainable development in their activities.

Before concluding a contract, Severstal performs due diligence on its counterparty to verify his experience, business reputation, financial standing, and the ability to discharge the obligations and perform under the contract, as well as compliance with the Company's ESG requirements. In 2023, Severstal included a mandatory clause on compliance with the Code of Business Code and human rights in its standard contract with counterparties. This, additionally, commits suppliers and contractors to confirming

that at the time of entering into the contract they do observe human rights guaranteed by Russian laws and stipulated by international regulations.

It is noteworthy that Severstal is strongly focused on reducing climate-related impacts in the supply chain and engages new partners in delivering joint initiatives to minimise the carbon footprint within the framework of the Climate Memorandum titled Achieving a Low Carbon Future Together. Supplier and contractor engagement also covers the calculation of Scope 3 Upstream emissions.

[For more details regarding climate impacts management in the supply chain, see the Climate Change and Energy Efficiency section, page 152](#)

¹ An electronic platform of the supplier relationship management system.

A variety of digital tools and their application are instrumental in interaction with business partners. For example, Severstal makes use of a unified automated system (SAP SRM) to manage relationships with suppliers of feedstock, materials, equipment, and services at all of its enterprises. In the reporting year, the Company updated its SAP SRM claims management regulations to streamline counterparty engagement.

Severstal places considerable emphasis on employee training in supplier relationship enhancement by conducting regular comprehensive training under the Procurement Academy programme along with training in specific topics. In 2023, the Company trained the procurement function staff in operating the SAP SRM claim management module.

To communicate the rules of carrying out the procurement activities in line with standards and local regulations, Severstal applies own-developed expertise enhancement programmes and self-instructional distance courses. The Company assesses the level of knowledge through certification of the procurement function staff and takes account of the results in designing expertise enhancement programmes. During the reporting year, about 300 employees completed such training and certification.

At the same time, Severstal's employees participate in external events as well. In particular, in June 2023, over 100 employees attended an off-site procurement conference, discussing the current issues in detail and outlining further procurement development activities.

Severstal collects supplier and contractor feedback regarding the Company's performance. Suppliers are surveyed half-early, and each respondent may assess the current level of engagement with Severstal's procurement function and propose ideas for the processes' improvement.

Training and development cover Severstal's counterparties as well. For example, the Company holds regular working meetings with suppliers of goods, materials and services during which participants study and discuss the current operating performance, occupational health and safety issues, and decisions on streamlining the notification processes in the event of any changes in Severstal's activities. In the reporting year, suppliers of goods, materials and services received training in the principles of operating the SRM e-platform and pricing rules, while basic contractors¹ were trained in the incentive matrix.

Enhancement of Digital Services for Counterparty Engagement

Since 2021, Severstal has been operating the Suppliers and Contractors Portal designated to improve the awareness-raising and supplier engagement quality. It constitutes a one-stop solution for counterparties, and contains all necessary information regarding cooperation with Severstal. In addition, the Company extensively enhances digital platforms that enable suppliers and customers to optimise the procurement process and improve its efficiency.

Severstal improved its Industrial.Market² procurement platform

In 2023, the Company continued the migration of procurement for low-value goods to the proprietary Industrial.Market marketplace. It constitutes a B2B trading platform that allows customer entities to optimise procurement business processes, and suppliers – to expand their customer base.

Severstal introduced significant changes to the platform's software, which explicitly contributed to accelerating the procurement process, improving monitoring processes, and flexible management of supplier pricing and search queries. On top of that, the Company updated the documents related to the platform's functioning, in particular, the Customer Self-Procurement Regulations and the Warehousing Procurement Regulations³.

Over 130 suppliers were registered on the Industrial.Market platform as at the year-end 2023.

In 2024, Severstal intends to increase the share of low-value purchases through Industrial.Market by all the Company's assets.

¹ Basic contractors are understood as construction, construction and repair, construction and installation, design or such other organisation who concluded a contract with the Company for execution of works and/or supply of services and meets the criteria set forth in the internal regulations.

² The website is only available in Russian.

³ The regulations describe how a purchaser works with applications transferred from SAP on the Industrial.Market marketplace.

Severstal extended the functionality of the [Platferrum](#)¹ rolled steel marketplace

In 2022, Severstal launched a unique project in rolled steel e-commerce -- the Platferrum marketplace. The platform helps automate purchases and sales of rolled steel to both suppliers and purchasers and obtain related services, including metal treatment, logistics, lending, and analytics.

Continuing to evolve it, in 2023, the Company integrated the own-developed IT module into the platform that regularly updates information on prices and product balances. Owing to this, marketplace users can make online transactions with minimal time and costs.

As part of the Platferrum, the Company developed and integrated nine services and facilities for customers and suppliers of products and services, including the service of purchasing rolled steel with deferred payments and secure transaction service. The latter serves as a guarantee that suppliers and customers fulfill their mutual obligations and ensures reliability, transparency and security of financial transactions.

In 2024, Severstal intends to add new suppliers to the marketplace, improve its functionality, and introduce a logistics system and artificial intelligence to streamline customer service.

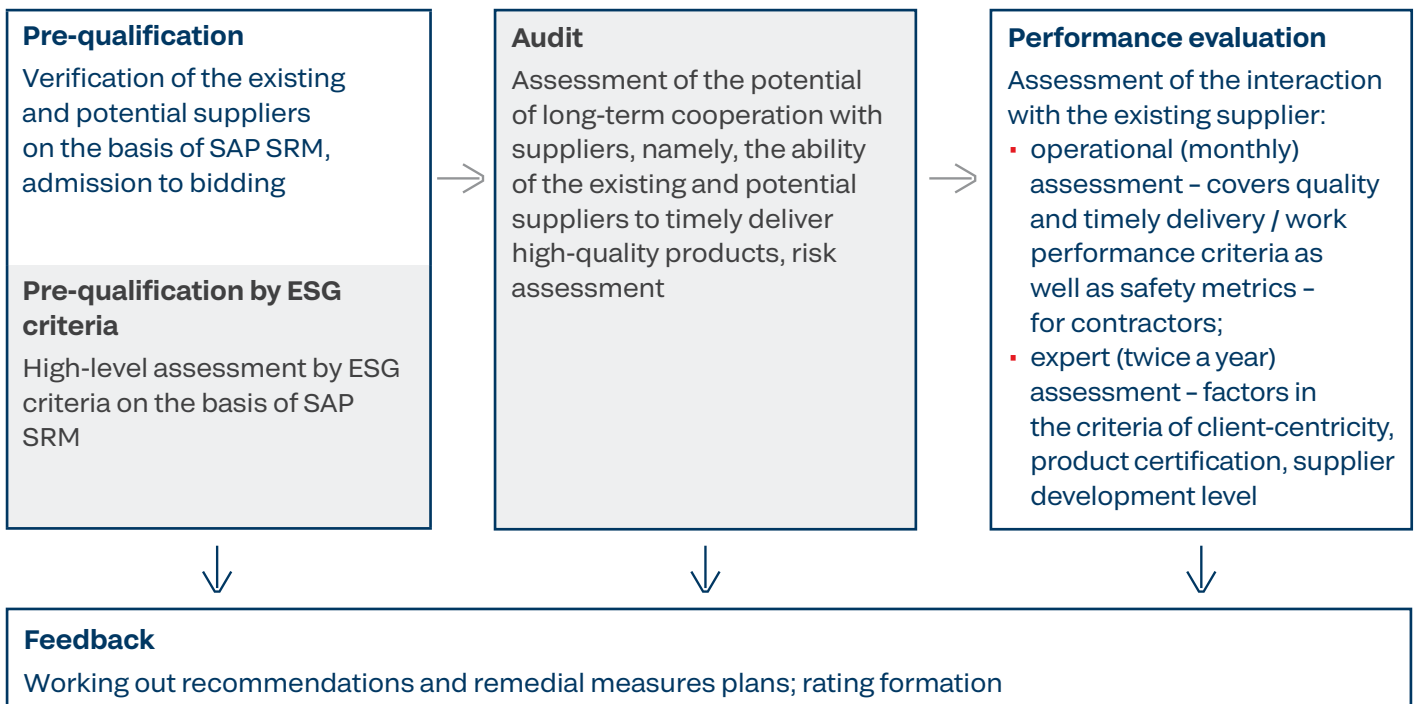
Over 50,000 commodity items from 150 Russian traders are listed on Platferrum as at year-end 2023.

Over 2,200 companies from the construction and manufacturing industries are Platferrum customers as at year-end 2023.

Counterparty Assessment for Compliance with Sustainability Criteria

Severstal takes a responsible approach to selecting its business partners by assessing them in a coherent manner. The Company assesses supplier, their potential for a long-term cooperation with consistently high-quality products and delivery performance, and supplier compliance with Severstal's requirements, including ESG criteria. The assessment involves several stages: pre-qualification (including ESG criteria), audit, and performance evaluation. Following the assessment at each stage, recommendations on eliminating non-conformities and remedial measures plans are worked out. In the reporting year, the Company took a similar assessment approach to contractors.

Counterparty assessment criteria



□ - Mandatory ■ - Where necessary

¹ The website is only available in Russian.

At the pre-qualification stage, Severstal's suppliers undergo a high-level ESG criteria verification. In 2023, on the basis of SAP SRM, the Company introduced and automated the voluntary qualification procedure for all existing and new counterparties for compliance with ESG principles. This approach provides for building a sustainable supply chain, preventing the occurrence of social, environmental, and economic risks in procurement activities, and promoting the responsible business practices among counterparties.

Criteria for ESG assessment of suppliers

E	<ul style="list-style-type: none"> ▪ compliance with environmental laws; ▪ ISO 14001 certification, required environmental licences and permits, environmental policy, energy saving targets and programmes; ▪ positive dynamics of environmental performance metrics (e. g. CO₂ emissions, energy efficiency, etc.)
S	<ul style="list-style-type: none"> ▪ compliance with the Code of Business Conduct; ▪ respect for human and employee rights; ▪ timely and fair remuneration and compliance with the limitation of working time laws; ▪ compliance with the occupational health and industrial safety laws and Company's regulations; ▪ social policy in effect
G	<ul style="list-style-type: none"> ▪ observance of the ethical conduct standards; ▪ prohibition and elimination of all forms of discrimination, abuse and humiliation, forced and child labour; ▪ implementation of a set of measures to ensure information security and anti-corruption

When performing the assessment, Severstal points out general issues related to supplier reporting, ratings, and awards in sustainable development. Upon completion of the assessment by ESG criteria, Severstal works out recommendations for contractor improvement and, in the case of unsatisfactory results, remedial measures plans. At the same time, Severstal compiles their rating that further on factors into the terms of cooperation. Automation of the assessment procedure makes it possible to obtain the necessary information faster and timely use it for working out remedial measures.

No environmental violations were identified among suppliers in 2023.

GRI 308-1 GRI 308-2 GRI 414-1 GRI 414-2

1,629

suppliers

participated in the ESG criteria pre-qualification in 2023, of those 530 were new contractors constituting 29.8% of the total number of new suppliers pre-qualified on SRM in 2023

Procurement Risk Management

EM-IS-430a.1

Severstal regularly assesses the risks associated with the suppliers and procurement arrangements. The risk assessment methodology is based on the Company's Risk-Oriented Mindset. Risk Management Standard.

Risk mitigation in working with counterparties by automating the assessment and control processes in the planned and effected transactions was the Company's primary focus in 2023.

In particular, the Company paid special attention to mitigating the risks related to poor-quality products supply by partners and, accordingly, introduced an independent inspection control over the quality of suppliers' products prior to their shipment.

The Company's key procurement risks and mitigation activities

Risk groups	Risk mitigation activities
Ensuring uninterrupted supplies	<ul style="list-style-type: none"> ▪ reliable supply channels set up, and alternative solutions search; ▪ efficient and coherent work to select equivalents for critical items built; ▪ approach to the re-engineering organisation, funding, and expediency revised; ▪ approach to audit and inspection acceptance procedures reviewed to prevent poor-quality goods and materials supplies; ▪ range of IT systems development measures aimed at improving procurement performance implemented
Market and pricing risks	<ul style="list-style-type: none"> ▪ ongoing market research; ▪ elaboration of category-based strategies; ▪ contested supplier sourcing process; ▪ establishing a long-term cooperation
Operational risks	<ul style="list-style-type: none"> ▪ compliance with the internal rules for procurement procedures; ▪ automation of processes and control procedures in the unified system for feedstock supplier relationship management
ESG risks	<ul style="list-style-type: none"> ▪ adding to original contracts the OHS compliance clause, the anti-corruption clause, and references to Severstal's policies that are expected to be observed by the Company's suppliers and contractors

[For more details regarding the ESG risk management, see the Effective Risk Management section, page 43.](#)

Procurement Performance in 2023

In 2023, the Company's procurement activities focused on the following areas:

- sourcing of equivalents and import substitution;
- implementing product development projects jointly with suppliers;
- building comprehensive work on contractor relationship improvement;
- enhancing the procurement process through the IndustrialMarket marketplace;
- building a procurement function staff incentive system for improving the counterparty engagement quality.

In the reporting year, the Company continued to stabilise its supply chain and source new counterparties in friendly countries.

Activities to enhance supplier engagement in 2023

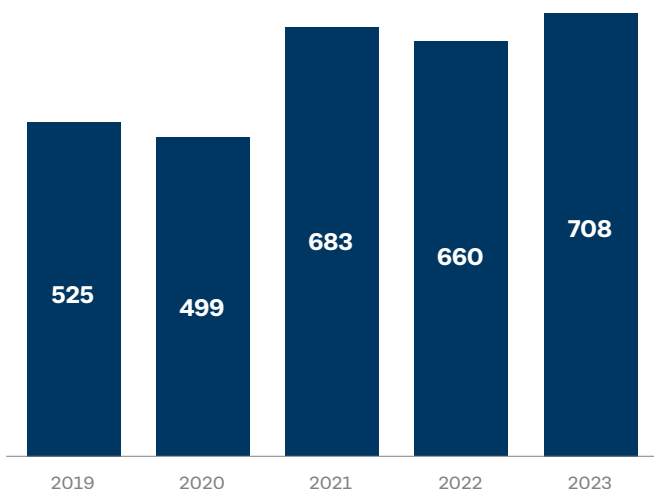
Activity	Result
Improvement of the efficiency of equivalents selection and procurement, including quality enhancement	<ul style="list-style-type: none"> ▪ detailed market research and establishment of partnerships with reliable suppliers; ▪ audits and inspections of manufacturers; ▪ introduction of digital tools for selection procedure automation; ▪ regular monitoring of the number of selected equivalents through dashboards and reports; ▪ formation of a more efficient customer engagement
Supply chain stability, infrastructure development, and localisation of critical goods and materials production	<ul style="list-style-type: none"> ▪ identification of new channels for supplying critical goods, materials and equipment; ▪ joint work with domestic suppliers in developing new product types to meet production demands
Procurement efficiency improvement and cost saving	<ul style="list-style-type: none"> ▪ Company profit increase through cost saving within the procurement activities beyond the set goals, achieved by implementing a set of measures for improving the processes within different procurement categories
Automation of the process of working with suppliers' remedial measures plans, contractor operational assessment	<ul style="list-style-type: none"> ▪ integration of MVP version (initial test version) of the functionality for maintaining suppliers' remedial measures plans into the Supplier Management system; ▪ requesting remedial measures plans from underperforming counterparties in terms of operational performance
Supplier and contractor ESG qualification piloting and scaling for ESG profiles' assessment	<ul style="list-style-type: none"> ▪ launch of a voluntary ESG qualification procedure for the existing and new counterparties
Contractor relationship development, from provision of protective means through to formation of a step-by-step incentive system	<ul style="list-style-type: none"> ▪ creation of a contractor tools library; ▪ purchase of additional gas protection equipment and portable breathing devices to be dispatched to contractors; ▪ provision of more comfortable working conditions for basic maintenance contractors; ▪ introduction of an incentive matrix and annual indexation for basic contractors; ▪ training for contractors' foremen; ▪ compensations to local contractors for involving seconded personnel

GRI 2-6

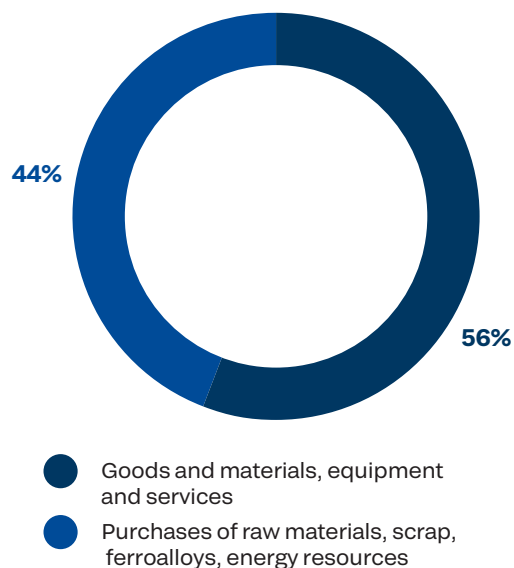
In the reporting period, Severstal’s purchase volume increased and amounted to RUB 708 billion, which was due to higher prices caused by exchange rate differences, whereas the purchase share of goods, materials, equipment and services decreased by 10 p.p. to 56% (66% in 2022). The decrease in the share against 2022 is due to the fact that in the previous year the Company focused on increasing the procurement of goods, materials and equipment driven by a potential imposition of sanctions.

The total number of suppliers and contractors decreased by 6% against 2022 due to AO Vorkutaugol’s withdrawal from Severstal and altered calculation methodology. The latter implies that the calculation was made in respect of unique counterparties within Severstal, whereas prior to 2022 the Company had kept records of unique counterparties within a single asset.

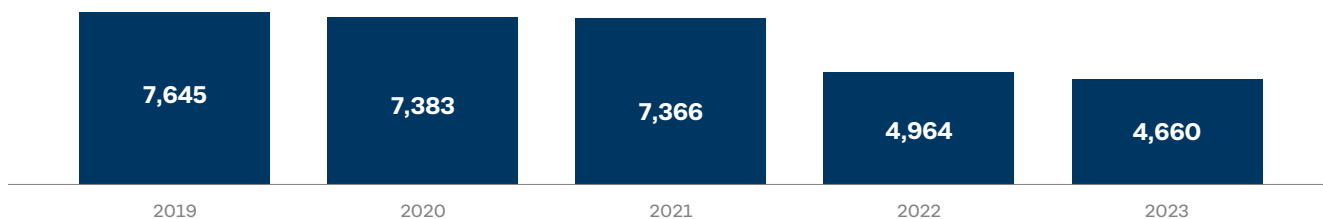
Purchase volume, RUB billion



Purchasing structure in 2023



Total number of suppliers and contractors, pcs



Severstal's procurement awards in 2023

- Grand Prix of the Competitive Procurement Leader award (best company in competitive procurement for 2023).
- Laureate of the Procurement in the Construction Complex award in the Procurement for Industrial Construction 2023 nomination.
- Top 5 of the Procurement Quality Management rating by Expert RA.

Local Sourcing

GRI 204-1

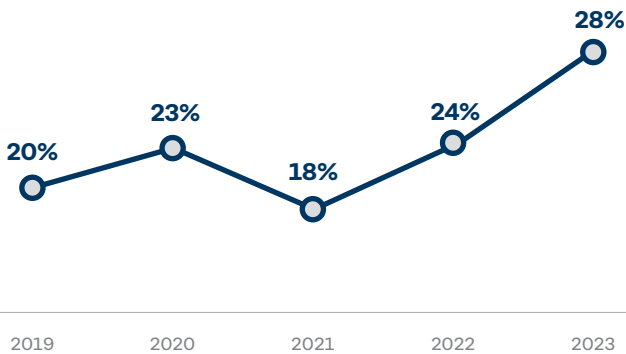
Severstal contributes to facilitating the social and economic sustainability in the regions of presence, including by developing cooperation between large, small and medium-sized businesses and supporting local suppliers. In the reporting period, Severstal maintained the upward trend in the scope of purchases from SMEs – the share of purchases from SMEs increased by 2 p.p. against 2022, from 27% to 29%.

For more details regarding the development of SMEs in the regions of presence, see the [Development of the Regions of Presence](#) section, page 122.

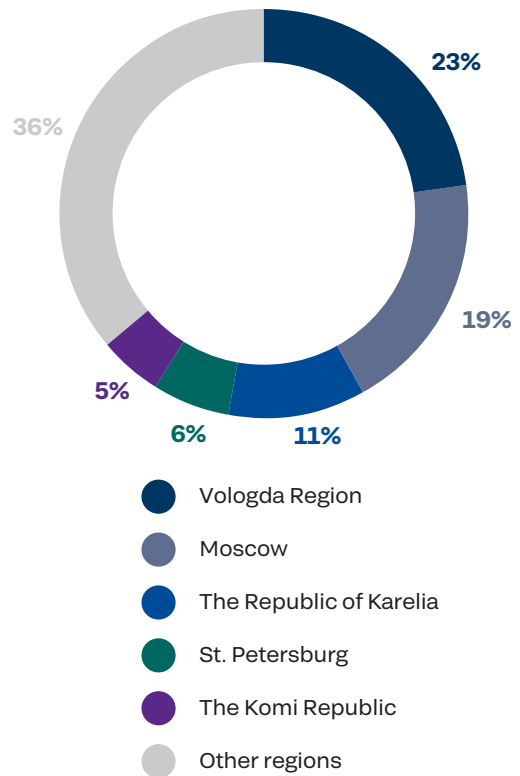
MED-8

In 2023, the Company continued to develop cooperation with local suppliers. Severstal defines local suppliers as those registered in the regions of its presence. The share of local businesses in the total number of suppliers increased from 24% to 28%, whereas the share of purchases from local suppliers in the total scope of purchases was 16% in 2023. With that, the share of purchases from Russian suppliers accounted for 41% of total procurement.

Share of local suppliers in the total number of suppliers



Purchasing structure by regions in 2023 (share of total purchases)¹



Vologda Region accounted for the largest scope of purchases from local suppliers in the reporting year, amounting to 23%. The Company reached this value owing to, inter alia, the continued implementation of the Growth Synergy 2.0 programme for supporting small and medium-sized businesses.

Severstal contributes to the development of SMEs in Vologda Region

Since 2020, Severstal has been implementing the Growth Synergy 2.0 programme in cooperation with the Vologda Region Government and enterprises. The programme is aimed to develop the region's economy through setting up new production facilities by SMEs for supply of goods and materials to large industrial enterprises, including Severstal.

In 2023, Within the Growth Synergy 2.0 framework, the Company implemented the Industrial Cluster project aimed to keep the suppliers and contractors informed about Severstal's demand for goods, materials and services and to support the elaboration of the required products. As an example, one of the SME representatives set up a production facility for gas analysers and portable breathing devices to provide contractors' personnel working on the Company's enterprises sites with these protective means.

¹ Other regions include more than 70 regions of Russia and other countries.

Plans for 2024 and Mid-Term

In 2024, Severstal intends to implement the following measures in counterparty relationship development:

- elaborate and implement at least 80% of remedial measures jointly with suppliers and contractors pursuant to performance assessment thereof;
- provide the required resources for 100% of contracted works;
- increase the efficiency of procurement to reduce the Company's costs, in particular, optimise the most challenging procurement processes;
- ensure timely delivery of 100% of the main process equipment in accordance with the annual investment programme for 2024;
- expand the list of integration projects implemented jointly with suppliers to obtain mutual effects and extra profit.



Customer Relationship Management

Approach to Management

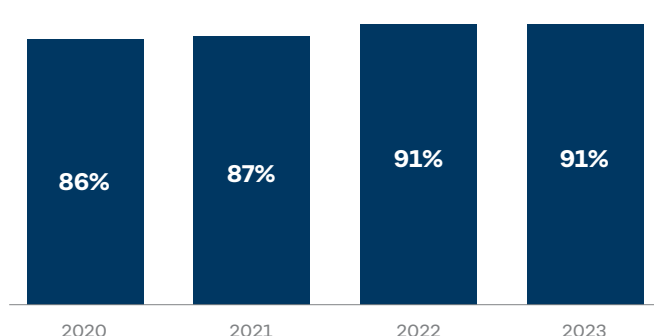
One of the key pillars of Severstal's development strategy is provision of a superior customer experience and integration of a client-centric approach into all business processes of the Company. Severstal seeks to improve the quality of customer service by exploring customer preferences, monitoring customer satisfaction, implementing joint projects and solutions, developing new products, and handling submissions and claims.

In the reporting year, to increase the efficiency of customer interaction, the Company elaborated and coordinated the approval of a whole number of its standards, including standards for monitoring, measuring and analysing customer satisfaction, order follow-up and receipt, operational production planning, etc.

Customer Satisfaction

Severstal conducts monthly and annual customer surveys to regularly monitor the quality of customer engagement and satisfaction. In these surveys, customers assess the level of product and service quality, delivery performance, and overall satisfaction with their interaction with the Company.

Overall customer satisfaction (CSI) by share of positive feedback¹



Following the annual Syndicated Survey of Customer Satisfaction of Rolled Steel Suppliers conducted by the ORO marketing research agency, the Company ran first in customer satisfaction with product quality.

Over the last four years, customer satisfaction figures have been growing and have maintained a consistently high level owing to continuously improving customer engagement and providing for a high level of service. In 2023, the Company managed to improve the service satisfaction and delivery performance metrics.

For customers and manufacturers in the small and medium-sized businesses sector, the Company keeps developing the Plus loyalty programme with a range of benefits and services for its participants. In the future, Severstal intends to further expand the programme's opportunities and bonuses.

[More details regarding the Plus programme are available on the Company's website².](#)

In 2023, to maintain the high level of customer satisfaction with product quality, the Company introduced a risk-oriented approach to quality management, namely:

- introduced IT tools for risk assessment during order acceptance (the level of admitted claims on high-risk orders is 3.8 times lower compared to standard values);
- implemented the pilot project for introducing the production technology violations handling methodology (the number of violations decreased by 21%); and
- put into operation control tools and an autocertification system that help automatically identify rolled steel with quality deviations.

¹ The data is indicated for 2020–2023 due to the fact that in 2020 the customer surveying methodology was altered. In addition, due to updating the 2022 data, the value for that year was altered and differs from the one disclosed in the Sustainability Report 2022.

² The webpage is only available in Russian.

Customer focus enhancement

Severstal implemented the following measures in 2023 to foster a customer-centric thinking among employees:

- Launch of the Volunteers of Superior Customer Experience project involving managers of various levels in feedback collection through direct communication with customers. Approximately 50 people participated in the project, whose activities helped improve the sales, production, and shipping processes and enhance the distribution channels for new product types.
- Actualisation of the Customer Way course designated for employee training in the basic customer service model. In the reporting year, the Company included it in the onboarding programme for new customer-facing employees. Both new and experienced employees showed high interest in the programme. In 2023, the training was completed by 44 employees.
- Development of the End-to-End Communications project aimed to collect customer feedback in the light of product quality assessment. The obtained information is handled by the process personnel by reviewing it at monthly working meetings in order to work out solutions for production quality improvement.
- Working out of recommendations on dealing with documents for service support staff, preparation of guides on downloading quality certificates and fastening products during transportation.

Severstal elaborated customer handbooks to simplify customer interaction with the Company. In 2023, the Company updated the handbooks for customers placing production orders and ordering from stock, and compiled a new handbook for processors. In addition, Severstal updated the product and service catalogues, guides on order pickup and transportation from production sites and included the catalogues in welcome letters for new customers.

Feedback and Claim Management

Severstal practices a variety of feedback collection methods, including digital services, for efficient customer interaction. Surveys customised by different delivery models and key touchpoints contribute to the Company's deeper understanding of customer needs and satisfaction levels.

One of the main channels for feedback on quality issues and response to claims is the Checksteel mobile app that accounts for 42.5% of incoming submissions. In Checksteel, customers may assess the product quality, file a request for consultation with specialists or a claim to the Company. Employees promptly process information with further provision of a relevant solution. The app is available on both personal computers and mobile devices.

The Checksteel service used by over 200 customers to date, allowed Severstal to automate a number of customer and supplier engagement processes and make available a wide range of functionality to address a variety of issues, such as:

- maintaining records of incoming rolled steel;
- prompt recording of product quality deviations;
- downloading and viewing quality certificates; and
- filing a claim and tracking the stages of its consideration and settlement.

In the reporting year, the number of admitted product quality claims increased by 1.5 times compared to the previous period. This was due to an increase in the number of single-item claims (previously, one claim could be associated with several product items), more frequent submission of claims via the Checksteel app, and a rise in the number of claims not related to poor-product quality yet resolved by granting a discount.

For efficient customer and partner communication, Severstal has been operating the dedicated Vmeste (Together) portal and community for several years primarily aimed to meet customer demand for sharing expertise and industry content. On its portal and in Telegram channel, the Company posts analytical materials, announcements and reviews of industry exhibitions, expert assessments and, in addition, regularly conducts webinars on personal and professional growth. As at the start of 2024, the number of community members exceeded 3.5 thousand.

In 2023, the Company held business meetings with customers at specialised or dedicated exhibition venues and arranged topic-specific meetings within the framework of Severstal's customer-related conferences. Additionally, Company employees visited customers' production sites where they not only discussed work issues but also trained customers' personnel on how to use the Personal Profile, including report generation and a set of tools.

2023 Achievements

In the reporting year, Severstal closely attended to infrastructure projects, partner sales, and distribution network enhancement. For all of these aspects, the Company elaborated and updated the relevant regulations, commenced the specialised software development, mapped communications, approval and support processes, and updated the customer onboarding system.

In addition, the Company implemented the Downstream management system developed in 2022 that provides for efficient process management

at all lifecycle stages of infrastructure projects.

The system encompasses traditional sales management elements and new tools that include risk management systems, development of pricing and delivery terms and conditions, setting up and incentivising project teams, etc.

The Company implemented a variety of measures for improving and automating the customer engagement processes, increasing the product quality control and assurance, and expanding the product range and sales channels.

Activities to enhance customers engagement in 2023

Activity	Result
Development of schemes for manufacturing and promoting products in partnership with customers	<ul style="list-style-type: none"> ▪ a 56% increase in rolled steel and metalware production using partnership schemes
Expansion of the product line to offer customers products with enhanced consumer properties	<ul style="list-style-type: none"> ▪ development and launch of 21 new product types; ▪ expansion of the product range by 20%; ▪ increase in sales volume of new products by 42%
Development of own distribution network to cater to the needs of SMEs	<ul style="list-style-type: none"> ▪ five new warehouses opened; ▪ acceleration of the processes of deferred payments and customised solutions; ▪ increase in sales volume of recycled products by 27% and in warehouse sales volume by 17%
Promotion of metal treatment services for the machine building and construction sectors	<ul style="list-style-type: none"> ▪ increase in sales volume of products processed within own metal centres by 17%
Enhancement of a quality management system for finished products	<ul style="list-style-type: none"> ▪ introduction of a risk-oriented approach to product quality management; ▪ Installation of systems for the automation of product characteristics and technology parameters measurement; ▪ launch of an automated process control system for all products; ▪ automation of claim management in the Checksteel app





Activity	Result
Improvement of information and digital services	<ul style="list-style-type: none">▪ migration to a local platform for the Personal Profile with further customer training;▪ development of a system for exchanging electronic standardised messages and data;▪ expansion of e-document management;▪ information systems customised to suit the new sales schemes
Optimisation of logistics services	<ul style="list-style-type: none">▪ expanding supply geographies and re-focusing from export markets to domestic▪ development of multimodal delivery schemes, i.e., transportation by different modes of transport followed by more than doubled delivery scope

Plans for 2024 and Mid-Term

To enhance customer relationship, Severstal plans to place emphasis on the following areas:

- further development of digital customer engagement tools;
- continued implementation of the project for the quality management system transformation; and
- development of logistics services, including the setting up of logistics hubs jointly with partners.





07.

Social
Impact

Human Rights

2023 Highlights

11,125 persons

completed the training on preventing human rights violations (↑16.3 times as much¹)

28%

percentage of female employees (↑1.2 p.p.)

UN Global Compact Principles

Principle 1. Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2. Businesses should make sure that they are not complicit in human rights abuses.

Principle 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4. Businesses should uphold the elimination of all forms of forced and compulsory labour.

Principle 5. Businesses should uphold the effective abolition of child labour.

Principle 6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.

UN Sustainable Development Goals



¹ Against 2022.

Approach to Management

Severstal conducts its business in full conformity with Russian and international standards of supporting and protecting the human rights. The Company has its regulatory documents that set forth its respective obligations. In particular, in accord with the Human Rights and Community Relations Policy (Including Indigenous Peoples and Minorities), Severstal assumes the said obligations in its relationship with stakeholders.

Management of human rights issues is under the authority of the Human Resources Director. In turn, the Company's top managers address the human rights issues at the meetings of the Nomination and Remuneration Committee and the Safety and Sustainability Committee under the Board of Directors.

Key documents on human rights

▪ Internal

- Human Rights and Community Relations Policy (Including Indigenous Peoples and Minorities) of the Severstal Group of Companies.

▪ External

- Generally accepted international regulations:
 - UN Global Compact Principles;
 - Universal Declaration of Human Rights;
 - International Covenant on Civil and Political Rights;
 - International Covenant on Economic, Social and Cultural Rights;
 - International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work;
 - International Labour Organisation (ILO) Forced Labour Convention (No. 29) and Abolition of Forced Labour Convention (No. 105);
 - Voluntary Principles on Security and Human Rights (VPSHR);
 - UN Guiding Principles on Business and Human Rights.
- Legislation of the Russian Federation:
 - The Constitution of the Russian Federation;
 - The Labour Code of the Russian Federation;
 - Federal Law dated 19 June 2000 No. 82-FZ on the Minimum Wage;
 - Federal Law dated 30 April 1999 No. 82-FZ on Guarantees of Rights of Indigenous Minorities of the Russian Federation.
- Other external documents abided by Severstal:
 - Social Charter of Russian Business (the Company joined the initiative pursuant to its membership in the Russian Union of Industrialists and Entrepreneurs).

Respect for Human Rights at Work

Severstal strives to prevent human rights abuses among its employees and, therefore, undertakes, inter alia, to respect their labour rights, the zero tolerance principle towards discrimination in all its forms and manifestations, and etc.

GRI 2-30 **GRI 402-1** **GRI 407-1** **GRI 408-1** **GRI 409-1** **GRI 410-1** **MED-25**

Severstal's human rights obligations in employee relations

Aspect	Obligation
Notification of changes to the Company's activities	Pursuant to the Labour Code of the Russian Federation, the minimum notice period to inform employees of any changes to Severstal's activities is two months
Duration of working time	Severstal follows the standard labour principle that enables Company employees to find a healthy work-life balance, and works on reducing the working day through competent working time management
Prevention of forced and child labour	In conformity with legislation of the Russian Federation and international regulations, Severstal's policy disallows using child or forced labour at the enterprises and in the divisions of the Company and its contractors. In defining forced labour and its forms, the Company is guided by International Labour Organisation's Forced Labour Convention (No. 29) and Abolition of Forced Labour Convention (No. 105). Over the reporting year, no significant risks of using child or forced labour in the Company's and suppliers' divisions occurred.
Employment of people with limited health abilities	In accord with legislation of the Russian Federation, the Company offers quotas for recruiting disabled people via the employment centre. On top of that, Severstal implements own Rehabilitation Programme and renders maximum assistance to this category in employment. In 2023, about 189 people with disabilities worked at the Company's enterprises
Security and human rights	Severstal follows the Voluntary Principles on Security and Human Rights (VPSHR). To safeguard its office premises and production facilities, the Company carries on cooperation with a private security company whose employees shall master and observe their job instructions and the Regulation on Access and Site Security Regimes at Severstal. In carrying out safeguarding activity, the Regulation prohibits to treat Company employees and visitors to the Company's facilities with an assault on human dignity
Prevention of harassment	The Company makes every effort to avoid harassment and other forms of abusive behaviour by timely responding to respective complaints and carrying out internal investigation
Right to freedom of association and collective bargaining agreements	Severstal observes employee rights to freedom of association, joining trade unions, and collective bargaining. Industry and collective bargaining agreements cover 81.6% of Company employees ¹ , regardless of their membership in a trade union. Control over with the observance of the provisions of the collective bargaining agreement is exercised by a special commission in charge of its elaboration and execution composed of 50% of representatives of the employer and 50% of representatives of the personnel. In 2023, the Company did not identify any of its own divisions and suppliers exposing the right to freedom of association and collective bargaining to significant risks. <u>For more details regarding the trade unions' activities, see the HR Management section, page 104</u>

¹ Except for employees of AO Severstal Management constituting about 5.41% of the total Severstal headcount.

In 2023, Severstal identified the following risks associated with infringement of human rights to:

- healthy environment;
- safe workplace;
- decent and equal pay;
- freedom of association and collective bargaining.

The population groups exposed to human rights risks include employees of the Company's enterprises, contractors, and local communities that live off the production facilities.

[For more details regarding the human rights risk management, see the Efficient Risk Management section, page 43.](#)

Observing the Rights of Indigenous Peoples and Ethnic Minorities in the Regions of Presence

Severstal pays significant attention to human rights observance and protection in its relationships with locals, including minorities and indigenous peoples. Community development initiatives implemented by the Company are always focused on the specifics of the region of presence. Activities to preserve the cultural heritage of the natives are always in the spotlight of the Company's efforts and support.

To ensure the observance of human rights in local community interaction, Severstal adheres to the principles of holding an open and direct dialogue with local population, thus respecting the

right of all its stakeholders to receive information about the Company's activities. At early project implementation stages, the Company conducts consultations and practices other forms of the local population's involvement in decision-making (e.g. public hearings).

In 2023, no complaints associated with the infringement of rights of the locals, minorities or indigenous peoples were recorded.

[For more details regarding interaction with minorities, indigenous peoples and local communities, see the Local Community Engagement section, page 124.](#)

Human Rights Management in the Supply Chain

GRI 409-1

To ensure the observance of human rights across the entire supply chain, Severstal takes measures to make sure its business partners share the Company's commitment to the principles of respect for and support to human rights. These measures include familiarization with the Policy for Human Rights and Interaction with Local Communities, Including Minorities and Indigenous Peoples on the part of the Company's contractors.

Beyond that, the Company is guided by the Code of Business Conduct, as well as by the Employee Code of Conduct that prohibits insults and humiliation in any form towards employees and partners.

To minimise the risks of any infringement, Severstal supplemented its standard counterparty agreement with a mandatory clause on human rights. The clause commits suppliers and contractors to confirming that at the time of entering into the agreement they observe human rights stipulated by Russian laws and international legislative acts.

[For more details regarding the requirements to contractors in the human rights aspect, see the Responsible Supply Chain section, page 81, and the Code of Business Conduct.](#)

Gender Equality and Prevention of Discrimination

GRI 406-1

Severstal strictly observes the provisions of the Labour Code of the Russian Federation and restricts female labour in dangerous working conditions to protect women's health. To maintain gender equality, the Company, in recruiting employees, relies solely upon the proficiency of applicants and ensures equal labour and professional growth conditions both to men and women. In 2023, there were no cases of discrimination by gender the Company.

GRI 405-1 MED-44

Share of women at Severstal:

28% – total share in the headcount

27% – share among the executives

53% – share among the engineering staff

21% – share among the blue-collar jobs

Since 2017, Severstal has been managing the Women's Club that not only organises company-wide events to support women but also systemically liaises with the Women Leadership Forum business community, including sharing best practices with women's clubs of other companies. Moreover, Severstal has been maintaining its membership in the Women in Mining Russia Association since 2021. It aims to promote gender equality in the mining, metals, manufacturing and other related sectors.

Severstal Women's Club

	2019	2020	2021	2022	2023
Number of female members	over 1,000	1,100	around 1,200	2,160	around 2,200
Number of the Club's events	7	10	over 20	over 25	over 25

During the reporting year, Severstal Women's Club hosted over 25 events aimed at developing the leadership and career growth of the Company's female employees, including:

- Shirt-Sleeve Meetings with the top management: eight meetings with top-12 and top-100 executives attended by 950 female employees;
- panel discussions and webinars on such topical issues as How to Balance and Successfully Combine Several Roles: Manager, Business Partner and Family Keeper, women's health, etc., with over 350 female participants;
- Open Talk about Important Things meetings: a conversation between psychologists and female workers and masters about how to reduce stress, relieve tension and anxiety; and
- Random Coffee Talk meetings: networking, sharing experiences and best practices in accomplishing the business tasks (two meetings attended by over 100 members of the Women's Club).

To exchange experiences and strengthen the HR brand, Severstal, jointly with the Women in Mining Association, implemented such initiatives as:

- Sustainability Strategy webinar;
- meeting at Severstal's premises with women's clubs' leaders of Russian companies from various sectors, under cooperation with the Clubs within the Club of the Women's Leadership Forum.

In 2023, Severstal's female employees submitted a record-breaking number of applications (42) for participation in the Talented Woman in the Mining Industry 2023 competition, of which 13 hit the finals.

Prevention and Notification of Human Rights Violations

To prevent human rights infringement, Severstal conducts awareness-raising activities for its employees.

11,125 persons

completed the training on preventing human rights violations in 2023¹

7,416 hours

total number of training

The Company administers the reporting system that makes it possible to timely detect violations, including human rights abuses, and to promptly take all necessary remedial measures towards the consequences, appropriate measures towards abusers, and preventive measures to avoid similar incidents in the future.

The main confidential communication channels for reporting the breaches are:

- Unified Hotline accepting complaints and claims via an electronic mailbox and a dedicated channel for confidential calls; and
- Contact Form for applying to the Ethics Committee by e-mail or regular mail.

GRI 406-1

In 2023, the Ethics Committee reviewed 19 submissions regarding potential violations of the Employee Code of Conduct, and five of these related to labour rights. All cases of confirmed violations were addressed by the Committee and resolved through recommendations on remedial measures or issuance of a number of instructions on the measures towards human rights abusers.

Among the complaints received via the Ethics Committee's channels and the Unified Hotline over the reporting year, Severstal did not identify any cases of employee discrimination by race, gender, religious views or such other grounds.

[For more details regarding the Unified Hotline operation and feedback mechanisms, see the Business Ethics and Anti-Corruption section, page 39.](#)

¹ The training is part of the Code of Conduct programme that covers the human rights observance issues.

HR Management

2023 Highlights

46,113 people 

average headcount (↓7.5%¹)

5.7% 

undesirable staff turnover rate
(↑0.1 p.p.)

95%

of employees received training
(↑15 p.p.)

RUB 117.3 thousand

average salary at Severstal (↑7.3%)

UN Global Compact Principles

Principle 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4. Businesses should uphold the elimination of all forms of forced and compulsory labour.

Principle 5. Businesses should uphold the effective abolition of child labour.

Principle 6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Material Topic

- Human capital development

UN Sustainable Development Goals



¹ Hereinafter, against 2022.

Approach to Management

GRI 3-3

People are Severstal's core value and backbone. The Company strives to provide its employees with all necessary resources for professional growth and development, and to create decent working conditions to maintain their expertise and responsible approach to work.

Severstal takes a systemic approach to human resources management through a clear allocation of responsibilities and a timely actualisation of the internal documents in accordance with legislative requirements.

Key internal documents on HR management

- [Employee Code of Conduct](#);
- [Whistleblowing Policy](#);
- [Personnel Recruitment and Onboarding Regulations and Recommendations](#);
- [Personnel Training and Development Regulations and Recommendations](#);
- [Regulations and Recommendations on the Dialogue on the Personnel Goals and Assessment](#);
- [Payroll Policy](#).

HR management structure

Board of Directors

- HR management and control



Management Board and CEO

- Review and approval of the HR Strategy Report
- Evaluation of the selected management approach efficiency



Remuneration and HR analytics Department

- Setting up a motivation and remuneration system
- Establishing a budgeting process for staff costs
- HR analytics and HR integration

Organisational Performance Department

- Organisational design
- Headcount Management
- Performance Management

HR Management Department

- Organise and oversee the maintenance of personnel records in accordance with the law
- Maintaining military records and reporting
- Ensure provision of social benefits and guarantees to employees
- Ensure the process of preparing documents for granting state and corporate pensions and granting corporate and external awards to employees

Talent Management Department

- Competence management
- Talent retention and development
- Talent pool development and HiPo work
- Providing employees with modern digital tools for competence development and career building

Talent attraction and Digitalisation Department

- Building an employer brand
- Securing the right talent pool
- Building an external talent pool
- Creating the best employee and candidate experience

Social Policy and Intangible Incentives Department

- Development of a system of social benefits and non-financial incentives
- Monitoring of engagement, development and implementation of tools to improve engagement
- Development of employee well-being programmes
- Development of corporate volunteering

Strategic business partnership Function

- Supporting business units in implementing strategic employee development goals, improving team performance, change management
- Supporting HR processes
- Advising and coaching executives

As part of streamlining the HR management approaches, the Company carried out the following activities in 2023:

- introduction of team cohesion diagnostics;
- 67 team sessions;
- HPT¹ methodology implementation, diagnostics of 51 teams;
- the HR team training in handling HPT sessions.

To ensure the HR processes efficiency, Severstal monitors and assesses human capital risks, which makes it possible to identify negative factors and implement timely measures to minimise their impact.

Key human capital risks and risk mitigation measures

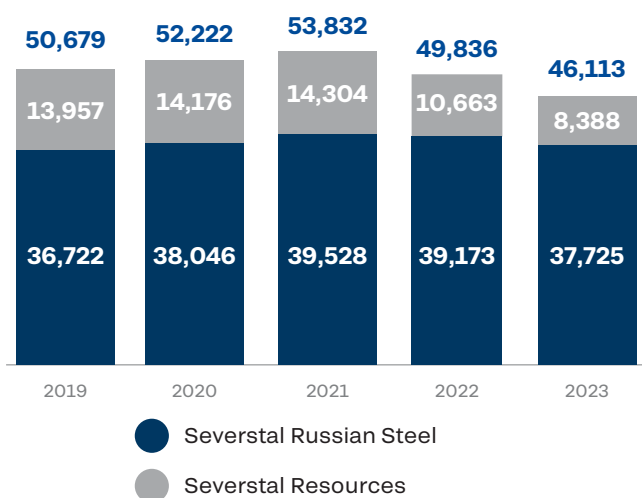
Key risks	Risk mitigation measures
Employees' insufficient compliance with qualification requirements	<ul style="list-style-type: none"> ▪ Implementation of professional training programmes
Errors in HR document flow	<ul style="list-style-type: none"> ▪ Digital signature introduction
Personnel downtime during operating rates decline	<ul style="list-style-type: none"> ▪ Personnel redeployment to other functional units of the Company – system implemented
Potential employee social tension growth related to payroll, working conditions, and personnel displacement	<ul style="list-style-type: none"> ▪ Efficient communication and feedback system in effect. ▪ Salaries maintained above the average level applicable in the regions of presence; social support measures for employees and their families implemented. ▪ Open dialogue with employees, regular meetings between the management and trade union leaders, coordination of activities to optimise the headcount

Severstal People

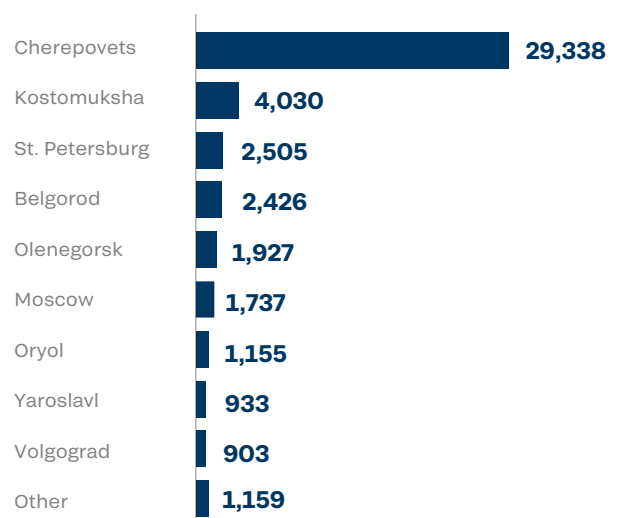
GRI 2-7 **GRI 2-8** **MED-25**

In 2023, Severstal's average headcount amounted to 46,113 people, which is a 7.5% decrease against 2022². Most of them work full-time (99%) and under permanent employment contracts (97%). The majority is employed by the Severstal Russian Steel segment (82%); 515 employees work under civil law contracts.

Average headcount by segment, people



Average headcount in 2023 by city, people



¹ High Performance Team.

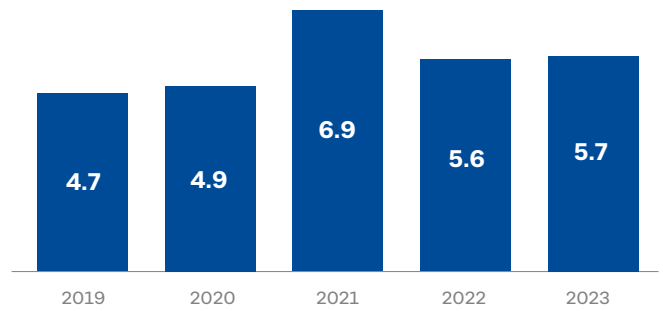
² The overall 7.5% decrease in the average annual headcount in 2023 is driven by the asset sales in 2022 and 2023 (AO Vorkutaugol, AO NEVA-METAL, OOO Sintez-PKZh, European assets (SIA Severstal Distribution – SSD) and headcount optimisation in late 2022 caused by lower production volumes.

GRI 401-1 MED-33

Due to a raise in production volumes in 2023, the number of new hires employed by the Company during the reporting period increased by 47% year-on-year to 6,774 people – 2,192 women and 4,582 men. With that, Severstal gives priority to local residents over all other candidates in the process of recruitment in accordance with the regulations and recommendations on personnel selection and onboarding.

Severstal applies the undesirable employee turnover rate that is in line with the methodology of companies in the industry¹. In 2023, the turnover rate was 5.7%, which is below the industry average.

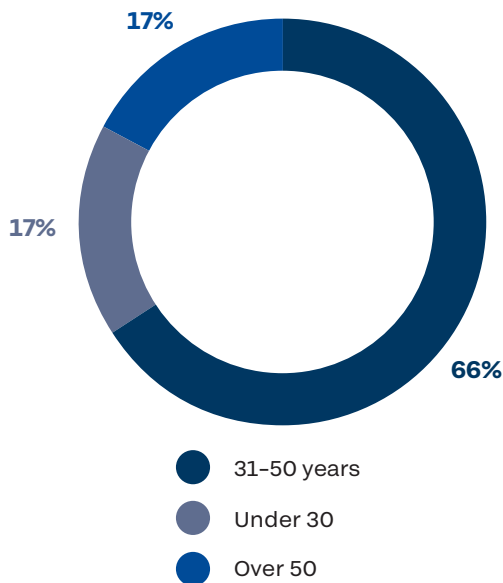
Employee turnover, %



GRI 405-1

Following the principle of zero tolerance towards discrimination in any of its forms and manifestations, Severstal provides equal working conditions for all employees regardless of their gender, age, origin, ethnicity, religion or other characteristics. The Company also strives to maintain diversity in its personnel structure.

Staff composition by age based on the headcount as of December 2023



Due to the industry specifics, men constitute the majority of employees (almost 72%). However, the share of women remains high compared to other companies in the industry and has been growing in all employee categories over the past few years. In particular, women prevail in the category of engineers and technicians. In the reporting period, their share constituted around 53%. Severstal, in its turn, supports the female team providing women with equal working conditions with men and encouraging their professional growth. In 2023, the share of women in managerial positions constituted 27% (26% in 2022).

[For more details regarding the gender balance management and support to women at Severstal, see the Human Rights section, page 98.](#)

[Detailed quantitative data on the headcount and personnel structure, including break-down by category, is presented in Appendix, page 239.](#)

¹ Undesirable staff turnover = $\frac{\text{Number of employees quitting the Company voluntarily (other than retired employees, relocated employees or those who quit for family reasons)}}{\text{Average headcount}}$

Personnel Attraction and Onboarding

GRI 401-2

Severstal extensively attracts highly qualified specialists, both experienced professionals and promising young talents, and ensures their smooth onboarding. In this regard, the Company develops its local regulatory framework. In 2023, Severstal approved the Regulation on Organising the Work with Students and Graduates and the Regulation on the Certification Procedure, and updated the Regulation on the Procedure for Entering into Apprenticeship Agreements with Job Seekers and the Regulation on Employee Incentives for Recruiting New Hires.

To increase engagement in the recruitment process and reduce its duration, Severstal launched the Sales Stars programme that implies selecting a candidate for a sales manager position by the teams composed of the heads of related business units. They evaluate the applicants using checklists and then make a respective collective decision. Each team, therefore, has the opportunity to review its work and the outcomes, and gain a better understanding of each other's needs.

The key recruitment measures implemented in 2023 are:

- attracting foreign citizens (the Republic of Kazakhstan and the Republic of Belarus);
- involving women in traditionally men's professions (given there are no legislative restrictions): lathe operator, electric fitter, driver, electrician, excavator driver, electric locomotive driver, hot metal stamper;
- the launch of shift work at Olenegorsk Mine;
- promoting the Bring a Friend referral programme.

Development of the Employer Brand

In the reporting year, Severstal launched the targeted advertising campaign in VKontakte social network and via SMS circulation in order to increase the flow of applicants for mass vacancies in the regions of presence. To raise its brand awareness, Severstal, additionally, conducted a large-scale advertising campaign in six new regions – Trans-Baikal Krai, the Republic of Khakassia, Chelyabinsk, Kursk, Kemerovo, and Belgorod (Stary Oskol) Regions.

In recent years, the important role in enhancing the employer brand attractiveness has been given to the ESG factors, which, owing to Severstal's consistent work on ESG development, contributed favourably to the Company's attractiveness as an employer. Investments in environmental and climate projects, integrated development of the regions of presence, and a wide spectrum of employee support measures – all these make Severstal a first-choice company for job seekers.



Severstal ranks among Russia's best employers

In 2023, Severstal received high appraisals in two employer ratings in a row – Forbes and RBC – becoming the sole representative of the Russian metals industry ranked among the leaders of both prestigious ratings.

The Forbes rating assessed companies by ESG metrics, and Severstal, for the first time, was awarded the platinum status for its environmental and corporate governance performance. In the Employees and Society category, the Company won gold.

The RBC rating assessed working conditions, investments in staff training, average salary, turnover and injury rates, social responsibility and business reputation, companies' overall economic performance, as well as employee survey results. Following the analysis of all these criteria, the expert jury divided the companies into four groups. Severstal was included in the first group of leaders among employers.

High appraisal by experts reaffirms Severstal's status as one of the best employers in the country.

Attracting Young Talent

To attract young talent, Severstal carries on cooperation with higher, secondary vocational, and general educational institutions. The Company not only provides targeted education and internship opportunities for university and vocational school students but also conducts career guidance and educational events. Implementation of infrastructure projects is also part of Severstal's activities in this area.

In the reporting year, 2,500 students completed internships at the Company's enterprises. With that, Severstal employed 1,201 graduates of industry-specific educational fields and expanded the list of partner educational institutions to 30 schools, vocational schools, and universities.

[For more details regarding the universities and vocational schools partnering with the Company cooperates, see the Sustainability Management section, page 74.](#)

Over RUB **40** million

in 2023, the Company's expenditures to support industry-specific secondary educational institutions amounted

Interaction with schools, vocational schools, and universities in 2023

Educational institutions	Activities
Schools	<ul style="list-style-type: none"> ▪ Science 0+ regional festival bringing together over 4,500 participants on the Company's sites ▪ Career guidance meetings in children's recreation camps (1,200 participants) ▪ Youth Career Day in Cherepovets (545 participants) ▪ Bud' v Teme (Be In-the-Know) project (220 participants) ▪ Career guidance tours to industry-specific universities and the Company's divisions for schoolchildren from the regions (nine tours with over 200 participants) ▪ Educational engineering classes in the Cherepovets schools (189 schoolchildren) ▪ XXI Century Engineer educational course for schoolchildren of 8-10 grades, with an own project design option (12 finalist projects developed by 57 schoolchildren) ▪ Supported by Severstal, the project titled IoT-Based Enterprise Energy Consumption Forecasting System ran first in the Big Challenges science and technology project educational programme
Secondary vocational educational institutions	<ul style="list-style-type: none"> ▪ Introduction of two new specialties at industry-specific colleges ▪ Participation in the Professionalitet project: 16 Severstal's production experts upon completing the teacher training course hold classes in special disciplines at the Metallurgical and Technological colleges of Cherepovets ▪ Trainee programme for students studying in industry-specific educational fields, with an option of obtaining the necessary skills and further employment at Yakovlevskiy Mine ▪ Interactive game for developing soft skills titled From Session to Session (50 participants) ▪ Setting up the training-and-production complexes for students to deliver production orders
Higher educational institutions	<ul style="list-style-type: none"> ▪ Targeted training contracts at such partnering universities as the Cherepovets State University, the Moscow Institute of Steel and Alloys, the Saint Petersburg Polytechnic University, and the Ivanovo State Power Engineering University ▪ Implementation of training programmes: Reverse Engineering in Machine Building (the Ural Federal University), Reverse Engineering for Managers (the Bauman Moscow State Technical University), Inspection of Buildings and Structures, Financial Literacy, Production Technology (the Cherepovets State University), Maintenance and Repair of Mechanical Equipment (the Vologda State University) ▪ IT HUB internship programme ▪ Steel Hub programme for engineering students: selection of 4 participants out of 171 ▪ Involvement of students in the activities for the working youth (300 participants) ▪ Metal Cup Case Championship ▪ Severstal Scholarship Programme



Severstal's IT-Internship programme wins the Graduate Awards 2023 competition

Severstal's IT HUB internship programme won in the Best Student Programme nomination of the Graduate Awards 2023 national competition. The total number of participants exceeded 20 major companies from various sectors.

IT HUB is a six-month internship programme for final-year students and IT graduates. Specialists with related fields of study willing to change the vector of their career may also participate. Interns have a unique opportunity to choose learning and practical training in such areas as elaboration, testing, technology automation, SAP, e-document management, IT infrastructure administration, and remote or local technical support. Together with mentors from among the Company's IT experts, the programme participants work on real Severstal's and Severstal-Infocom's projects.

The IT HUB project is designated for ambitious young professionals and is fully aligned with its audience. In just two years of its existence, the Company managed to acquire over 70 interns from 33 universities and 20 cities of Russia, with over 50% successfully employed by Severstal. In March 2023, the project's third wave commenced: following the competitive admission, the Company recruited 38 people, and 30 of these joined the Severstal team.

In the reporting year, Severstal continued to implement the Leadership Programme focused on acquiring graduates and young specialists with a high leadership potential. It covers four half-year internships in different functional divisions of the Company so that participants can master their leadership skills to manage the key Severstal's projects. In 2023, three persons took part in the Leadership Programme.

New Hires Onboarding System

To promptly and efficiently engage new employees in the working process, Severstal enhances its onboarding system that includes training and mentoring. This approach helps new members of the Severstal team promptly and thoroughly navigate the business specifics and determine their professional growth prospects within the Company.

To make this process as easy and convenient as possible, the Company applies own-developed SNAMI mobile onboarding and training service that encompasses all the information required for a successful start. The application offers the line-driven quest format entailing meetings with the Company's representatives, training tests, all the materials and cases required for their onboarding. In 2023, 762 new joiners completed their onboarding through the use of the SNAMI app.

Another onboarding tool is the mentoring system that implies mentors' assistance to new team members in forming their individual career and personal development plans, as well as support in mastering professional and leadership skills. The mission of mentoring is to not only facilitate comfortable and prompt onboarding but also to create the most

favourable psychological climate in the team. As an extra motivation for mentors, Severstal offers them monetary incentives for successful training of mentees.

The reporting year was marked by Severstal's first ever corporate competition among mentors involved in vocational training. A total of 248 mentors from all divisions of the Company took part in the event, and the Best Mentor title was awarded to a mentor from the SSM-Tyazhmash machine-building centre. On top of that, Severstal established the Mentor for All Times nomination that numbered 14 prize-winning Company employees for their outstanding performance in mentoring.

1,448 mentors

completed the training in 2023

Remuneration

GRI 202-1 GRI 405-2

A competitive level of remuneration is among the factors for retaining qualified specialists and acquiring new talent, including young professionals. High salaries are an important incentive for employees to achieve high performance. Comprehending the importance of these factors, Severstal continuously reviews the relevant indicators in the regions of presence, including the minimum wage (MW) level and economic conditions, in order to keep the salaries at the appropriate level and make sure that salary growth exceeds the relevant industry benchmarks and inflation rates.

Severstal's Remuneration Policy outlines the principles of remuneration, salary structure and procedure for monitoring the compliance of remuneration practices with the Policy. It establishes the unified compensation rules for all employees in all divisions, regardless of their gender, age or other characteristics. The principle of non-discrimination applies to all categories of employees.

The financial incentives system also covers bonuses for employees based on the achievement of annual targets. The structure and amount of such bonuses by employee category are determined by the enterprises' local regulatory acts. The long-term incentive programme (LTIP) is in place for the executives. It implies bonuses payable if the key indicator, EBITDA, is achieved or overachieved.

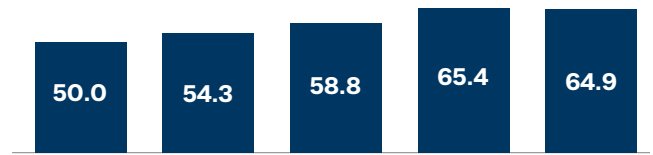
In 2023, Severstal updated a number of documents related to remuneration, bonuses, and extra payments for the enterprises' employees. As additional rewarding, the Company introduced a new intangible incentives system. It enables each employee to receive an additional reward for performing over 36 actions not related to their direct job function. Such actions include contribution to a Kaizen team (continuous improvement team), mentoring position, leadership in a volunteer campaign, etc.

Severstal indexes employees' salaries on an annual basis: in 2023, they were indexed by 12% for those whose salaries are under or amount to RUB 50,000, and by 10% for other employees. Employees are regularly and to the full extent notified of any changes in the remuneration system by the HR units. Same units deal with feedback collection to be further on factored in by the Company in working out new approaches.

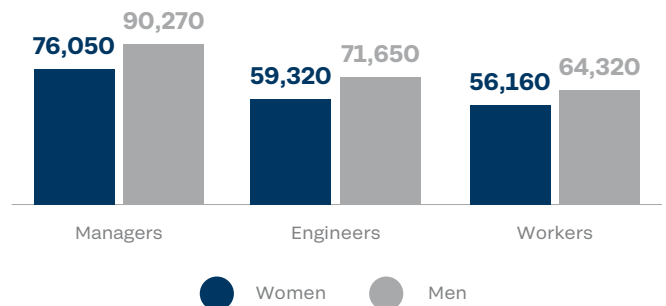
In the reporting year, the payroll fund amounted to RUB 64.9 billion, which is a 0.7% decrease against 2022 due to the changes in the headcount.

MED-24

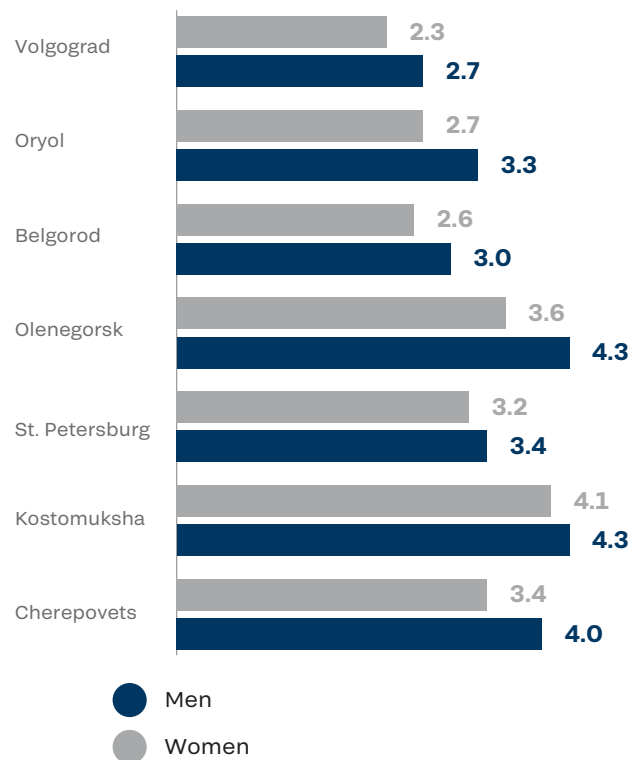
Payroll dynamics, RUB billion



Standard entry-level salary by gender and employee category in 2023, RUB



Ratio of standard entry-level salary (blue collars) to the minimum monthly salary in the cities/towns of presence¹ in 2023



¹ Rosstat data.

Social Security

GRI 201-3 GRI 403-6

Severstal's social programmes and guarantees have been repeatedly recognised as one of the best in the domestic market. The Company is a ten-time winner in the Social and Economic Efficiency of Collective Bargaining Agreements nomination of the Mining and Metals Company of High Social Performance competition. The Company is highly appraised owing to its extensive recruitment package stipulated by its collective bargaining agreement as well as to the diligent fulfillment of its social obligations in full.

In 2023, the Company updated the Collective Bargaining Agreement of PAO Severstal for 2024-2026 and the Collective Bargaining Agreement of OOO Severstal-Vtorchermet for 2024-2026. The new provisions of the agreements stipulated the over two-fold increase in social payments and financial aid to employees on average, as well as compensatory payments to certain categories of employees to cover the pre-school institutions' fees for their children.

GRI 401-2

The recruitment package is part of Severstal's guaranteeing labour rights of employees. It consists of statutory guarantees and benefits, as well as social support measures set out in the collective bargaining agreement regularly updated by the Company. The social support encompasses all employees, regardless of the type of their employment contract¹.

GRI 407-1

The Company respects its employees' rights to freedom of association and collective bargaining. Severstal's enterprises operate the primary organisation of the Mining and Metallurgical Trade Union of Russia. In 2023, to negotiate the revision of the Collective Bargaining Agreement of PAO Severstal, the Company set up a commission composed of the employer's and trade union's representatives. The negotiations entailed discussing the social policy issues, whereupon the parties agreed upon expanding the social guarantees for employees and increasing the amount of benefits and financial aid for PAO Severstal's employees. In the reporting year, there were no risks of infringement of employees' rights to freedom of assembly and collective bargaining at the Company's and suppliers' enterprises.

GRI 2-30 MED-32

Collective bargaining agreements are in effect at 13 Severstal business units. In the reporting year, they covered **81.6%** of employees.

¹ With the exception of those working under civil law contracts.

#Dlya Svoikh: With Care for Everyone

In 2023, Severstal launched the programme for supporting and improving the quality of life of employees and their families titled #Dlya Svoikh: With Care for Everyone and aimed to uphold employee well-being. The programme is based on employee demand for stability, satisfaction with working conditions and social support, including for their families.

The programme covers four pillars:

1. Health: engaging employees in corporate sports activities, raising awareness of disease prevention and early detection, introducing healthy lifestyle practices, and preventing professional burnout and stress.

In 2023, within this pillar's framework, the corporate media debuted a video column on healthy nutrition and the Menu Traffic Light project, owing to which canteen visitors may determine how healthy a particular dish is.

2. Emotional involvement: employees receive the necessary amount of information about corporate volunteering and participate in volunteer events together with like-minded colleagues.

3. Financial literacy: notifying employees and their families about the opportunities of personal funds management, current corporate discounts and discount programmes, and ways of protection against financial fraud.

In 2023, this area entailed conducting Open Days at banks and insurance companies, as well as educational webinars.

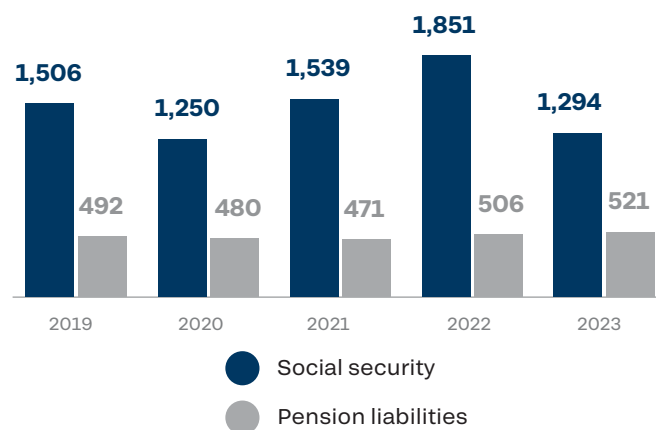
4. Self-improvement: employees receive the necessary amount of information regarding opportunities for professional and personal growth, ways of unlocking their potential, talents and abilities, mastering the relevant skills, and enhancing the key competencies.

The analysis of the feedback collected under the #Dlya Svoikh programme showed that employees extensively use it, in particular, over 5,500 attendees of the training webinars and many other employees used operational support via the Dobroservice system.

In 2023, the amount of social security expenses reached nearly RUB 1.3 billion. The key expenditure items included:

- collective agreement payments;
- voluntary health insurance;
- health resort and wellness programmes;
- sports and culture events;
- social and living conditions improvement.

Personnel social expenses¹, RUB million



Benefits for Young Employees

To attract young talent to the Company, Severstal offers a number of benefits to employees with the Young Specialist status. These benefits are stipulated by the Regulations on Organising Work with Students, Graduates and Young Professionals² and cover:

- allowance on appointment;
- subsidised housing;
- reimbursement of relocation expenses (tickets and luggage); and
- costs of settlement at a new place of residence.

¹ On top of statutory obligations.

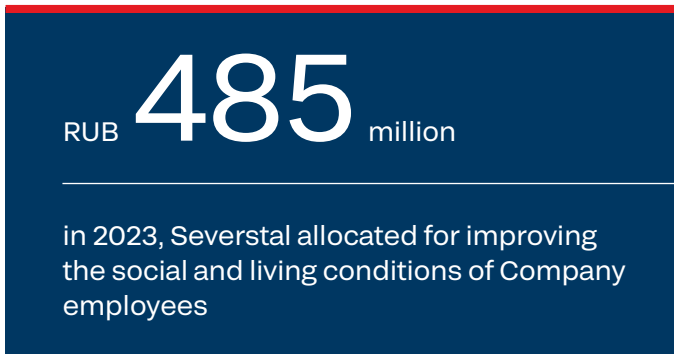
² Internal document, not publicly available.

Social and Living Conditions

To maintain a comfortable and decent working environment in both the administrative and production areas, Severstal introduced the 5S system. It involves observing the following five conditions to ensure production efficiency:

1. sorting (separation of necessary and unnecessary tasks);
2. keeping order;
3. cleanliness;
4. standardisation; and
5. self-improvement.

Owing to 5S, the Company successfully streamlines its workflow, ensures workplace safety, and maintains the high level of social and living conditions.



Improving the social and living conditions at Cherepovets Steel Mill

In 2023, Severstal allocated RUB 485 million for its key asset – Cherepovets Steel Mill – to refurbish 408 indoor facilities. This amount exceeds the previous year amount (RUB 320 million) allocated for the Mill by 52%. Therefore, the enterprise significantly improved the labour and recreation conditions in the premises where employees spend the maximum amount of time.

The refurbishment involved the offices, bathrooms, rooms for regulated breaks, rooms for on-duty personnel (dispatch and control stations), meal rooms, rooms for shift meetings, and classrooms. The utilities and lighting were replaced, the walls, floors and ceilings were finished, the new equipment and furniture were installed there. The largest scope of work covered the canteen refurbishment in the administrative and amenity block of the rolling mill.

The repair programme having been implemented by the Company since 2011 is governed by the unified standard of social and living conditions for administrative and production areas of Severstal.

Employee Healthcare

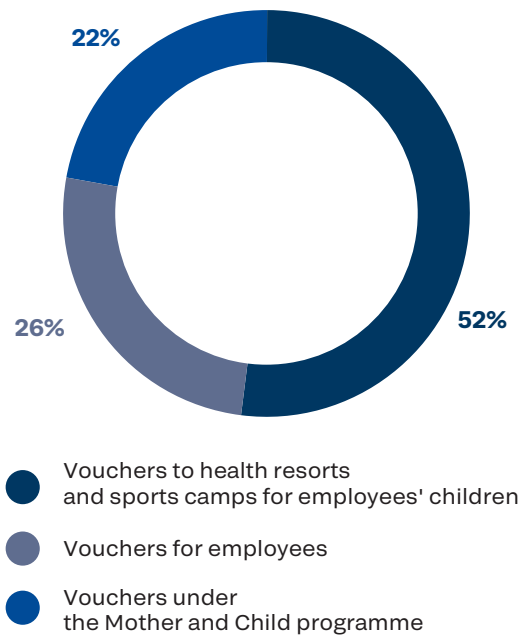
GRI 403-6 MED-28

Employee health is among the priorities of Severstal's social agenda that applies to all of its enterprises. To this effect, the Company is particularly focused on the health of its employees and their family members. For example, since 2010, the Company has been delivering its comprehensive healthcare programme Severstal Health aimed at creating conditions for employee health maintenance and improving the availability and quality of healthcare.

To support the health and healthy lifestyles of its employees, Severstal implements the measures to prevent and treat diseases, inclusive of occupational, and to enhance the first medical and sanitary aid system functioning at its enterprises in the regions of presence. Voluntary health insurance (VHI) is an important pillar of the Company's recruitment package and a crucial element of caring about personnel health. The Company offers this programme to all of its employees, as along with health resort treatment and recreation for employees and their families.

In 2023, 2,858 people, including employees and their families, benefited from health resort treatment and recreation under the VHI programme¹. The expenses on the healthcare campaign arrangements amounted to RUB 206.9 thousand in 2023.

Structure of expenses on health resort treatment and recreation for employees and their children in 2023



¹ The data covers Severstal Russian Steel, Karelsky Okatysh, Olcon, and Yakovlevskiy Mine.

To promote healthy lifestyles among its employees, Severstal involves them in physical training and sports activities, for which reason it allocated the amount of RUB 18 million in 2023. In the reporting year, 7,138 people took part in internal sports events, spartakiads, and championships of the Severstal Russian Steel segment. About 39% of the Cherepovets Steel Mill's employees are engaged in sports activities.

Support to Families

GRI 401-3

To support employees' families, Severstal provides a number of social guarantees that contribute to improving their quality of life. Employees are entitled to social benefits in the following cases:

- child birth;
- parental leave to care for a child up to the age of three years (monthly);
- three or more dependent children under 18 (monthly);
- family status of widow/widower with dependent children under 18;
- status of guardian of child/children under 18 (monthly for each child);
- status of Honourable Donor of Russia;
- employment after dismissal from compulsory military service;
- loss of close relative; and
- hardship (financial aid).

According to legislation, female employees are also entitled to a parental leave, during which they may, inter alia, apply for a part-time work, as well as to pregnancy and childbirth benefits. In the event of other important family events, collective bargaining agreements stipulate employees' right to additional days off.

Parental leave in 2023, people

	Women	Men
Number of employees entitled to maternity/paternity leave in the reporting period, people	1,284	3,694
Number of employees who took maternity/paternity leave in the reporting period, people	456	22
Number of employees who ought to have returned to work in the reporting period after maternity/paternity leave, people	332	8
Total number of employees who returned to work after maternity/paternity leave in the previous reporting period, people	308	7
Number of employees who returned to work after maternity/paternity leave and continue to work within 12 months after returning, people	254	6
Return-to-work rate (share of employees who returned to work after maternity/paternity leave), %	87	64
Retention rate (share of employees who remained in the Company after maternity/paternity leave), %	82	86

For more details regarding the parental leave in 2019-2023, see Appendix, page 242.

Pension Programme

GRI 201-3

Severstal renders support to its employees even after their retirement. The Company implements more than 20 activities in this area, including monthly payments, charitable assistance, medical care at Severstal enterprises' medical units, and other types of tangible and intangible aid. The Company continued to make monthly payments in favour of over 20,000 pensioners and provide healthcare at Severstal's medical unit to 7,840 people. In the reporting year, the Company allocated nearly RUB 522 million for this type of charitable activities.

Employee Training and Development

GRI 404-1 GRI 404-2

To maintain the high level of employee proficiency and expertise, Severstal continuously works on the enhancement of its corporate training and development systems. Training applies to employees at all levels, and the Company elaborates new courses and training tools annually guided by the internal needs of employees and external challenges.

In the reporting year, the personnel development priorities included:

- interaction with talent pool and HiPo¹;
- building the key organisational capacities;
- training system enhancement with a focus on centralisation; and
- development of multifunctionality (training in additional professions).

Beyond that, Severstal places emphasis on training in sustainable development.

Severstal launched the ESG Catalyst training programme

In 2023, the Company launched ESG Catalyst, an educational programme designated for all employees. The programme includes four courses of varying complexity, ranging from the introductory one to expert ones that address ESG risk management, working with ESG ratings and non-financial reporting issues. ESG Catalyst helps employees gain an understanding of the current demands of society, business, and investors in terms of business sustainability, as well as the Company's ESG approaches, practice areas, and projects.

All Severstal's employees may freely use the continuous development tool, i.e., the distance learning system. In the reporting year, the electronic library was supplemented with more than 220 courses, 90 tests, and 60 self-improvement guides.

Over the reporting period, the distance learning covered 95% of employees, with that, more than 45,000 people completed at least one e-learning course. The number of completed man-courses exceeded 620 thousand.

In addition, the Company designed and implemented the following e-courses:

- on general topics: Introduction into TIPS²: Methodology and Key Tools; Climate Risk Management; Customer Focus; Customer-Centric Service; SPIN³ Selling, How to Negotiate, Powerful Impact Instruments; and
- on general technical and vocational programmes: Technology and Equipment of Mining, Iron Ore Treatment; Shunting Master; Right to Operate Guillotine Shear; Economic Course for Workers; Shunting on Railway Tracks; Heating Furnace Maintenance; Equipment Installation.

MED-30 MED-31

RUB **274** million

in 2023, Severstal allocated RUB 274 million for employee training

95%

share of employees, including managers, covered by training

38 hours

average duration of training per employee

¹ High Potential employees.

² Theory of Inventive Problem Solving.

³ A method aimed at deal closing through the use of a specialised communication technique.

Employee training and development programmes in 2023

Type of activities	Activities and results in 2023
Professional training	<p>Updating the training programmes and optimising training duration for 20 key professions:</p> <ul style="list-style-type: none"> ▪ Foreman School completed by 181 people ▪ training in a second (additional) profession attended by 1,859 people
Enhancement of managerial, personal and business competencies	<p>Mandatory programmes for newly appointed managers:</p> <ul style="list-style-type: none"> ▪ Manager School - 301 people ▪ Foreman School - 181 people ▪ Achieving More Together - 85 people <p>Accelerator programmes for succession candidates:</p> <ul style="list-style-type: none"> ▪ Steel Reserve for a foreman position - 84 people ▪ Steel Reserve TOP-1000 - 40 people ▪ Severgroup Leaders - 40 people
Development of functional competencies	<ul style="list-style-type: none"> ▪ Continuing the implementation of a set of programmes to enhance expertise of the Academy of Maintenance and Repairs repair function ▪ Enhancing the commercial competencies, programmes on sales, negotiations, and partnership development ▪ Delivering the Digital Steel digital skills enhancement programme ▪ Launching the Severstal Tutors training programme completed by 15 functional experts
Training in external educational organisations	<p>Training in external educational organisations (industry-specific universities and training centres) in Production Technologies and Equipment and Equipment maintenance and for the purposes of obtaining authorisations for certain types of work and of acquiring working professions</p>

Metasphere immersive training management platform

In 2023, Severstal registered Metasphere, a VR training platform developed by Severstal-Infocom Centre for Information and Communication Technologies, in Rospatent's register of computer programmes.

With Metasphere, employees of Cherepovets Steel Mill and a number of other Severstal's enterprises receive training on VR simulators. Owing to the platform, managers are able to completely administer this training process by enrolling users for courses, issuing assignments, updating educational content and running it on different devices. On top of that, Metasphere is good at collecting analytics on programme completion and at identifying the most frequent mistakes and other parameters.

Performance Review

GRI 404-3

To provide for transparency of labour performance management, Severstal introduced the goal-setting and performance review system. It covers the key performance indicators, goal achievement metrics, and outcomes regularly defined by the Company through the 360 Degree method, HR committees' activities, and Discussions of Goals.

14,580

managers and specialists assessed under the 360 Degree method (55.8%) in 2023

46,686

people participated in Discussions of Goals in 2023, including 17,521 managers, specialists and office staff, and 29,165 workers

Following the performance review, Severstal regularly rewards its high-performing employees. Depending on their achievements and importance of their contribution to the Company's development, such employees receive various rewards, both corporate and external, and, accordingly, high public recognition. In 2023, the President of the Russian Federation awarded 14 Severstal's employees with the Medal of the Order for Merit to the Fatherland, II Degree, for their contribution to the development of the steel industry and many years of diligent work.

HR Committees and Talent Pooling

The struggle for qualified and efficient staff gives rise to a steady interest in talent pooling. Building an internal talent pool is among Severstal's strategic HR priorities. Employees are to be listed on the talent pool either by nomination by their manager at a meeting of the Company's HR Committee or by self-nomination. Severstal has a system of HR committees in place that operate at different management levels of the Company. Owing to this approach, all employees have a clear understanding of the promotion and professional growth criteria. The core criteria are:

- high performance;
- compliance with the Company's values;
- mobility and motivation for development; and
- compliance with the high leadership potential criteria.

The Central HR Committee under the Management Board comprised of the CEO and directors of production and functional units, is responsible for the appointment of the Company's key executives.

Members of HR committees discuss career enhancement and retention of HiPo employees,

and work out individual development plans for succession candidates. These plans necessarily entail training at major business schools and participation in the Severgroup Leaders and Steel Reserve corporate programmes, as well as project activities, internships and substitution of managers. During the reporting year, HR committees held 370 meetings and considered over 4,700 candidates for the talent pool.

In 2023, Severstal formed an external talent pool for key positions in the Company. 9 candidates during the reporting year were verified for future vacancies in the external talent pool.

85%

level of the talent pool coverage in 2023 (up 7 p.p. against 2022)

Employee Satisfaction and Engagement

To identify the employee satisfaction and engagement level, Severstal annually conducts the Severstal Pulse survey. In 2023, the survey covered 40,309 people, or 88% of Company employees.

Engagement by functional divisions, according to the Severstal Pulse survey results

	2019	2020 ¹	2021	2022	2023
Yakovlevskiy Mine	69%	52%	n/a	77%	76%
Olcon	82%	82%	n/a	76%	69%
Karelsky Okatysh	80%	74%	n/a	73%	72%
Severstal-Metiz	88%	74%	n/a	80%	78%
Severstal Russian Steel	83%	77%	n/a	82%	72%
Severstal	81%	75%	n/a	80%	74%

Corporate Culture and Corporate Volunteering

Fast pace, inspiration, and cooperation are the three fundamental principles of Severstal's corporate culture. To enable employees to promptly deal with assignments and achieve better performance, the Company constantly focuses on maintaining an atmosphere of respect and trust in the workplace and encourages a free exchange of ideas between employees. To this effect, Severstal successfully promotes own-developed [Idea Factory](#)² project that covers 20,000 employees annually.

To further enhance the team cohesion, the Company engages its employees in sports and cultural events, including competitions and spartakiads, and arranges festivities on the occasion of professional holidays. In addition, employees take part in professional competitions. In 2023, 50 professional skills competitions in various professions were held. Company employees took part in 15 external competitions, in eight of which they won prizes, including the WorldSkills international championship and the DigitalSkills championship.

The important element of Severstal's corporate culture is corporate volunteering singled out as a separate area of personnel interaction in 2022. This area is overseen by an employee of Severstal's Social Policy and Intangible Incentives Department, the Corporate Volunteering Council composed of the heads of Severstal's functional divisions, and certain employees at Severstal's enterprises. They are the volunteer movement ambassadors arranging volunteer campaigns at their own initiative.

As part of corporate volunteering, Severstal employees are extensively involved in the Way Home Charitable Foundation's activities as well as in pro bono volunteering, where their efforts are directly associated with their professional competencies.

[For more details regarding charity and sponsorship projects, see the Social Investments section, page 128.](#)

¹ The 2020 figures factor in the satisfaction index.

² This website is only available in Russian.

Corporate volunteering activities in 2023

Focus area	Activities and results in 2023
Assistance to vulnerable groups of population (families, children, pensioners, and veterans)	<ul style="list-style-type: none"> Priority No. 1 campaign: volunteers organised games and lectures for children and adults on road traffic rules, safety in the forest and city, and ways of protection against telephone fraud Pro bono volunteering: the Severstal-Infocom team organised computer and mobile literacy lessons for the Company's veterans and children from orphanages. Over 50 people took part in the training
Environment	<ul style="list-style-type: none"> Clean Industrial Spring 2023 campaign: more than 1,800 corporate volunteers from ten cities/towns of presence took part in over 40 volunteer activities (cleaning the water bodies' banks from garbage, planting trees, organising clean-up days)
Competitions and awards for volunteers	<ul style="list-style-type: none"> The first ever Severstal's grant competition for corporate volunteers: ten projects from seven cities were supported with a total prize fund of RUB 300,000 Volunteers received awards in the All-Russian Champions of Good Deeds competition, the Volunteers of Cherepovets competition, and the regional Volunteer Portrait competition

More than **1,150**

employees from 13 cities took part in volunteer events in the regions of presence in the reporting year

To ensure successful implementation of the events and employee involvement, Severstal elaborated such engagement tools as:

- Corporate Volunteering section in employee Personal Profile;
- Severstal Volunteers section in the corporate newspaper;
- communication channel in the corporate messenger; and
- Corporate Volunteering section on the intranet portal.

In early 2024, the Company launched an intangible incentives programme to encourage its employees to demonstrate a greater activity as potential volunteer participants. In addition, Severstal intends to implement the School of Social Design, Grant Competition, and Volunteer of the Year projects. Personnel involvement statistics will be reflected by Dobro.ru platform.

In fostering the corporate volunteering, the Company relies upon best practices and shares experiences with other organisations. Since 2022, Severstal has been maintaining the membership in the National Council for Corporate Volunteering (NCCV), the Vologda Branch of which is headed by the Chief of the Company's Social Policy and Intangible Incentives Department. The parties to the partnership are NPOs and businesses, regional government, Volunteerism Resource Centre, and business associations. In 2023, such cooperation enabled the Company to engage over 2,000 people in the volunteer activities. On top of that, Severstal scaled the environmental Clean Industrial Spring campaign to the entire region.

Regional volunteer Growing Point forum

In 2023, Severstal arranged the Corporate Volunteering educational platform at the regional volunteer Growing Point forum, where Severstal experts shared best practices with the participants. Severstal spoke about the history of the volunteer movement evolution in the Company, presented successful projects, and held a training session titled Volunteer Campaign: from an Idea to Implementation.

The number of participants totalled to 400 people, whereas 150 of these, owing to the knowledge gained at the forum, authored volunteer campaign projects to be implemented locally.

As part of the NCCV, Severstal experts participated in the Youth Day under XX Nevsky International Ecological Congress, the working group of the Moscow International Forum Corporate Volunteering: Business and Society, and NCCV Corporate Volunteering Best Practices Competition Champions of Good Deeds. Organisations submitted 106 applications for participation in the latter, including Severstal with its Dobryi Shkaf (Kind Wardrobe) project implemented jointly with the Way Home Charitable Foundation. The project ran second in the Social Volunteering nomination.

Plans for 2024 and Mid-Term

Employee recruitment and onboarding:

- optimisation of Candidate Journey for a faster decision-making in recruiting;
- implementation of projects for acquiring migrants, developing shift work and partial relocation, attracting women to traditionally men's professions; work with pensioners;
- the onboarding process revision for each category of employees; focus groups in the follow-up of onboarding; introduction of buddy mentoring; and
- launch of a quarterly advertising campaign for Severstal job openings.

Enhancement of the incentives system performance:

- introduction of a unified remuneration policy for improving the transparency, fairness, and competitiveness of the system; and
- development of market analytics tools for ensuring a competitive remuneration level.

Employee satisfaction and engagement improvement:

- implementation of remedial measures following the Severstal Pulse survey results; and
- launch of projects designated for employee well-being, retention, and motivation programmes.

Employee training and development:

- expansion of employee training in a second profession;
- creation of new programmes for enhancing technological competencies, continuation of competencies' development in the customer (downstream) and repair business units; and
- development of programmes for improving individual performance; focus on manager training in empathic leadership and human-centric approach.

Corporate volunteering:

- expansion in the number of employees involved in volunteering; the movement's geography expansion; and
- launch of an intangible incentives programme for volunteers.

Contribution to the Development of the Regions of Presence

2023 Highlights

RUB 3.9 billion 
social investments (↑ 30%)¹

RUB 52 billion
tax and non-tax payments
(↑ twofold)

UN Global Compact Principles

Principle 1. Businesses should support and respect the protection of internationally proclaimed human rights

Principle 2. Businesses should make sure that they are not complicit in human rights abuses

Material Topic

- Development of the regions of presence
- Economic performance

UN Sustainable Development Goals



¹ Hereinafter, against 2022.

Approach to Management

GRI 3-3

Severstal makes a significant contribution to the social and economic development of the regions of presence by creating jobs, sustaining employment and well-being of locals, and delivering a variety of charitable and social projects. Severstal's internal documents governing the Company's approach and commitments in local communities engagement, including indigenous and minority peoples, are based on regulatory legal acts of the Russian Federation and provisions of international treaties.

Key documents on the implementation of social programmes

- **Internal:**
 - [The Corporate Social Responsibility Policy of PAO Severstal](#)
 - [The Corporate External Social Program Management Policy of PAO Severstal](#)
 - [The Human Rights and Community Relations Policy of PAO Severstal](#)
 - [The Corporate Standard for the Management of Sponsorships and Charitable Activities of PAO Severstal](#)
- **External**
 - The Unified Plan for Achieving the National Development Goals of the Russian Federation for the Period up to 2024 and for the Planning Period up to 2030
 - Federal Law dated 30 April 1999 No. 82-FZ On Guarantees of the Rights of Indigenous Minorities of the Russian Federation

The Company pays considerable attention to the needs of local communities and factors them in when elaborating and implementing socially important projects. In the reporting year, the key pillars of Severstal's social investments remained unchanged, namely:

- raising investments in the regions of presence;
- comprehensive SME support and assistance to social entrepreneurship;
- construction and maintenance of social infrastructure facilities, urban improvement and landscaping;
- support to families, childhood, and vulnerable groups; and
- support to cultural, educational and sports institutions.

Social investment management structure

Business unit	Functions
CSR and Brand Department of the managing company	<ul style="list-style-type: none"> ▪ Planning and budgeting the external social programmes and projects for residents of the regions of presence. ▪ Developing the social investment methodology and strategy. ▪ Company-wide coordination of the programmes and projects delivery
Heads of functions	<ul style="list-style-type: none"> ▪ Stakeholder engagement, including mass media, authorities, and local communities as part of implementing the external social programmes in the regions of presence
HR directorates at the Company's enterprises	
Communications and investor relations departments at the Company's enterprises	

Community Engagement Mechanisms

GRI 413-1 EM-MM-210b.1

Severstal takes a consistent approach to community engagement by making an extensive use of various mechanisms that have already proved successful:

- defining an approach to social investments in close cooperation with local government officials;
- direct dialogue with residents of the regions of presence;
- consultations in the course of project implementation; and
- social sentiment monitoring in the regions of presence.

In accordance with Russian laws and PAO Severstal's Policy for Human Rights and Interaction with Local Communities, when commissioning new production sites, the Company undertakes to conduct mandatory audits and assessments, if there occurs a need to relocate local residents. To date, no such situations have occurred. When making decisions to close the existing production facilities, Severstal pays close attention to creating favourable conditions for further economic development of the region by delivering social and economic projects and setting up an environment that facilitates business development.

Requested consultations held by the Company for local communities are among important engagement mechanisms. They are aimed to meaningfully discuss the issues raised by locals during the implementation of Severstal's projects.

At the same time, the Company maintains a direct dialogue with a wide range of stakeholders and sets up work groups composed of representatives of local authorities, NGOs, cultural and educational institutions, associations and community groups to debate on the issues related to the implementation of Severstal's external social projects.

Public opinion polls annually conducted by the Company in the regions of presence are of no less importance. They serve as a tool for assessing Severstal's attractiveness as an employer and its compliance with the requirements to socially responsible business.

If any questions or suggestions occur or in order to report violations, residents of the regions of presence, including representatives of minorities and indigenous peoples, may contact the Company via available communication channels, such as:

- [the corporate website](#);
- the Company's social media accounts; and
- official pages of the heads of Severstal's divisions and enterprises, as well as of the CEO of PAO Severstal, on social media.

The mechanisms Severstal uses help adjust its social investment activities to cater to stakeholders' expectations and meet their needs. High performance of projects for local communities in the regions of the Company's presence is regularly recognised by the professional community.

Severstal's community engagement awards in 2023



Leaders of Responsible Business national award:

- Winner in the «For the Contribution to Sustainable Development of Territories» nomination.

It's About People national award:

- Running second in the «Development of Local Communities» nomination.

XVI All-Russian Corporate Charity Leaders competition:

- Running second in the «Best Programme (Project) to Support Science» nomination.
- Running second in the «Best Corporate Programme (Project) to Support Social Innovations in Constituent Entities of the Russian Federation» nomination.
- Running third in the «Best Programme (Project) to Support Culture, Art and Creative Industries» nomination.

Contributing to Minorities and Indigenous Peoples

GRI MM5 **GRI 411-1**

Severstal realises the influence of its operations on local communities in the regions of its presence, including minorities and indigenous peoples, and strives to avoid the risk of infringing their rights and interests and to minimise negative impacts on the regions. For the sake of preserving the national traditions, cultural and spiritual heritage of minorities and indigenous peoples, the Company through own efforts implements and supports projects capable of dealing with such challenges.

The territories of the Company's presence inhabited by minorities and indigenous peoples live include:

- The Republic of Karelia (Veps, Karelians, and ethnocultural groups of indigenous Russian population – Zaonezhans, Pudozhans and Pomors); and
- Murmansk Region (17 ethnicities, with the Sami constituting the biggest group).

Support to minorities and indigenous peoples in 2023

Activity	Results
Financial support to the Viena Society of Karelian Culture and Folk Music Group in Karelia	Allocation of funds for: <ul style="list-style-type: none"> ▪ making costumes for street performances of the Kataya Folk Music Group; ▪ acquiring a muffle-type furnace for firing ceramics, components, and consumables for pottery; ▪ conducting the Kanteletar traditional international festival of Finno-Ugric peoples' culture
Support to Sami festivals in Olenegorsk	Financing two Sami music and culture fests and children's theatre groups Moaynas Lann performing in Olenegorsk

In its activities, Severstal exercises control over the observance of human rights and regularly monitors the degree of its impact on the minorities and indigenous peoples in the regions of presence. In 2023, the Company did not assess the risks of human rights abuses towards residents of the regions of its presence, and no such cases were reported.

[For more details regarding the observance of human rights, see the Human Rights section, page 98.](#)

Development of the Potential of Territories and Entrepreneurship

As part of supporting local small and medium-sized enterprises (SMEs), in 2020, Severstal signed an agreement on the development of business cooperation aimed at encouraging the growth of the region's economy with the Vologda Region government, Urban Development Agency NPO (AGR ANO, Cherepovets), and major industrial enterprises in the locality.

Pursuant to the said agreement, the Company initiated the Electronic Business Cooperation project, on whose website SME representatives may learn more about the needs of large businesses. Owing to the work of the information platform, major enterprises of Vologda Region may expand the range of suppliers, while small enterprises may supply their goods and services to big companies.

[For more details regarding the procurement structure, see the Responsible Supply Chain section, page 90.](#)

«Cherepovets, Get Involved!» grant competition

In 2023, Severstal for the fourth time held the «Cherepovets, Get Involved!» grant competition aimed to support community-focused projects in the following areas:

- landscaping;
- unlocking the creative potential of urban dwellers;
- nurturing a humane attitude to animals and reducing the number of stray animals; and
- strengthening a patriotic sense of nationhood.

Following the competition results, the Company upheld 16 socially important projects, and Severstal's grants totalled to RUB 9 million. Thanks to the competition, Cherepovets performed a reconstruction of the XIX century battle, a street theatre festival, built a quest park, equipped a training polling station, developed quests across the Victory Park, renovated a school museum, landscaped a public garden, and organised painting workshops and concerts.

Urban Development Agency, Cherepovets

Urban Development Agency founded by Severstal and the Cherepovets Mayor's Office is extensively involved in the urban economic development through supporting SMEs. In particular, in the reporting year, the Agency assisted in setting up 62 new businesses in the region, creating 315 jobs and raising the investments worth RUB 1.5 billion in the urban economy.

In addition, Urban Development Agency provides follow-up support to the residents of the Cherepovets Territory of Priority Social and Economic Development (TPSED) established in 2017 by upholding them at all stages of the project implementation, owing to which the regional budget was replenished by over RUB 507 million in 2023.

Municipal services' capacity building

In the reporting year, Severstal, in partnership with the St. Petersburg State University Graduate School of Management, Urban Development Agency, and the Cherepovets municipal administration, accomplished a pilot project for improving the quality of urban project management for the municipalities' and municipal administrations' staff.

In the course of training, the participants learnt about best practices of urban improvement, crisis management, efficient communications, renovation of abandoned facilities, urban development strategy, improvement of specialists' individual performance and readiness for change.

The said activities took the territory management to a fundamentally new level, facilitated the introduction of a client-centric approach to the municipal staff's work, and formation of trust-based relationship with the population in the long run. Owing to the project implementation, the promptness of processing citizens' submissions by municipal services increased by 55%, whereas the number of overdue submissions halved.



The Four Seasons project delivered by Urban Development Agency in Cherepovets reached the winner-list of the Trade of Russia competition under the Ministry of Industry and Trade of the Russian Federation in 2023.

Results of the activities of Urban Development Agency in 2023

Focus area	Description	Results	
Business education	Improving entrepreneurial expertise and training individuals who wish to start their businesses	33 events	427 attendees
Development of cooperation with the authorities	Arranging and carrying out events for liaison between businesses and authorities (the monthly council of entrepreneurs, meetings with the Major and his deputies to discuss topical municipal issues)	31 events	553 attendees
Assistance to sales markets expansion	Implementing the Electronic Business Cooperation project, activities to enhance cooperation ties and business partnership	10 events	64 attendees
Information support to SMEs and promotion of entrepreneurial activities	Drafting and disseminating press releases of SME representatives, supporting the operation of their websites, identifying and incentivising the best entrepreneurs, rendering media support to entrepreneurial projects, etc.	500 events	300 attendees
Business networking	Arranging and hosting forums, conferences, and roundtables for SME representatives	14 events	650 attendees
Resource and Methodology Centre	Organising and holding educational and business events in the locations where Severstal operates (Kostomuksha, Olenegorsk)	40 events	562 attendees
Business consulting	Business and support programme counselling and services	over 500 consultations	
Investment projects follow-up	Comprehensive assistance at all stages of implementing a business idea within the territory of Cherepovets	61 projects under follow-up	
Arranging municipal fairs	Delivering the Four Seasons project of arranging weekend markets, agricultural and theme-based fairs for local agricultural enterprises and farmers	79 events	650 attendees
Tourism promotion	Activities of the tourist and information centre of Cherepovets, arranging events to promote domestic and inbound tourism	45 events	976 attendees

Social Investments

GRI 203-1 GRI 413-1

In 2023, cultural, educational, and sports projects as well as collaboration with non-profit organisations and local communities remained the key areas of Severstal's social investments.

Assessment of the living standards in the regions of presence

During the year under review, Severstal elaborated a methodology of analysing the quality of life indicators in the regions of its presence to monitor the efficiency of the events implemented and their impact on the regions' social and economic development. Such assessment was performed by 11 key parameters, namely:

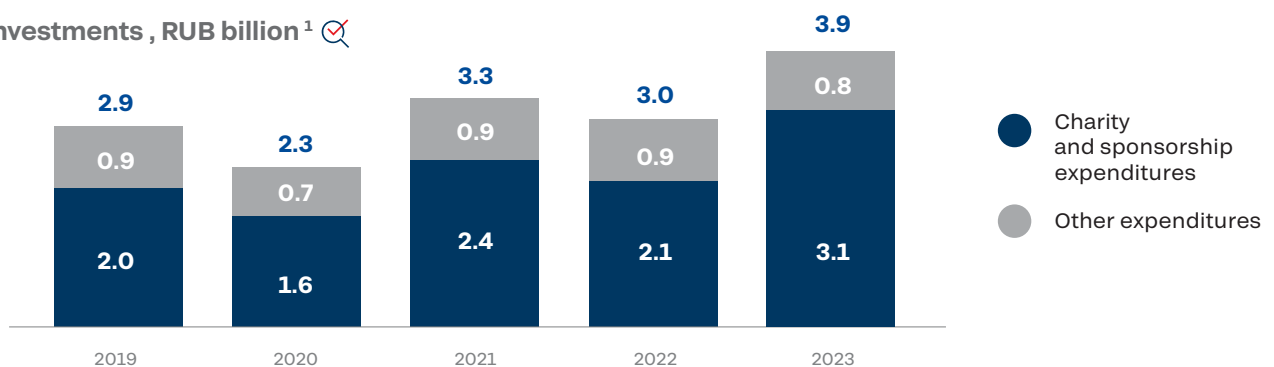
- housing conditions;
- income and work;
- health;
- education;
- mobility;
- public amenities;
- natural and environmental conditions;
- safety;
- public activity and civil rights;
- types of leisure activities; and
- level of satisfaction.

Owing to the in-depth analysis of the above parameters, Severstal can determine areas for development in the cities/towns of presence and introduce changes to its plans of social and economic activities, which is to make the Company's social investments more efficient.

In 2023, the amount of social investments increased by 30% year-on-year, with the biggest change relating to the expenditures on infrastructure development and landscaping (twelfefold). This is driven by delivering the comprehensive Cherepovets development project.

MED-10

Social investments , RUB billion ¹



GRI 203-1 MED-34

Programmes for improving the living standards in the regions of presence in 2023, RUB million²

Focus area	2021	2022	2023
Sports	1,113	1,053	1,057
Support to public and business organisations	385	121	209
Contribution to infrastructure development and landscaping	372	126	1,537
Culture and arts	161	193	78
Support to socially vulnerable groups	110	107	131
Education	109	89	42
Healthcare	32	7	5
SME support	12	8	14
Public environmental activities	5	17	14
Other	101	426	40

¹ The data is presented in conformity with the disclosed consolidated financial statements.

² A break-down calculation has been applied and performed since 2021.

City/town	Programmes
<p>Cherepovets (Vologda Region)</p>	<p>Landscaping</p> <ul style="list-style-type: none"> ▪ Completing the reconstruction of the historical centre and park in the Zashexsninsky district. ▪ Greening the municipal zones: planting 500 trees and 2,670 shrubs. ▪ Support to the Russian Druzhina Quest Park project for kids, covering the area of 650 m² under the grant competition. <p>Support to cultural institutions</p> <ul style="list-style-type: none"> ▪ Repair works, replenishment of institutions' material and technical facilities. <p>Support to healthcare institutions</p> <ul style="list-style-type: none"> ▪ Equipment purchase and support to the medical staff of the Vologda regional children's hospital
<p>Kostomuksha (The Republic of Karelia)</p>	<p>Landscaping</p> <ul style="list-style-type: none"> ▪ Creating a design project of landscaping the embankment for participation in the federal grant programme. ▪ Fitting the municipal kindergarten with a playground. ▪ Implementing the project for landscaping the area off Children's Music School. <p>Support to education</p> <ul style="list-style-type: none"> ▪ Rendering financial aid to the Kostomuksha Polytechnic College. ▪ Support to cultural institutions <p>Support to cultural institutions</p> <p>Co-financing:</p> <ul style="list-style-type: none"> ▪ the celebration of the 40th anniversary of Kostomuksha; ▪ the activities of the Friendship cultural and sports centre; ▪ the Kanteletar international festival of arts and festival of Finno-Ugric peoples' culture; ▪ the celebration of the Metallurgist Day; and ▪ the installation of New Year's light figures at the central city square. <p>Support to tourism</p> <ul style="list-style-type: none"> ▪ Project of the Bog Iron excursion route in the village of Sudnozero: creation of the Rautasuo tourist trail at the place of producing bog iron ore in ancient times
<p>Olenegorsk (Murmansk Region)</p>	<p>Landscaping</p> <ul style="list-style-type: none"> ▪ Co-financing the kindergarten overhaul in the settlement of Vysokiy
<p>Belgorod Region</p>	<p>Landscaping</p> <ul style="list-style-type: none"> ▪ Opening the children's sports playground in the village of Yakovlevo <p>Support to cultural institutions</p> <ul style="list-style-type: none"> ▪ Opening an art facility, i.e., the mural on the Stroitel water tower
<p>St. Petersburg</p>	<p>Landscaping</p> <ul style="list-style-type: none"> ▪ Beautification, with the support of volunteers, of the children's hospital territory for the leisure of kids undergoing treatment in a palliative care unit

Projects for developing the urban environment quality in Cherepovets

In 2022, Severstal, together with the Kindness of the North (Dobrota Severa) charitable foundation, commenced the comprehensive Cherepovets development project. In the reporting year, the Company allocated RUB 1.5 billion for the implementation of the first pilot projects, i.e., reconstruction of the historical avenue and city park. The projects factor in the advanced solutions used in landscaping, as well as comments and suggestions of the city residents who participated in the conceptual designs discussions.

The reconstruction of the Sovetsky Avenue factored in its contemporary functionality – not only as a historical but also as a public centre. The road infrastructure was renewed, preserving the motor and public transport traffic, creating bicycle lanes and comfortable pavements for all categories of citizens, including those with limited mobility. Severstal provided financing to restore the façades of the three buildings with the status of cultural heritage objects of regional significance and to install lighting for the Kriuli architectural ensemble, one of the iconic landmarks of Cherepovets. The alleyways and flower beds were re-established by historical photographs.

A multifunctional sports cluster was built in the Serpentine park, which includes Vologda Region's first pump track and skate park for two sports, as well as an updated court for traditional basketball and opportunities for playing table tennis. In addition, the park is fitted with walking trails.

The reconstruction projects paid special attention to landscaping: more than 200 adult trees, 5 thousand shrubs, and 21 thousand perennials were planted on the avenue, and over 400 trees, 5 thousand shrubs, and about 9 thousand perennials were planted in the park.

The Way Home Charitable Foundation

Established in 2005 by Severstal, the Way Home charitable foundation implements projects aimed to support disadvantaged families and families in hardship. The foundation's employees render various types of free assistance to help people overcome the difficulties that led to individual or family ill-being. Psychologists, family mentors, and lawyers work with those who applied to the foundation for assistance. On top of that, the foundation makes a considerable contribution to talent development and attends to prevention of juvenile delinquency.

The same-name programme the foundation has been implementing since 2006 spans such areas as prevention of social orphanage, support to families parenting children with health limitations, prevention of delinquent, self-destructive and suicidal behaviour, and socialisation of minors.

Under the Way Home programme, in 2023, Severstal allocated funds for 24 social projects in five regions of Russia – Vologda, Murmansk, Oryol and Belgorod Regions, and the Republic of Karelia. In addition, Cherepovets is implementing 13 projects under this programme with funding from major grant-giving organisations. In 2023, over 20,000 people received aid under the Way Home programme, including more than 14,500 minors.

Volunteer movement is an important pillar of the Way Home foundation's activities. In the reporting year, 404 volunteers took part in the implementation

of projects, including 165 Severstal's employees. Volunteer speech therapists gave classes to 22 children, and volunteer tutors devoted 681 hours to training the minors. Thanks to caring people, more than 400 children and 300 families received the required aid in 2023.

[For more details regarding Severstal's corporate volunteering, see the HR Management section, page 119.](#)

The Way Home charitable foundation permanently contributes to various federal and regional grant competitions. In the reporting year, the implementation of This Is My City project was funded by a grant from the Presidential Foundation for Cultural Initiatives (RUB 6.44 million). As part of this initiative, Cherepovets teenagers attended various cultural and historical events for ten months, including lectures, excursions, master classes and meetings with architecture and design experts. A total of 902 adolescents took part in the activities under the auspices of the project. At the final stage of the project, the children's Virtual is Real creative contest was held. Out of 74 applications, the contest committee selected the ten best for further participation in the Architectural Workshop. The authors of the best ideas managed to implement their own designs for small architectural forms and art facilities to be installed in the Cherepovets 200th Anniversary Park and one of municipal schools.

2023 highlights of the Way Home programme

Component	Description	Results
Teenager service	Prevention of delinquent behaviour among minors, with the involvement of experienced psychologists	673 teenagers with a reduced risk of delinquent behaviour owing to the programme
Professional Family service	Specially trained parents (professional families) take an orphan child into their family and help them acquire household and other skills in order to learn to lead and manage their own lives in the society upon reaching the age of majority	7 professional families who took orphans into care received financial aid and professional support
Youth Parking project	Embedding the practice of organising the work of an infrastructural developmental space for children's useful and informative leisure activities	1 youth parking, a fourth in the project, in the village of Tonshalovo was arranged, including by raising funds to equip it
Healthy Family project	Social and rehabilitation work with families affected by parental alcohol addiction and exposed to the risk of infringing the rights of minors. Revealing the signs of family disadvantages at early stages and timely prevention of aggravation of an unfavourable situation. Assistance from a family mentor, psychologist, alcohol addiction counsellor, and drug addiction specialist, as well as sessions at the Family Club introducing to the practice of healthy leisure activities and lifestyle	1,445 families received targeted assistance in creating safe and favourable conditions for children's lives, health and development
Mlada project	Psychological assistance to pregnant women, training in preparation for childbirth and motherhood	Prevention of 3 out of 4 abandonment of newborns. Over 130 women completed the training course
Targeted humanitarian aid	Provision of foodstuff, clothing, footwear, and other bare necessities to those in need	971 families and 1,848 children received targeted aid. RUB 6.6 million of project implementation funding

Way Home programme in 2023 in figures

Number of cities/towns covered by the programme	7
Number of projects implemented	37
Number of partnerships with governmental agencies	156
Number of experts involved	249
Number of individuals who received free professional psychological, legal, and financial support	20,066
Number of individuals who received emergency psychological assistance via hotline	6,259 ¹

¹ In 2023, in order to reduce anxiety and psychological stress of individuals, the programme envisaged other options of assistance, such as support groups, face-to-face advice, etc.

Way to Success Programme

The Way Home foundation has been maintaining the Way to Success programme in Cherepovets since 2017. The programme aims to identify, support and develop motivated and gifted schoolchildren. It enables children and teachers to enhance their expertise in subject areas and acquire skills for operating the advanced equipment.

The programme's core activities include a thorough study of subjects, preparation for Olympiads, design and research based on real cases from Severstal's practice, and professional development for teachers. In 2023, a new practice area was introduced, i.e., the advancement of children's sub-professional skills through trainings.

In the reporting year, advancing its work under the programme, the foundation continued its beneficial cooperation with the Impulse educational centre in supporting children from rural schools, and, also, organised a profile shift attended by schoolchildren from Vologda Region.

An important part of the Way to Success programme is the XXI Century Engineer project-and-research programme. In 2023, its participants became awardees and winners of a regional track of the Big Challenges competition of projects in science and technology. The foundation arranged for the inclusion of a case study from Severstal's practice and its methodological support into the competition's science and technology project programme.



The Way to Success programme submitted to the Corporate Charity Leaders competition within the Donors Forum provided for Severstal's leadership in the «Best Programme Promoting the Development of Education in the Russian Federation» nomination.

2023 highlights of the Way to Success programme

Component	Description	Results
Way to Success project	Creating conditions for acquiring advanced knowledge by motivated, gifted and talented school students of Cherepovets, and opportunities for self-development	869 schoolchildren took part in the advanced programmes for extensive studies of school subjects. 474 schoolchildren took part in preparing for Olympiads
Corporation of Success project	Development and implementation of an educational institution's model of work with gifted children in the Teacher-Student-Parent joint activities system	185 teachers took part in workshops aimed at enhancing their professional competencies
XXI Century Engineer project and research programme	Process of teaching schoolchildren to deliver applied research and projects aimed at accomplishing topical technological and production tasks of today's production	61 schoolchildren took part in designing applied projects
Science Territory competition	Supporting and encouraging the development of gifted and talented schoolchildren of Cherepovets	91 schoolchildren took part in the specialised subject field shift following the competition results
Supportive pedagogical space	Psychological support to teachers demonstrating the signs of occupational burnout	229 teachers took part in the activities for preventing emotional burnout

Kindness of the North Charitable Foundation

Established in 2022, the Kindness of the North charitable foundation is a private initiative of Elena Topoleva-Soldunova, a member of the Civic Chamber of the Russian Federation, and Igor Kostolevsky, the People's Artist of Russia. Severstal is extensively involved in promoting its mission, that is development of human potential and territories by shaping and meeting the needs in best social, cultural, and educational practices.

The partnership between the Kindness of the North and Severstal implies the implementation of projects in such significant areas of activity as culture, education, a comfortable and healthy urban environment, and targeted social projects. The most essential projects include assistance in improving the quality of Cherepovets' urban environment, cooperation with the So-edineniye deafblind

support foundation, the Museums of the Russian North programme, support to the Golden Mask theatre festival, a number of federal and regional cultural institutions of national priority, the European University (St. Petersburg), the Graduate School of Management at St. Petersburg State University, etc.

RUB **1,449** million

in 2023, Severstal's contribution to the Kindness of the North foundation amounted

Support to Culture, Arts and Sports

Severstal traditionally supports a large number of museums, festivals, creative and sports associations. In the reporting year, the Company rendered support to a variety of organisations and new cultural events and activities, including the Voices young cinema festival in Vologda Region, the It's the Right Time to Live charity run and the Diaghilev Festival.

Moscow Easter Festival

Severstal has been upholding the Moscow Easter Festival for as long as nine years. In 2023, the Company supported the XXII Moscow Easter Festival together with the Kindness of the North charitable foundation. The festival was held in more than 50 cities of Russia, and in Cherepovets it traditionally included a performance by the Mariinsky Theatre Symphony Orchestra. Severstal's collaboration with the State Academic Mariinsky Theatre reached the landmark of 20 years.

Museums of the Russian North Programme

The programme aims to encourage sustainable development of Russia's northern regions supporting cultural initiatives and improving the museum staff expertise. The programme entails using various support tools, such as a grant competition, travel grants, internships, project laboratories, career enhancement, support to mentors and experts, etc.

The programme owes its continued relevance to the flexible approach and accurate selection of those forms of support that currently meet the external challenges, modern trends and actual needs of the museum community in the Russian North.

Style of Steel Competition

For several years, Severstal has been conducting the Power of Steel competition of creative projects in partnership with the Cherepovets municipal administration. In the reporting year, it was dedicated to the 225th birth anniversary of Alexander Pushkin and, for the first time, hosted entire families along with individual attendees, whereas up to 2023, the competition was designated solely for children. For the Style of Steel 2023 participants, the organisers conducted eight master classes and meetings, that is master classes for a director, butaphor artist, puppet maker, acting skills trainings, and meetings with a psychologist. Each family had the opportunity to receive personalised advice.

Museums of the Russian North programme in figures

RUB 15 million – Severstal's investments in the project implementation

285 applications for participation in various components of the programme

168 direct beneficiaries

Support to Sports

Creating comfortable conditions for going in for sports is among Severstal's social investment priorities. The Company extensively supports professional and amateur sports in the regions of its presence.

Region	2023 results
Vologda Region	<ul style="list-style-type: none"> Assistance in installing three inclusive sports grounds in remedial schools, making sporting activities available for more than 900 children with disabilities
The Republic of Karelia	<p>Supporting the organisation of:</p> <ul style="list-style-type: none"> Karelian Steel Mountain trail run; traditional boxing tournament. <p>Supporting the acquisition of:</p> <ul style="list-style-type: none"> equipment for the Kostomuksha sports school (outfit for the climbing, football, basketball sections); sports mountain backpacks for the Young Tourist of Kostomuksha children's club
Murmansk Region	<p>Supporting the acquisition of:</p> <ul style="list-style-type: none"> hockey uniforms and outfit for students of the Training and Sports Centre and sports equipment requested by the Olympus sports school
Belgorod Region	<p>Rendering support:</p> <ul style="list-style-type: none"> to activists of the Youth Council in their participation in the X-WATERS Volga 2023 open water swim; in organising the Black Earth Cup interregional children and youth rugby competition; in organising the open championship and competition of Belgorod in army hand-to-hand combat; in organising a marathon to commemorate the 80th anniversary of the Battle of Kursk

Contribution to the Economic Development of the Regions of Presence

GRI 3-3 GRI 201-1

As one of Russia's largest metals companies Severstal makes both a direct and an indirect impact on the economy of the regions of presence. In addition, Cherepovets, where the Company's largest site is located, is a monotown, hence its prosperity depends directly on Severstal's contribution.

Direct economic value generated and distributed in 2023, RUB million

Direct economic value generated	
Revenue	743,591
Economic value distributed	
Operating costs	481,192
Salaries and social contributions	86,561
Payments to capital providers	12,562
Payments to the state	97,311
Investments in social and charity projects	3,950

Tax Payments

GRI 203-2 GRI 207-1 GRI 207-2 GRI 207-3 MED-7

The Company remits significant tax payments to both the federal and regional budgets, thus making a noticeable contribution to the development of regional economies. Severstal strictly abides by all applicable provisions of Russian tax laws, discharges its tax obligations in full, and liaises with tax control and supervisory authorities to ensure the appropriate fulfillment of all tax commitments. The Company's balanced tax policy is designed to ensure correct accounting and transparency for its stakeholders.

Severstal's approach to taxation is based on the principle of strict observance of tax laws.

The detailed description of the approach is contained in the internal document titled Information on the Organisation of the Internal Control System.

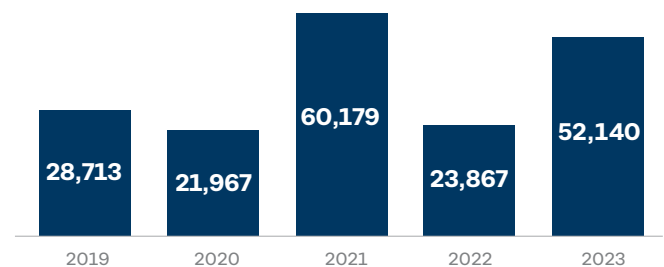
The Company regularly updates and revises its internal documents governing the tax issues, with the involvement of authorised employees responsible for this or that area in this sphere. Tax policy observance, accounting and control fall within the scope of responsibility of the Company's responsible divisions. The Company strives to reduce the probability of tax risks occurrence and, therefore, regularly monitors and analyses tax risk factors and supervises the implementation of risk mitigation measures.

As a bona fide taxpayer Severstal extensively shares its expertise in this domain: Severstal's employees

are members of the RSPP working group and chair the Finance and Economics Commission of the Russian Steel Association. The Company benefits from federal and regional incentives for all taxes applicable to its activities.

In the reporting year, Severstal's assignments to budgetary and non-budgetary funds in the key regions of presence exceeded RUB 52 billion (up 18.5% vs 2022): 16% account for tax payments and 84% are statutory non-tax payments and contributions to non-budgetary funds.

Tax and non-tax payments to budgetary and non-budgetary funds in the key regions of presence in the Russian Federation, RUB million¹



A detailed breakdown of tax and non-tax payments by the key regions of presence is presented in the Appendix, page 243.

Plans for 2024 and Mid-Term

Severstal sets the following goals in development of the regions of presence:

Vologda Region:

- support to the programme for improvement of urban facilities;
- support to the greening programme in the cities of operation;
- support to nationwide sports events.

The Republic of Karelia:

- support to the programme for preserving the culture of minorities and indigenous peoples;
- support to cultural and educational institutions;
- support to the program for reconstructing the existing and building new social facilities.

Murmansk Region:

- support to the urban institutions refurbishment programme;
- support to interaction with minorities and indigenous peoples;
- support to the Teriberka Nature Park project.

Belgorod Region:

- financial assistance to educational institutions;
- support to projects for public areas improvement.

Saint Petersburg:

- support to Kolpino District's programmes;
- volunteer initiatives on rendering assistance to Kolpino District's social institutions.

¹ The volatility of tax and non-tax payments is driven by the volatility of the Company's income and expenses and changes in legislation in the form of an increased tax burden.

Occupational Health and Safety

2023 Highlights

92%

of enterprises certified under ISO 45001 (↑7 p.p.¹)

RUB 4.1 billion

allocated for OHS activities (↑8%)

0.57 

LTIFR among Company employees (↓ 22%)

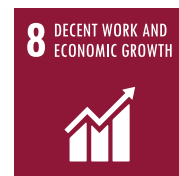
UN Global Compact Principles

Principle 2. Businesses should make sure that they are not complicit in human rights abuses

Material Topic

- Occupational health and industrial safety

UN Sustainable Development Goals



¹ Hereinafter, against 2022.

Short-term goal

0.48

LTIFR among Company employees and contractors by 2025 (0.45 by 2030)

0

fatalities among Company employees and contractors by 2025

100%

of the Company's enterprises to be certified under ISO 45001 by 2025

Progress in 2023

0.58

LTIFR among Company employees and contractors (↓16% against 2022) ✓

2

fatalities in 2023 ✓

92%

of the Company's enterprises certified (↑7 p.p. against 2022)

Approach to Management

GRI 3-3 GRI 403-1

Severstal's strategic goal is leadership in occupational safety. The Company strives to minimise occupational injuries and to completely rule out fatalities and accidents. To achieve this, the Company enhances its employees' respective competencies, conducts the training based on the analysis of the actual injury data, and follows the Safety Above All thinking pattern.

In its activities, the Company applies own-developed Occupational Health and Safety (OHS) Strategy focused on managing and analysing occupational safety risks, including in particular fatality risks, as well as on contractor safety and employee skills fostering. Recognising that an effective OHS management system requires an extensive involvement of employees and managers at all levels, the Company continuously widens the range of people engaged in the OHS processes. The Board's Safety and Sustainability Committee functioning at Severstal ensures strategic development of the occupational health and safety management system (OHSMS). OHS's operational management is the responsibility of production safety committees at the segments and enterprises as they are assigned a duty to attain the goals and objectives set by the senior management.

To implement unified approaches to OHSMS and streamline the processes, Severstal's Corporate Centre operated the newly created dedicated areas for the OHS function digitalisation, risk management, monitoring and audits, contractor safety, accident investigation and lessons learnt, standardisation, and performance metrics in the reporting year.

Trade unions also play an important role in OHS management by contributing to elaborating the regulatory framework for occupational health and safety, conducting a special assessment of working conditions (SAWC), investigating occupational accidents, and setting up bilateral occupational health and safety committees (commissions) at the Company's enterprises. The advancement of the instituted internal PICs for OHS whose primary objective is to ensure reliable communication between employees and senior management and support the activities of workshop and OHS managers in injury prevention remains one of the key aspects of Severstal's trade union work.

In 2023, as part of joint efforts with trade union activists and management, the Company successfully delivered the pilot project for enhancing the work of PICs for OHS at PAO Severstal's flat-rolled production sites. The project covered the introduction of new corporate safety tools and adjustments to the functional responsibilities of senior PICs. The Company arranged for regular meetings of senior PICs to wrap up on workshop performance, review measures to address the OHS concerns, and update work plans. Owing to this project, the efficiency of PICs' work at flat-rolled production sites increased by 20%. Severstal intends to scale the project to other business units.

Occupational Health and Safety Management System

GRI 403-1 **GRI 403-8**

Severstal's OHS system complies with Russian laws and best global practices and applies to all employees and contractors. Its main objectives are to prevent incidents and accidents, minimise potential harm to Company employees, standardise the operating procedures, and build a solid foundation for Severstal's day-to-day activities.

In 2023, OOO Severstal-Vtorchermet successfully passed the ISO 45001 certification. A total of 92% of Severstal's enterprises were certified as at the end of the reporting year.

To improve its OHSMS and provide regulatory support, the Company regularly updates the standards in effect and elaborates new internal standards, rules and regulations. In accordance with the OHS Policy, Severstal undertakes to arrange for and maintain safe working conditions, form a safe behaviour and high personal responsibility culture, and to analyse and assess the OHSMS performance on an ongoing basis. The document also sets forth employees' obligations in this area.

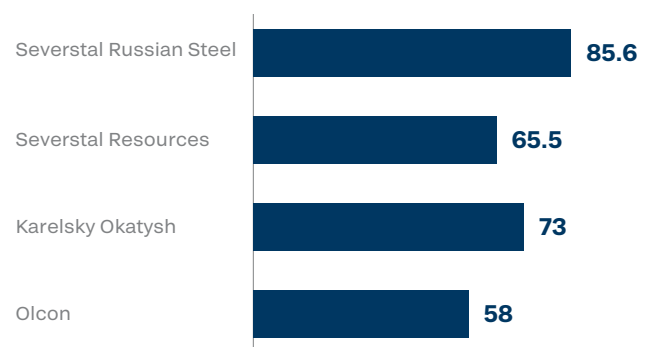
Key OHS internal documents

- [Occupational Health and Safety Policy](#)
- [Occupational Health and Safety Strategy](#)
- [Corporate Social Responsibility Policy](#)

Severstal regularly assesses its OHSMS performance by taking a systematic approach. It entails analysing the reactive (lagging) and proactive (leading) indicators established for the Company managers. These indicators are based on the findings of occupational safety and production control audits, and the factor of achieving them influences year-end bonuses payable to managers.

Another regular procedure is an internal audit of the accident prevention system (APS) performed by OHS employees covering all Severstal's structural units. Audits' findings represent a 100-point scale and are available to all divisions for analysing. In 2023, the average OHS system development score was 72.2 points (78.9 points in 2022). Lower performance is driven by the introduction of the new tools not yet fully operational at the time of audits, as well as by the changes in the state educational standards on safety training.

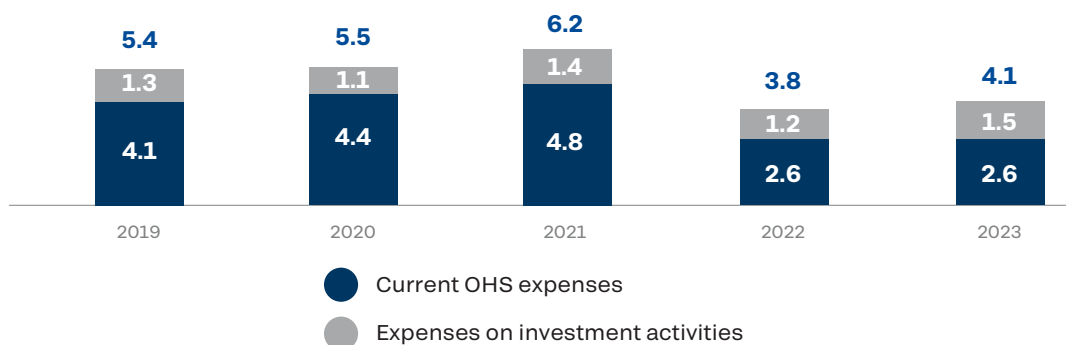
Average metrics based on APS audits at the Company's core enterprises in 2023, points



MED-27

Severstal’s OHS expenses in the reporting year amounted to RUB 4.1 billion, which is an almost 8% increase against 2022. The expenses per employee increased from RUB 84,000 to RUB 88,000.

OHS expenses¹, RUB billion



Occupational Health and Safety Training

GRI 403-5

Enhancement of employees’ skills, growth of their knowledge and proficiency level, and development of competencies constitute the essential part of providing safe working conditions. Severstal’s training system is built in accordance with legislative requirements and encompasses all Company employees and contractors. Pursuant to the approved programmes, the Company holds all types of mandatory OHS briefings and trainings. Additionally, certain categories of employees receive first aid training, and managers at all levels are trained in internal corporate safety standards. Severstal supplements mandatory training with regular specialised leadership development and safety culture trainings. The evolving OHS training system

enabled the Company to achieve the target level in development of employees’ key competencies in this area over the reporting year.

Demand for training is formed on the basis of employee role and functions. Each employee may review the mandatory courses list on Severstal’s intranet in his/her personal profile. On top of that, the Company arranges for email newsletters circulation to notify employees of the training deadlines. If the required training is not completed by an employee by the deadline he is suspended from work.

Continuing to enhance its OHS performance, Severstal introduced new training programmes for its employees in 2023.

New OHS training programmes for employees

Topic	Employee category	Format
Occupational health and industrial safety	Managers and specialists involved in arrangement of work	Face-to-face
Rules of conduct within a production site	Employees of functional directorates occasionally involved in production	Face-to-face
Occupational health and industrial safety	Workers of vocational professions	Online. Available on corporate PCs and personal electronic devices through access to personal profile
Leader’s VZOR (Involve, Declare, Provide, Develop) programme	Production managers	Face-to-face

¹ The current expenses include those incurred for PPE, special assessment of working conditions, sanitary and production control, OHS training, morbidity reduction, etc.

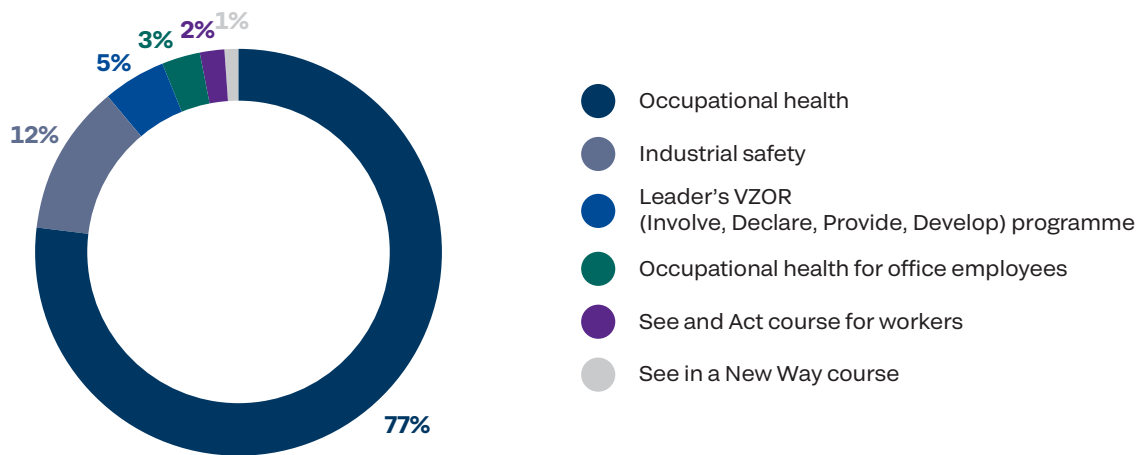
Multifunctional training centre

The multifunctional training centre has been operating at Cherepovets Steel Mill since 2021, and its primary task is to help employees acquire theoretical knowledge and practical occupational safety. In 2023, the centre carried out the following activities:

- elaboration of 30 e-learning OHS courses for Company employees; and
- obtaining the accreditation by AO Severstal Management’s HSE training team for the right to train the managed enterprises’ personnel in OHS requirements.

During the reporting year, the Company continued to implement its See and Act trainings aimed at increasing the personal responsibility of each employee for maintaining a safe workplace. This training is held daily in a discussion format in small working groups without any disruption to the continuous production process. The first part covers hazard identification through specific examples of routine daily operations. It allows to avoid the addictive effect and keep safety in spotlight. In the second part of the training, the team discusses the required hazard elimination actions. Upon completion of the training, each participant should pass a test.

Structure of OHS training by topic in 2023 (allocation of man-courses)



VR training

To improve the learning performance through a better use of image memory and imagery, the Company applies interactive VR and 3D simulators. The VR simulators developed in 2023 by Severstal’s multifunctional training centre help conduct training on such topics as:

- selection and use of personal protective equipment;
- first aid in the workplace;
- actions in case of fire;
- occupational safety requirements;
- first aid to those injured in a mine;
- operational switchings in electrical units;
- safe work at height; and
- handling operations¹.

¹ Handling operations include loading, unloading and transportation of heavy oversize cargos and equipment.

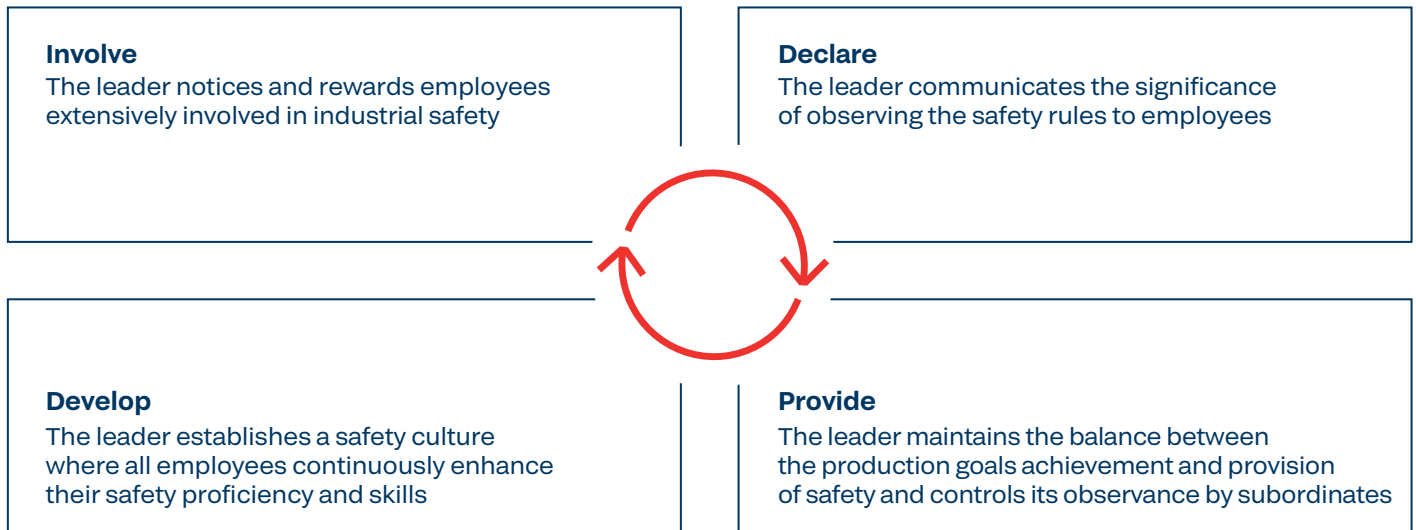
Safety Culture

GRI 403-4

Health and safety imply not only strict observance of legislative requirements but also represent a style of responsible business conduct and a behavioural way of Severstal employees in general. The Company strives to change each employee's attitude to safety issues, increase their personal responsibility and contribution to promoting a culture of safe production.

In the reporting year, Severstal embedded the Leader's VZOR programme at all levels of production management, from the CEO to a foreman. Its mission is to change the role model of each manager's behaviour in occupational safety. Thus, all 2,909 production managers assumed personal Leader commitments in 2023.

Leader's VZOR model



Severstal operates the system for collecting and monitoring OHS feedback for all employees, including contractors' personnel. Submissions to the unified register from various sources make it possible to take prompt actions to prevent an emergency or, if happened, eliminate its consequences. Each submission is attended to in a timely and unbiased manner.

In 2023, the Unified Hotline service received and processed 146 OHS submissions primarily associated with:

- condition of equipment, structures, roads, routes, etc.;
- sanitary and welfare conditions;
- working conditions;
- personal protective equipment; and
- road safety.

On an annual basis, the Company carries out Severstal Pulse, a corporate survey for all employees that, inter alia, helps candidly assess their attitude to the safety

culture in effect. In particular, the survey conducted in the reporting period resulted in an 82-point evaluation of the Culture of Safe Behaviour index. Continuing its efforts to improve this indicator, Severstal implemented a number of activities at its enterprises in 2023, namely:

- Redundancy Analysis (RDA) and simplification of the OHS procedures and documents or revocation;
- control over the implementation of workshop occupational safety measures;
- increasing managers' leadership role in addressing the OHS issues (implementation of the Leader's VZOR project); and
- revision of the existing safety incentive system.

The positive motivation system for employees and contractors is another essential mechanism for fostering the safety culture. Severstal welcomes employee involvement in tackling the OHS issues and thoroughly studies every proposal for workplace safety improvement.

In 2023, in particular, the Company implemented the following employee motivation:

- elaboration and approbation of the Regulations on Collective OHS Motivation – Best Safety Team at several production sites of the Company for criteria standardisation; and
- elaboration and piloting of the Regulations on Individual Motivation (discontinuance and/or elimination of unsafe actions/conditions in the workplace) to centralise and standardise the criteria for individual OHS rewards.

The new approaches will make enable Severstal to provide a greater coverage of individual and team achievements in OHS, involve a greater number of employees into active participation, and enhance the safety culture at production sites.

The Company included the Safety category in the Idea Factory's system for collecting and implementing employee suggestions. It develops employee initiative, creativity, and willingness to propose ideas on workplace safety enhancement. Best ideas accepted by Severstal for implementation are awarded with points that employees may exchange either for valuable prizes available in the corporate gift shop or for a flexible benefits scheme.

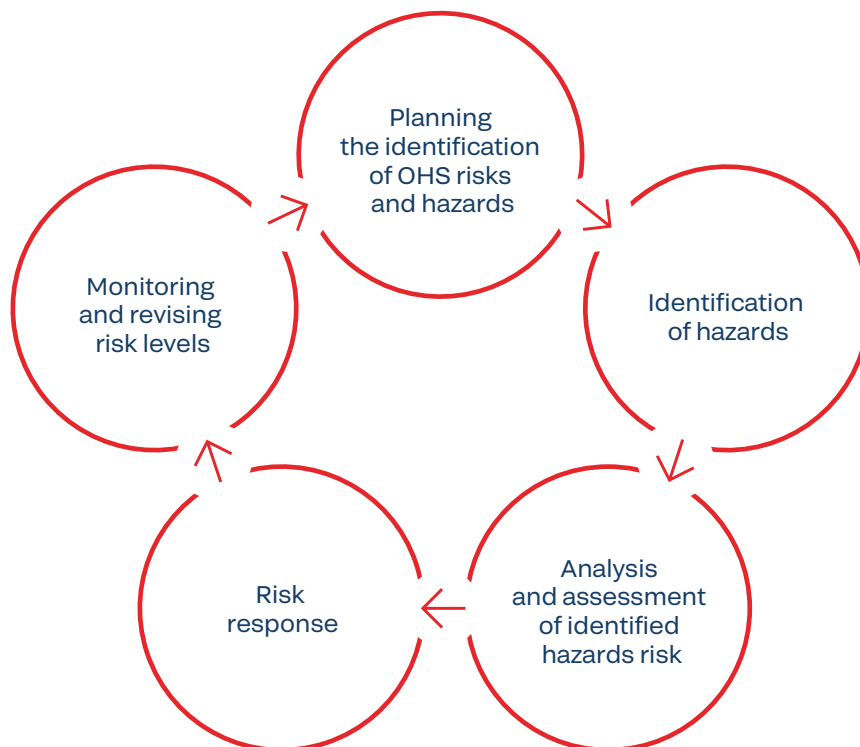
OHS Risk Management

GRI 403-2 **GRI 403-7**

Severstal takes a comprehensive approach to occupational health and safety risk management and implements various risk mitigation projects. In hazard management, the Company uses, inter alia, own-developed methodologies, such as Methodology for Risk Assessment of Routine Work, Methodology for Risk Assessment of High Hazard Works, and Safe Environment.

In carrying out routine operations, Severstal identifies five main stages of risk assessment.

Stages of OHS risk assessment



The Company operates the OHS Control software package (OHS Control SW) that ensures high performance in risk identification and management, incident management, and in conducting inspections and audits. Introduction of the OHS Control SW significantly facilitated the enhancement of the interaction process and data collection on contractors' OHS activities.

The software package includes the following four modules put into commercial operation in 2023:

- Incident Management.
- Audit Management.
- Risk Management.
- Contractor Management.

The unified system numbers over 16,000 Company employees and more than 200 contractors as connected users. This transition makes it possible to improve data reliability on the status of critical safety barriers (CSBs) required for managing the Company's critical risks at workplaces through employee personalisation. In addition, it helps eliminate situations related to CSB data loss due to the use of third-party platforms and higher speed of analytical systems operation.

Severstal strives to achieve the target of zero occupational fatalities among employees

and contractors by 2025. The Company's occupational safety instructions for employees stipulate their right for a refusal to perform the work that threatens their life and health and in the case of non-provision of special clothing, footwear, and another type of PPE¹. At the same time, the Company thoroughly analyses the cause of each incident in conformity with Russian laws and the Company's standard on prompt notification and internal investigation of OHS incidents. Severstal's regular activities include the elaboration of training programmes, introduction of cutting-edge technologies into personnel training, and prevention of safety rules breaches.

In the reporting year, the Company elaborated the programmes for reducing potential fatalities in industrial and transport safety and, as an extra measure, created an IT infrastructure for addressing fatal risks (checklists, dashboards, integration with software packages).

Under the Preventing Fatalities programme, in 2023, the Company completed the project for the transformation of five key OHS risk assessment elements. The key project outcomes are:

- **257 workshops and manufacturing areas** participated in the project;
- **80% (↑ 43 p.p.)** account for CSB manageability;
- **91% (↑ 39 p.p.)** account for the observance of the inspection schedule by line managers.

In the reporting period, Severstal was strongly focused on the integration of digital OHS management solutions. In particular, the Company developed the Unified Analytical System, it being a system of reports that are updated online for all OHS aspects. Owing to the system, Severstal can make effective managerial decisions in reliance upon the current data.

Machine vision at Yakovlevskiy Mine

The machine vision algorithms and programmes introduced by Severstal at its production sites enable the Company to prevent the personnel's and machinery's presence in the danger zone, notify managers of violations, and monitor the use of personal protective equipment.

Moreover, on two passenger buses, the Company installed a driver monitoring system that reveals driver fatigue and unsafe driving behaviour like talking on the phone, smoking, unfastened seat belts, distracted driving, etc. The system signals the breach, thus disallowing the driver to trigger an emergency.

The installation of special sensors on dump trucks to restrict movement with the body raised became another safety-oriented project. To date, these body raise warning indicators are installed on 21 vehicles.

¹ Personal protection equipment.

Increasing production efficiency through the use of artificial intelligence (AI)

To mitigate the risks and improve the production efficiency, the Company integrated advanced technologies at Severstal-Metiz.

At the enterprise, Severstal upgraded the AGV (Automatic Guided Vehicle) navigation system that ensures autonomous vehicle movement. This technology replaces the operation of a driver-controlled loader and provides for transporting the billet wire to the next stage of rebar strand production. Owing to the AGV implementation, the Company managed to reduce equipment downtime and avoid unnecessary storage of billets.

Also, at employee's presence in the danger zone, the AI technology is in charge of automatic shutdown of equipment, which significantly reduces risk probability in terms of employee safety.

Prevention of safety rules violation plays an important role in fatality elimination. To this effect in 2023, at its core enterprises, the Company implemented the projects aimed at training, implementing the cutting-edge technologies, and employee condition monitoring to avoid occupational fatalities.

The implemented OHS projects

Enterprise	Project
PAO Severstal	<ul style="list-style-type: none"> ▪ Implementation of control over the key safety barriers during the work performed by repair personnel through mobile EMR (equipment maintenance and repair) systems. ▪ Project for using mobile video control equipment with the option of remote monitoring of the execution of repair works
Severstal-Metiz	<ul style="list-style-type: none"> ▪ Acquisition of gas analysers to monitor the content of harmful substances in the air within the operating area. ▪ Acquisition of robot simulators to master first aid skills. ▪ Installation of a video surveillance system on crane No. 1 for operator control over the absence of personnel in the crane operation danger zone
Olcon	<ul style="list-style-type: none"> ▪ Automation of pre-trip medical checkups to monitor personnel condition
Karelsky Okatysh	<ul style="list-style-type: none"> ▪ Acquisition of a robotic tacheometre to prevent human access to dangerous areas. ▪ Acquisition of driver fatigue, collision prevention, and personnel/equipment monitoring systems. ▪ Project on access control at checkpoints and implementation of a breathalyser. ▪ Acquisition of equipment for an auxiliary mine rescue team
Yakovlevskiy Mine	<ul style="list-style-type: none"> ▪ Acquisition of a manikin to master the first aid skills to the injured. ▪ Installation of the Montrans video monitoring system to keep track of driver condition (drowsiness, talking on the phone while driving, absence when the vehicle engine is on). ▪ Installation of machine vision in materials storage chambers to monitor breaches of the basic human life safety rules during cargo shifting and human presence on railway tracks at the approach of a train

Occupational Health

GRI 403-3 GRI 403-6

Severstal takes care of its employees' health, assesses the risks of production factors' negative impact, and implements measures for prevention occupational diseases. The Company regularly conducts a special assessment of working conditions at all of its enterprises to identify workplaces with harmful and hazardous working conditions. All employees are subject to obligatory preliminary and periodic medical checkups, which makes it possible to detect diseases at an early stage.

Severstal's enterprises administer their medical departments or special teams comprised of professionals supervising the arrangement of medical checkups, examinations, and anti-epidemic measures. Health centres are located at the enterprises' production sites where Severstal's employees and contractors may receive primary and emergency medical care.

The Company renders medical services to its employees under compulsory and voluntary health insurance. Off the production site in Cherepovets, there are outpatient clinics and an inpatient department of Severstal's medical unit. Any employee may make an appointment by phone, in person or online.

[For more details regarding the voluntary health insurance, see the HR Management section, page 114.](#)

The data on employee health status is not subject to disclosure to the employer and is communicated only in the context of presence or absence of contraindications based on the findings of mandatory medical checkups. The findings of employee medical checkups are subject to depersonalized disclosure only. To protect personal data when deploying a system of pre-trip medical checkups, the Company installed the data encryption equipment, i.e., encryption modules and switches.

Occupational Morbidity

GRI 403-10

In the reporting year, there were 48 cases of occupational diseases¹, their primary cause being a lengthy exposure to industrial vibration exceeding the maximum permissible levels.

Number of cases of occupational diseases

	2019	2020	2021	2022	2023
Severstal Russian Steel	15	8	14	7	7
Severstal-Metiz	0	0	0	0	0
Karelsky Okatysh	10	18	14	23	21
Olcon	3	3	16	16	20
Yakovlevskiy Mine	0	1	0	1	0
Company in general	28	30	44	47	48

To minimise harmful impacts of vibration, Severstal regularly replaces anti-vibration seats on equipment and provides employees with anti-vibration gloves. In the course of equipment maintenance and repair, specialists tune up the units and assemblies that represent the sources of elevated vibration. For maintenance and repair purposes, the Company acquires new and safer equipment. Employees exposed to harmful production factors receive health resort treatment vouchers.

¹ No fatalities caused by occupational diseases in the reporting year.

Investments in disease control-and-prevention and healthcare initiatives, RUB million

	2019	2020	2021	2022	2023
Severstal Russian Steel	211	69	317	309	458
Severstal-Metiz	20	20	21	26	15
Karelsky Okatysh	37	27	36	63	39
Olcon	25	18	19,5	21	31
Yakovlevskiy Mine ¹	-	-	1,5	3	8

In 2023, Olcon contributed to Severstal's occupational health activities by joining a pilot project of the Ministry of Labour and Social Protection of the Russian Federation for preventing occupational diseases and monitoring the health of employees engaged in certain types of economic activities. Under the project, an employee exposed to a high risk of occupational disease development caused by the industrial dust impact was sent to a health resort to receive treatment under an individual rehabilitation programme.

Findings of the Injury Prevention Measures

GRI 403-9 **GRI 403-7** **MED-29** **EM-MM-320a.1**

Occupational health and safety are Severstal's absolute priorities underlying all of its activities, processes, and operations. The efficiency of the Company's occupational health and safety management system is evidenced by reduced occupational injuries over a decade.

Before making any operational decision, Severstal thoroughly assesses and analyses each identified risk to employee life and health. During the reporting year, the Company enhanced its fatal risks methodology based on assessing the efficiency of safety barrier management. The assessment makes it possible to identify specific critical safety barriers that are not available for prompt replacement during a shift, as well as the causes of these deviations and elimination deadlines.

Unfortunately, in 2023 there were two fatal accidents caused by poor work organisation. Among the primary causes of severe injuries in the reporting year were poor work organisation (seven cases), violation of occupational health and safety requirements (two cases), and disruption of the flow process (two cases).

To avoid such incidents in the future, Severstal implemented a number of measures, such as:

- use of video cameras for production control during high-risk operations;
- development of a unified system of intelligent production safety control;
- prohibition for workers (junior foremen) to combine the duties of a foreman; and
- execution of high-risk operations by contractor personnel at night, on weekends and public holidays under supervision of authorised managers.

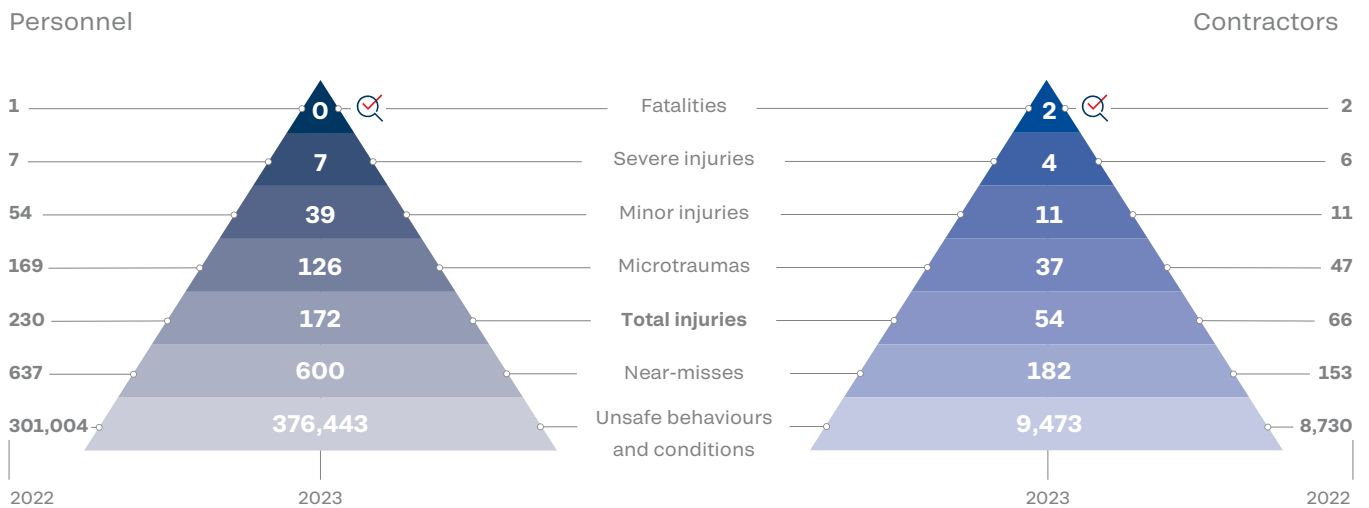
One of the Company's goals for 2023 was prevention of incidents similar to the previous year cases, with identical circumstances and root causes. As at year-end 2023, Severstal managed to reduce the number of incidents related to the following risks:

- Liquid Metal – by 40%;
- Trapped between items, equipment elements – by 53%;
- Contact blows with and against items – by 75%; and
- Collapse (except for the ground rock) – by 89%.

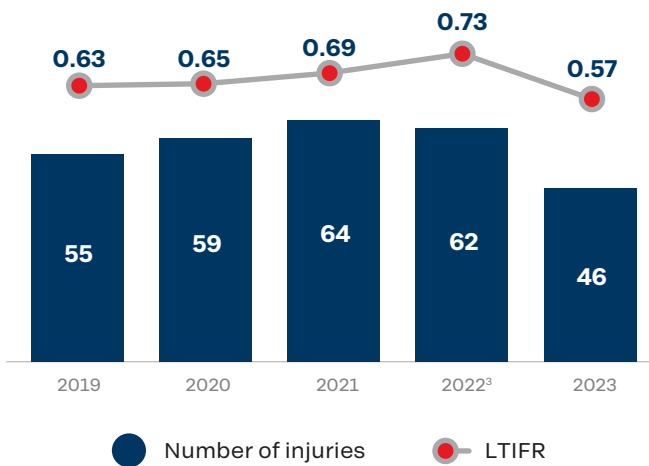
The decreased number of employee and contractor injuries (22.2% less against 2022) is another important indicator for the Company.

¹ Joined Severstal in 2018.

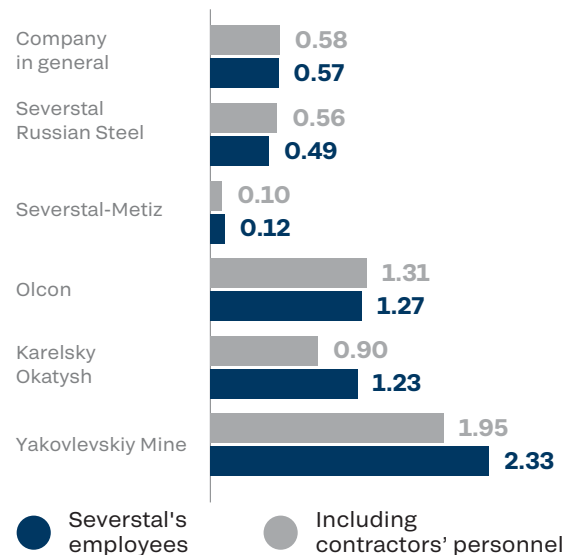
Employee and contractor injuries¹ in 2023



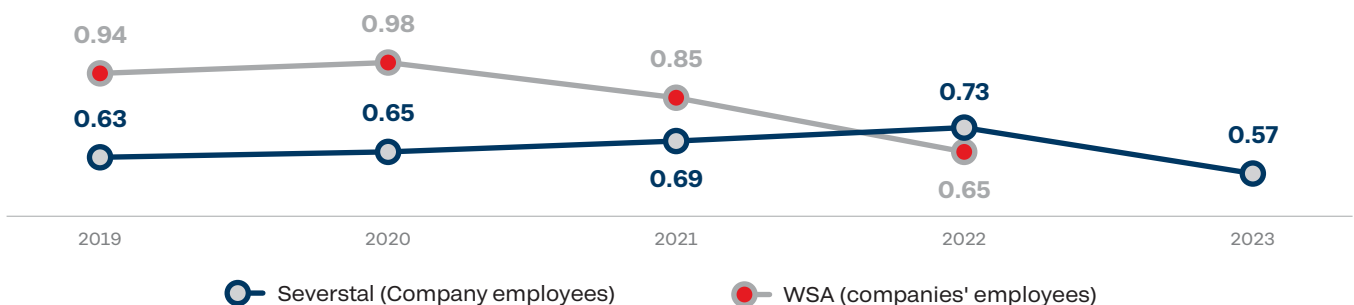
Employee LTIFR²



LTIFR across key assets and contractors in 2023



Severstal's LTIFR vs the World Steel Association average⁴



¹ The five-year period dynamics is presented in [Appendix, page 243](#).

² The injury frequency was calculated per one million hours of work time.

³ The 2022 data adjusted in the course of an audit; one light injury added.

⁴ The 2023 World Steel Association data was not published at the time of formation of the present Report.

Emergency Preparedness

Severstal observes all the requirements of Russian legislation in emergency prevention. The Company implements a wide spectrum of measures designated to prevent accidents at its production sites. In the reporting year, Severstal updated its emergency response and remedial action plans.

The Company carries out annual practical exercises and drills for mastering personnel actions in the event of accidents, emergencies and fires, including

the involvement of professional and non-staff emergency response teams.

Emergency public notification is carried out by launching the local warning systems at those facilities where emergencies that pose a threat to the population are predicted. The exchange of information on emergency threat and occurrence is carried out via regional and municipal duty dispatcher services on a 24/7 basis.

Contractor Performance Control

Severstal takes good care of contractor personnel safety on a par with own employees, thus setting high safety standards and incorporating contractors into its OHMS. To maintain the appropriate level of safety at its facilities, the Company takes a meticulous approach to contractor selection. At the bidding stage, Severstal assesses the quality of potential contractors' occupational health and safety systems. The assessment findings are presented by colour zones – red, yellow and green. For a contractor to be recommended for contract signing, i.e., get into the green zone, he must demonstrate stable injury reduction dynamics, zero fatalities, and compliance with the OHS management system requirements.

In 2023, Severstal placed strong emphasis on transport organisations by drafting a separate questionnaire for assessing their OHS practices at the selection stage. At the same time, the Company launched a pilot project for elaborating the Contractor Personal Account to improve the interaction with contractors.

The requirements of the accident prevention system apply to contractor employees, and work permits for

high-risk operations are to be issued to employees only after they accomplish all the required measures on risk elimination or mitigation. The OHS requirements and liability for non-observance thereof are set forth in the production safety assurance agreements. The information on the safety risks identified in the course of monthly OHSMS assessments and audits is subject to disclosure to contractors for further work.

Severstal organises quarterly joint meetings between the Company's managers and contractors' executives. These working meetings are necessary for an exchange of views on the ongoing projects for improving contractor safety management systems and receiving suggestions from contractors' executives on the interaction process improvement.

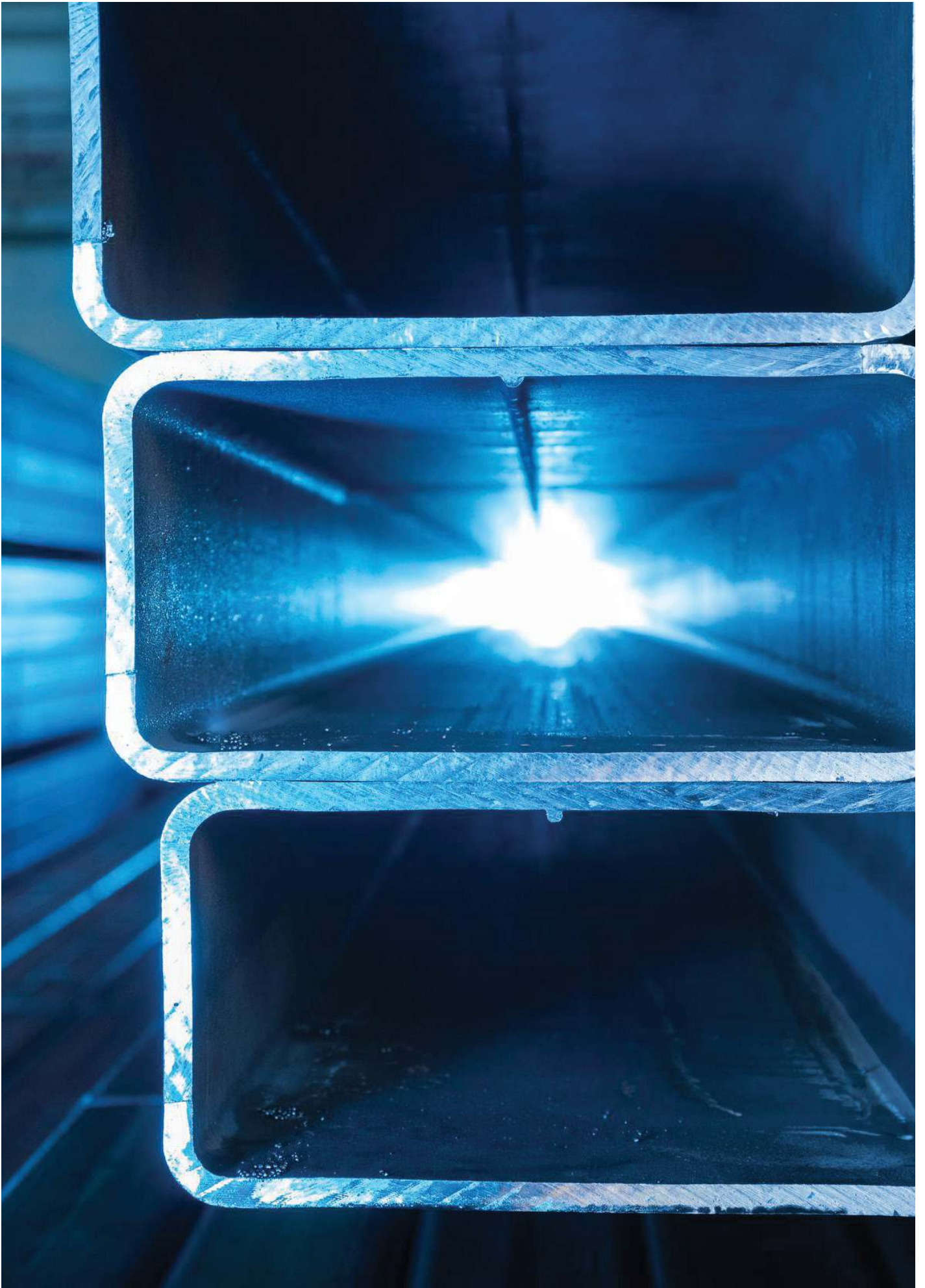
In its further work, implementing the OHSMS enhancement initiatives, Severstal extensively engages contractors' employees in the process, which contributes to the efficiency of the tools embedded. In addition, contractors receive rating points for their participation in the corporate safety initiatives and competitions.

Plans for 2024 and Mid-Term

Severstal set a new strategic goal to enter the first quartile of the global industry in terms of LTIFR (up to 0.45) by 2028. To attain it, the Company intends to implement a number of injury reduction measures, namely:

- continue to enhance the safety culture, including VZOR leadership individual obligations;
- continue to encourage contractors towards their progress in safety;

- implement programmes for reducing the number of potential fatalities in industrial and transport safety; and
- develop the OHS digitalisation (AI technologies implementation, OHS Control SW enhancement).





Творю добі

Р





08.

Environmental Impact

Climate Change and Energy Efficiency

2023 Highlights

25.78 million tonnes of CO₂e 
gross Scope 1 and 2 GHG emissions
(↓5%¹)

13.17 million tonnes of CO₂e 
gross Scope 3 GHG emissions
(↑6%²)

2.162 tonnes of CO₂ per tonne of steel
carbon intensity of products (↓2%) 

UN Global Compact Principles

Principle 7. Businesses should support a precautionary approach to environmental challenges.

Principle 8. Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9. Business should encourage the development and diffusion of environmentally friendly technologies.

Material Topic

- Climate change and energy efficiency

UN Sustainable Development Goals



¹ Hereinafter, against 2022.

² The growth is primarily due to the full transition to a third-party coal procurement after the sale of Vorkutaugol in 2022.

Short-term goal

↓ 3%

reduction in greenhouse gas emissions intensity by 2024 against 2020

Medium-term goal

↓ 10%

reduction in greenhouse gas emissions intensity by 2030 against 2020

Long-term goal

↓ 40-60%

reduction in greenhouse gas emissions intensity by 2050–2060 against 2020

Progress in 2023

↓ 1.7%

reduction against 2020¹

Approach to Management

GRI 3-3 **EM-MM-110a.2** **EM-IS-110a.2**

Recognising the climate change as one of the major challenges for the steel industry in the 21st century, Severstal not only minimises its carbon footprint but also extensively promotes the transition to a low-carbon economy. In particular, the Company engages a growing number of partners in the climate-related issues, enhances the manufacturing of green products, integrates innovative decarbonisation solutions, and implements climate change adaptation initiatives.

Key documents on climate change

Internal:

- [Severstal's Position on Climate Change](#)
- [Decarbonisation Strategy 2030²](#) (approved in 2023)
- [Achieving a Low Carbon Future Together Climate Memorandum](#)
- Corporate GHG Emissions Management Standard
- Corporate Climate Risk Management Standard (approved in 2023)
- Climate risk adaptation plans of facilities (developed for Karelsky Okatysh and Olcon in 2023)

External:

- Strategy of Social and Economic Development of the Russian Federation with Low Greenhouse Gas Emissions up to 2050
- Federal Law dated 02.07.2021 No. 296-FZ On Limiting Greenhouse Gas Emissions
- Federal Law dated 06.03.2022 No. 34-FZ On Conducting an Experiment to Limit Greenhouse Gas Emissions in Certain Constituent Entities of the Russian Federation
- Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
- GHG Protocol: A Corporate Accounting and Reporting Standard
- World Steel Association's CO₂ Data Collection User Guide

¹ In 2022–2023, Severstal significantly changed its steel production structure, namely, by increasing the share of cast iron in the steelmaking charge. Therefore, in order to compare the effects of the measures implemented and their contribution to achieving the corporate goals without any bias, the emissions' reduction in the reporting year is estimated against 2020, with account taken of the share of cast iron in the steelmaking charge, and amounts to 1.7%. This approach is consistent with the SBTi and Responsible Steel recommendations. Severstal intends to standardise this approach and obtain an independent assurance in the next reporting period.

² This document is only available in Russian.

In early 2023, Severstal's Board of Directors approved the [Decarbonisation Strategy 2030](#) that systemised the Company's efforts in GHG emissions reduction and related areas.

Decarbonisation Strategy 2030

In 2023, Severstal published its Decarbonisation Strategy 2030, thus officially reaffirming its intention to reduce greenhouse gas emissions as part of achieving its targets. Beyond that, in the Strategy, Severstal's Board of Directors and senior management disclose their vision for the Company's development through to 2050–2060 factoring in the climate change.

The Company identified five focal areas of the Strategy and nominated persons in charge (PIC) of each.

Areas of the Decarbonisation Strategy 2030 and allocation of responsibility

Focal area	Description	PIC
Goals and goal achievement measures	Sets Severstal's short-, medium- and long-term GHG intensity reduction goals, determines goal achievement measures and relevant investments	CEO of Severstal Russian Steel and resource assets
Innovation for decarbonisation	Identifies the Company's six innovative development areas that will help achieve the long-term decarbonisation goals and improve Severstal's human and technological capacity	
Green products	Establishes the Company's green product categories that will facilitate the transition to a low-carbon and circular economy and encourage climate change adaptation	Deputy CEO, Sales and Operations
Green Finance	Discloses the Company's approach to using the green finance mechanisms, inclusive of the priority areas and financing instruments	Deputy CEO, Finance and Economy
External stakeholder engagement	Reflects the key stakeholder groups in terms of climate, and goals and mechanisms of the Company's interaction therewith	Head of the Communications and Investor Relations Department

Severstal's goal state by 2030 according to the Decarbonisation Strategy

Achieving the medium-term goal: emission intensity reduction in steel production by 10%	Readiness to implement innovations for decarbonisation after 2030	A wide range of green products in the Company's product portfolio
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The implementation of Severstal's Decarbonisation Strategy 2030 will underlie the Company's long-term sustainable development and ensure its competitive advantage in the transition to a low-carbon economy. In the reporting year, the Company commenced compiling the roadmaps for each area of the Decarbonisation Strategy.

Severstal ensures the openness and transparency of the climate agenda disclosures and its compliance with international standards and best practices. The Company drafted the third annual Climate Report 2023 in accordance with the TCFD recommendations and published it on its corporate [website](#)¹.

In the reporting year, Severstal carried on with climate-related disclosures as part of the CDP Climate Change rating. The Company completes and submits the questionnaire without obtaining an assessment due to the suspended rating process towards Russian companies. At the time of the last assessment in 2021, Severstal was the CDP rating leader among Russia's iron and steel companies.

¹ This updated Report is only available in Russian.

In 2023, Severstal once again hit the top ten list of companies heading the RAEX Top 50 Climate rating. The Company received the highest rating – AAA – in the Adaptation to Climate Change category.

Cooperation on Climate Change Issues

Climate change and energy transition are common challenges addressing which is impossible without the involvement of the state, businesses, and civil society. To this end, Severstal cooperates with governmental authorities, various associations and organisations and contributes to climate change initiatives. In the reporting period, the Company reviewed draft climate-related regulatory acts, discussed special aspects of climate-related projects' implementation and other climate-related issues within the framework of its membership in the following organisations and associations:

- Russian Steel Association;
- Russian Union of Industrialists and Entrepreneurs (RSPP);
- Expert Council on Sustainable Development under the Ministry of Economic Development of the Russian Federation;
- Climate Club with the participation of Ruslan Edelgeriyev, Advisor to the President of the Russian Federation and Special Presidential Representative on Climate-related Issues;

- Working Group of the Ministry of Energy of the Russian Federation on improving the environmental policy in the areas of electricity, heat supply, and their adaptation to climate change;
- Inter-Agency Working Group on Climate Change and Sustainable Development under the Presidential Executive Office of Russia;
- technical working groups under the Best Available Techniques (BAT) Bureau.

In particular, in 2023, together with other members of the BAT Bureau technical working groups, Severstal elaborated indicative values of greenhouse gas emissions for the BAT ferrous metallurgy reference books. The Company participated in data collection for calculating and setting indicators and direct in compiling reference books.

In the reporting year, Severstal once again attended the Conference of the Parties to the UN Framework Convention on Climate Change (COP28) to present its Decarbonisation Strategy and climate projects.

The Company promotes partnerships under the Achieving a Low Carbon Future Together Climate Memorandum

Partnerships development and support to the business community are the integral parts of the transition to a low-carbon economy of the future, for which reason Severstal continues its active interaction with the parties to the Climate Memorandum.

In the reporting year, of the parties to Severstal's Achieving a Low Carbon Future Together Climate Memorandum held four meetings (quarterly) to discuss the following topical issues:

- preparation of the greenhouse gas emissions reporting that the companies were required to submit for the first time in 2023;
- opportunities for implementing climate-related projects in Russia and Severstal's experience in elaborating the project for rewetting the drained peatlands in Vologda Region;
- creation of the unified [Climate Memorandum information portal](#)¹ to exchange useful information, training programmes, and announcements of topic-specific events, jointly with the [Energy and Environment](#)² expert community set up at Severstal's initiative.

After COP28, the Climate Memorandum was joined by the UN Global Compact Russia, Systeme Electric, Power Machines, and Lenta retail chain.

^{1,2} This website is only available in Russian.

Severstal extensively interacts with suppliers and customers for exchanging the information on greenhouse gas emissions. Upon customers' requests, the Company provides data on the carbon intensity of specific types of its products. To obtain information regarding the carbon footprint of the core products and services purchased (80% of the product and services range), Severstal requests respective data from its suppliers or refers to open sources. Exchanging information with counterparties enables all value chain participants to consider and manage other indirect greenhouse gas emissions (Scope 3).

In addition, Severstal performs a voluntary assessment of its business partners by ESG criteria in the context of pre-qualification. The assessment criteria include, inter alia, demonstration of positive dynamics in environmental performance indicators (e.g. reduction of greenhouse gas emissions).

[For more details regarding supplier assessment by ESG criteria, see the Counterparty Assessment for Compliance with Sustainability Criteria, page 85.](#)

Corporate Governance of Climate-related Issues

Severstal's Board of Directors and senior management continue to pay primary attention to the climate change and decarbonization issues in their operational management and strategic decision-making. Severstal's climate risks and opportunities management structure spans the senior management, facilities, and respective functional units.

Climate change management structure

Business unit	Functions
At the highest management level	
Board of Directors	<ul style="list-style-type: none"> ▪ Supervises the determination and achievement of strategic climate change goals ▪ Reviews climate-related issues, including risks and opportunities (quarterly), and the goal achievement report (annually) ▪ Monitors performance of the corporate climate risk management system
Safety and Sustainability Committee	<ul style="list-style-type: none"> ▪ Reviews the GHG emissions reporting on a quarterly basis ▪ Exercises control over the implementation of measures to manage climate risks and opportunities, including the Decarbonisation Strategy, and submits suggestions on adjustments ▪ Provides for the interaction between the Board of Directors and top management on the climate agenda ▪ Bears responsibility for the Company's public reporting on the climate agenda
Audit Committee	<ul style="list-style-type: none"> ▪ Exercises control over the performance of the corporate climate risk management system ▪ Supervises public reporting





At the Managing company level

Top management	<ul style="list-style-type: none"> ▪ Implements the Board’s decisions, exercises control over the fulfillment of the Company’s climate change obligations, including those under the Decarbonisation Strategy, renders support, and provides resources for the implementation of measures ▪ Carries out the operational management of climate risks and supervises the five focal areas of the Decarbonisation Strategy ▪ On a yearly basis, reviews the Company’s report on significant climate change risks and opportunities for the preceding year
CEO of Severstal Russian Steel and resource assets	<ul style="list-style-type: none"> ▪ Bears responsibility for the implementation of GHG emissions reduction measures to achieve the corporate decarbonisation targets ▪ Bears responsibility for the search of innovations, assessment of their applicability, R&D, and integration of their deliverables
Deputy CEO, Sales and Operations	<ul style="list-style-type: none"> ▪ Responsible for elaboration and promotion of new types of green products types and introduction to the new markets thereof
Deputy CEO, Finance and Economy	<ul style="list-style-type: none"> ▪ Monitors and raises green finance tools
Head of the Communications and Investor Relations Department	<ul style="list-style-type: none"> ▪ Implements the communication strategy to raise stakeholder awareness of Severstal’s climate-related activities
Climate Risk Working Group	<ul style="list-style-type: none"> ▪ Consolidates information on climate risks and opportunities across all the assets and keeps the register of the Company’s climate-related risks
GHG Emissions Reduction Centre under the Environmental Protection Department	<ul style="list-style-type: none"> ▪ Develops and integrates corporate climate-related documents, including climate adaptation action plans ▪ Arranges for employee training on climate-related issues ▪ Sets key performance indicators (KPIs) in greenhouse gas emissions reduction ▪ Coordinates climate risk identification and assessment activities as well as the implementation of the Decarbonisation Strategy ▪ Supports the emission monitoring system functioning and contributes to its enhancement, verifies efficiency of the emissions reduction measures ▪ Ensures compliance with the TCFD recommendations and GHG Protocol ▪ Tracks statutory changes and best practices in decarbonisation ▪ Fosters cooperation on climate change issues
Risk Management and Internal Control Department	<ul style="list-style-type: none"> ▪ Integrates climate risks into the risk management system

At the enterprises’ level

Management teams of the enterprises and business functions	<ul style="list-style-type: none"> ▪ Perform the procedures for identifying, assessing, and managing climate-related risks and opportunities at the level of certain assets ▪ Implement decisions of the Company’s supreme governing bodies on the achievement of climate-related commitments and targets
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Severstal continues to operate its KPI system for senior management and employees directly involved in addressing the climate-related issues at the operational level. KPIs are aimed at incentivising the staff and increasing their engagement in climate change issues. Employees who achieve or overachieve their KPIs are rewarded with at least 10% of their annual remuneration. Reducing the greenhouse gas emissions and carbon intensity and improving the energy efficiency are among the KPIs of the executives in charge of climate change management. For 11 top managers, the climate-related KPI weight is set at 5% of the total score.

Severstal appropriately enhances the climate-related expertise of its employees by conducting respective training on an annual basis. To this end, the Company either engages external specialists or makes use of in-house programmes elaborated by the GHG Emissions Reduction Centre. Employees are trained in conformity with the climate competency matrix that is applicable to all functional divisions of the Company as part of the annual proficiency enhancement.

In-house ProClimate training programme

In 2023, the Company accomplished the elaboration of the third course of its ProClimate programme designated for climate risk management. The course is mandatory for managers of the enterprises and business units exposed to climate-related risks as identified by the assessment. Other employees may take the course at their discretion. In 2023, the training was completed by 112 employees.

Climate Risks and Opportunities

Recognising the impact of climate-related risks as material, Severstal is particularly focused on the efficiency of managing them. This process, along with the identification and assessment of climate-related risks, is governed by the Climate Risk Management Standard approved in 2023.

To identify and analyse the materiality of climate-related risks, the Company determined its three planning horizons that were also factored in while drafting the Decarbonisation Strategy:

- short-term (by 2024);
- mid-term (by 2030);
- long-term (by 2050–2060).

Earlier in 2021, Severstal identified the physical and transient climate-related risks that are material to the Company, and quantitatively and qualitatively assessed them in line with the TCFD recommendations. The Company, therefore, performed modelling under three Shared Socioeconomic Pathways (SSPs) climate scenarios:

- Sustainability (SSP126): curbing the global average temperature rise to +1.8 °C by 2100 under the Paris Agreement;
- Middle of the Road (SSP245): intermediate scenario, the global average temperature rise to +2.8 °C by 2100; and
- Taking the Highway (SSP585): intensive use of fossil fuels that will trigger a temperature rise of up to +4.4 °C by 2100.

The Company annually monitors the risks identified for all planning horizons and reassesses them as and where necessary. With account taken

of the materiality of risks and potential financial damage they may cause, Severstal takes respective risk mitigation measures. In 2023, the Company incorporated the ALARP (As Low As Reasonably Practicable) principle into its climate risk assessment and analysis of risk management measures, pursuant to which it evaluates the practicability of implementing extra climate risk management measures.

[For more details regarding the procedure for assessing climate-related risks and opportunities, see the Company's Climate Report published on the corporate website.](#)

Physical Climate Risks

GRI 201-2

The 2021 climate risk assessment showed that over one half of Severstal's enterprises are yet today exposed to physical risks. In the long term and at a higher rate of climate change, the share of such enterprises may exceed 75%. Following the assessment revision in 2023, the materiality of physical risks remained unchanged.

Physical (acute and chronic) risks vary by the region of presence, however Severstal identifies several key risk factors:

- abnormal winds;
- abnormal precipitation;
- strong rime ice depositions;
- a rise in average annual temperature and precipitation.

Physical risks gain the highest materiality under the SSP585 scenario (+4.4 °C by 2100).

The Company determined that physical climate risks may have a direct material impact on its financial metrics, that is result in:

- lower earnings due to reduced production capacity;
- lower earnings and higher costs caused by negative impacts of the changing climatic conditions on the staff;
- an increase in operating expenses;
- an increase in CAPEX (e.g. as a result of damage to facilities);
- a decline in demand for the Company's products.

In order to mitigate the physical risks, Severstal chose to improve the stability of structures and facilities and maintain them in good order,

monitor the condition of the buildings and facilities in the Arctic zone of Russia, back up the feedstock, fuel, and power supply.

The Company introduces the climate change adaptation measures at its enterprises and is guided, inter alia, by regional adaptation plans. In the reporting year, Severstal completed the climate risk reassessment for Karelsky Okatysh and Olcon. In the course of the assessment, the Company's specialists interviewed the enterprises' key employees and reviewed the implemented and scheduled measures for preventing and mitigating the climate-related risks. Consequently, the Company worked out the enterprises' adaptation plans. In 2024, Severstal intends to carry out the same work for Yakovlevskiy Mine and Vologda Region's enterprises.

Climate change adaptation partnership with the Republic of Karelia

In 2023, Severstal took part in the Adaptation of Russian Regions to Climate Change 2023 programme arranged by the Agency for Strategic Initiatives. The programme has a wide geography of 35 participating regions, and the Company acted as an industrial partner of the Republic of Karelia.

The programme entailed elaborating an adaptation project concept for the construction of steel-framed buildings in the Arctic zone using the Republic of Karelia as an example. Severstal intends to:

- test the steel-frame construction technology for pre-fabricated facilities in the Arctic zone;
- elaborate model designs for the construction of high-rise residential buildings, social facilities, hotels, and weather stations.

The steel-frame construction technology has the following advantages for its implementation in the Arctic zone of Russia and other climatically vulnerable regions:

- high construction rates;
- high factory readiness;
- reduced building weight;
- resistance to physical climate risks.

The project has a high potential for being scaled in other regions of the Russian Federation that have similar climatic conditions and are exposed to similar climate-related risks. In 2024, the Company presented this project at the Strong Ideas for New Times forum hosted by the Agency for Strategic Initiatives.

Transitional Climate Risks

GRI 201-2

The Company's transitional risks are mostly estimated as immaterial or moderate, while acquiring higher significance in the SSP126 scenario (+1.8 °C by 2100). Severstal identified the following relevant transitional risks:

- introduction of the carbon border adjustment mechanism;
- introduction of national carbon regulation;
- must-have expenses on embedding low-carbon technologies;
- reduced investment appeal due to insufficient climate risk management disclosures;
- loss of markets for carbon-intensive products.

In 2023, the Company increased the materiality of transitional regulatory risks. It was caused by the anticipated adoption in 2024 of the Action Plan for Implementing the Strategy for Social and Economic Development of the Russian Federation with Low Greenhouse Gas Emissions up to 2050. The plan provides for incorporating a carbon charging mechanism, which, accordingly, increases the exposure to regulatory risks.

Severstal believes that the occurrence of transitional risks may give rise to the following direct and indirect material impacts:

- extra costs associated with the introduction of carbon regulation in the Russian Federation and other jurisdictions;
- divestment from carbon-intensive assets;
- reduced competitiveness of products and lost profits due to insufficient GHG emission disclosures;
- loss of sales markets due to lower carbon intensity of competitors' production;
- loss of profit due to the lack of institutional and regulatory framework for climate projects.

Severstal takes measures to mitigate transitional risks under its Decarbonisation Strategy. These include:

- reducing GHG emissions down to the BAT level or lower;
- enhancing competitiveness through the introduction of commercially available low-carbon technologies;
- publishing the Company's corporate reports in accordance with best industry practices, standards and recommendations, including TCFD;
- manufacturing green products.

In 2021, Severstal introduced the internal carbon price, which should ensure the Company's preparedness for the introduction and tightening of carbon regulation in Russia and abroad. In 2022, Severstal updated the internal carbon price for a decade, which was driven by the changes in the target markets for the Company's products and improvements of national regulation on greenhouse gas emissions. In 2023, it remained unchanged.

Climate Change Opportunities

The implementation of climate change opportunities may explicitly affect Severstal's performance and competitiveness. In 2023, the list of opportunities remained unchanged:

- savings from implementing the energy efficiency, resource saving, and performance improvement initiatives;
- equipment modernisation and deployment of advanced decarbonisation technologies;
- use of national support measures in delivering decarbonisation projects;
- advancement of green products and increase in earnings from selling them;
- commercialisation of the breakthrough low-carbon technologies and their further scaling;
- increase in investment appeal through efficient management of GHG emissions and climate risks;
- access to green finance tools (e.g. green bonds, tying in the credit facility to climate-oriented KPIs).

MED-10

Severstal continuously monitors green finance tools and considers their use in the projects aimed at reducing pollutant and greenhouse gas emissions. In 2023, the Company received a subsidised loan of about RUB 300 million from the Industrial Development Fund for one of the key projects in the comprehensive action plan to reduce air pollutant emissions in Cherepovets as part of the Clean Air federal project. This activity also contributes to the reduction of greenhouse gas emissions.

Severstal singled out the green production as one of the pillars of its Decarbonisation Strategy. To date, green products account for about 2% of total output (in monetary terms). The Company continues to release such products in all the five categories identified in the previous reporting period.

Severstal's green products by category

Category	Description and examples
Products for climate change adaptation	<p>Required for erecting structures to prevent the occurrence and impacts of climatic and natural hazards:</p> <ul style="list-style-type: none"> ▪ structures for coastal and soil reinforcement; ▪ mesh structures for flood prevention; ▪ rolled products for construction in climatically vulnerable regions
Products for carbon-free and low-carbon energy	<p>Used for the construction of renewable and low-carbon energy facilities, storage and transportation of carbon dioxide and hydrogen:</p> <ul style="list-style-type: none"> ▪ wind turbine towers; ▪ rolled steel for LNG and nuclear power plants; ▪ rolled steel and pipes for CO₂ and hydrogen storage and transportation
Low-carbon products	<p>Steel products manufactured with a lower carbon footprint:</p> <ul style="list-style-type: none"> - 25% Less carbon products; - 50% Low carbon products; - 75% Ultra-low carbon products; and - 100% Climate-neutral products
Products with improved performance	<p>They reduce materials intensity and greenhouse gas emissions throughout their life cycle:</p> <ul style="list-style-type: none"> ▪ high-strength rebar; ▪ high-strength rolled steel for machine building, construction, and truck manufacturing; ▪ high-strength wear-resistant rolled products for the mining industry; ▪ weather resistance steel; ▪ environmentally friendly galvanised rolled products passivated with trivalent chromium
Environmental products	<p>Designated to protect the environment from pollution:</p> <ul style="list-style-type: none"> ▪ dust and wind shields

The complete list of Severstal's green products is presented in the Decarbonisation Strategy¹, including their characteristics and application areas.

¹ This document is only available in Russian.

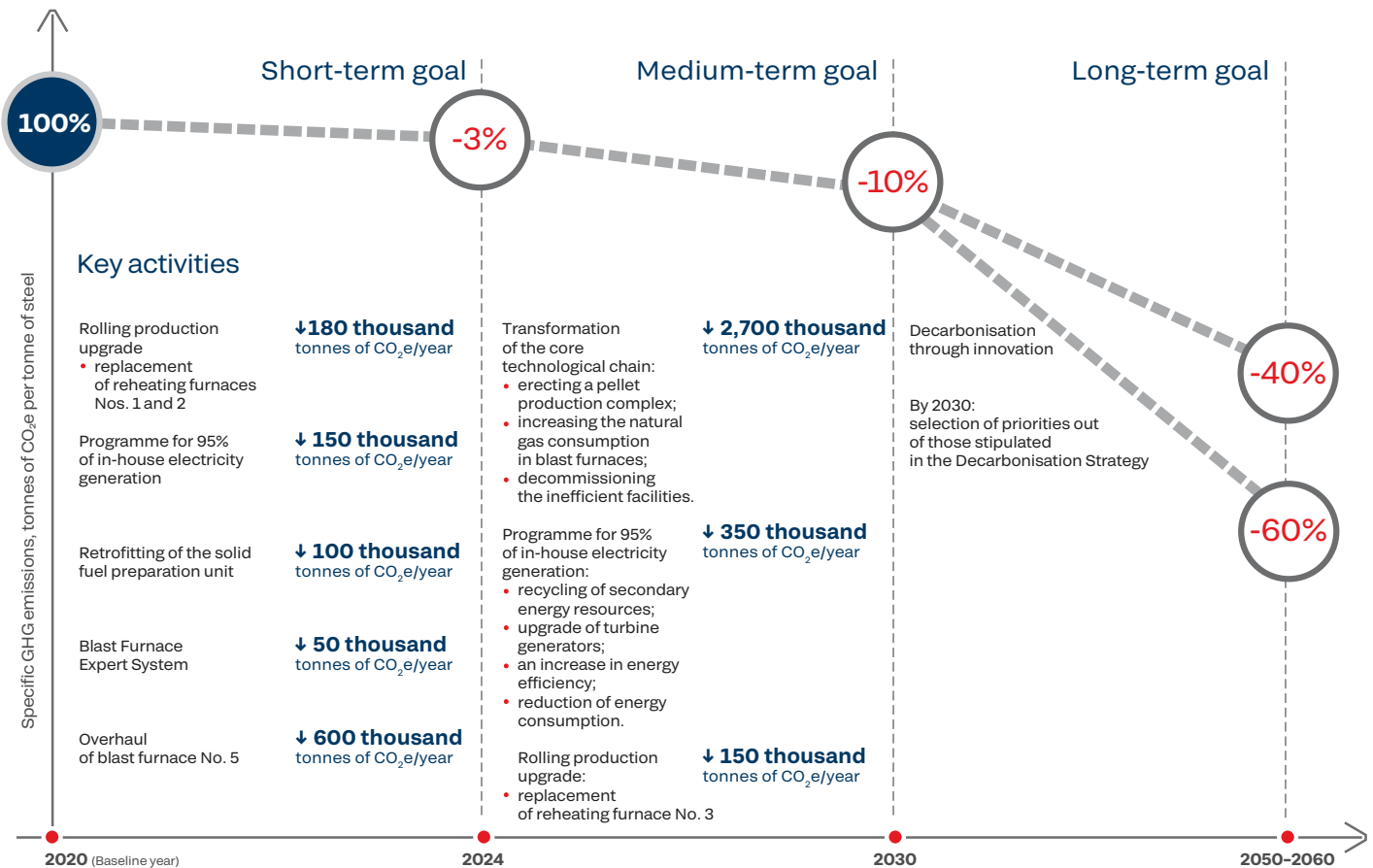
Activities to Achieve the Decarbonisation Goals

GRI 305-5

Severstal takes measures to reduce greenhouse gas emissions in order to manage climate-related risks, mitigate its impact on climate change, and implement climate change opportunities. The Corporate GHG Emissions Management Standard regulates the unified approach to tracking progress towards emission reduction targets, developing the relevant measures and carbon reporting. The document is consistent with the best carbon management practices set out in the international standards ISO 14064 and GHG Protocol.

Pursuant to the Decarbonisation Strategy, the Company intends to invest **RUB 23.9 billion** in the projects ensuring the GHG emissions reduction by the end of 2024 and **RUB 115.1 billion** by the end of 2030.

Decarbonisation goals and measures to achieve them under the Decarbonisation Strategy¹



The rolling production upgrade (replacement of reheating furnaces Nos. 1 and 2) and retrofitting of the solid fuel preparation units were accomplished by Severstal in 2022. The rest of the projects scheduled under the Decarbonisation Strategy for achieving the short-term goal were attended to in 2023.

¹ The reduction of the CO₂ emission intensity in steel production is estimated against 2020 factoring in the share of cast iron in the steelmaking charge. In 2020, Severstal's emission intensity amounted to 2.063 tonnes of CO₂ per tonne of steel with the use of 75% of cast iron in the charge.

Key GHG emissions reduction activities for 2023–2024

Activities	Progress in 2023	Effect	Status
Programme for 95% of in-house electricity generation at Cherepovets Steel Mill	In 2023, TRT-16 (top-pressure recovery turbine) was commissioned in blast furnace operation at Cherepovets Steel Mill to generate carbon-free electricity, which enables to reduce indirect energy greenhouse gas emissions	150 thousand tonnes of CO ₂ e per year	<input checked="" type="checkbox"/>
	Construction of the boiler plant with boiler unit No. 11 is in progress: the FEED operations were completed in 2023, and construction and installation works were underway. The project implementation will increase a share of useful use of secondary energy resources (coke oven gas and blast furnace gas) for electricity generation. Therefore, Cherepovets Steel Mill will reduce not only the hydrocarbon fuel consumption but also the indirect energy GHG and pollutant emissions. For more details regarding the progress in 2023, see the Air Pollution section, page 181		→
Blast Furnace Expert System at Cherepovets Steel Mill	In 2023, Severstal’s cross-functional team developed the Blast Furnace Expert System software. This system acts as a digital assistant for employees and provides consolidated information on the smelting process from multiple sources. Thus, it assists in managing the blast furnace cast iron smelting. Thanks to a set of measures, one of which was the Blast Furnace Expert System, specific consumption of solid carbon fuel for cast iron smelting was reduced by 3.7% compared to 2022.	50 thousand tonnes of CO ₂ e per year	<input checked="" type="checkbox"/>
Overhaul of blast furnace No. 5 at Cherepovets Steel Mill	In 2023, the pre-shutdown works were carried out, including the dismantling and revision of equipment, replacement of individual elements. In addition, Cherepovets Steel Mill commenced the dust trap replacement works. For more details regarding the progress in 2023, see the Air Pollution section, page 181	600 thousand tonnes of CO ₂ e per year	→

- completed

→ - in progress

GRI 305-5

The reduction of greenhouse gas emissions in 2023 owing to Severstal’s investment activities exceeded 350 thousand tonnes of CO₂e.

Under the scheduled measures for achieving the medium-term goal, in 2023 the Company launched the project for erecting an iron ore pellet production complex at Cherepovets Steel Mill using BAT. Its commissioning in 2026 shall reduce the solid fuel consumption by 25%, thereby significantly reducing the greenhouse gas emissions.

[For more details regarding the project, see the Air Pollution section, page 181.](#)

To achieve the long-term decarbonisation goals, Severstal intends to implement innovative solutions in the following areas:

- CO₂ capture, utilisation and storage (CCUS);
- hydrogen production and utilisation;
- power generation;
- metallurgical technologies;
- alternative iron and steel production technologies;
- nature-based solutions.

In the reporting period, an assessment of the potential for implementing CCUS solutions at Cherepovets Steel Mill was completed. During the assessment, experts determined the feasibility of capturing the carbon formed as a result of the power generation and metallurgical operations. Jointly with major refining companies, Severstal selected potential underground tanks for its storage. However, due to the higher potential of other decarbonisation projects, Severstal intends to resume the CCUS research by 2030. For the time being, the Company is focused on the innovations related to metallurgical technologies and nature-based solutions.

Carbon landfill at Yakovlevskiy Mine

Severstal is implementing the project for creating a carbon landfill in cooperation with the Institute of Earth Sciences of the Belgorod State National Research University (BelGU). Under the BelGU guidance, the research is expected to be performed to record the amount of GHG emissions and removal at the site. Such monitoring will make it possible to assess the carbon balance and to further choose the most appropriate environmental protection technologies. One of these solutions is the industrial site greening to improve the environment and landscape design of the territories.

In the reporting year, BelGU specialists commenced drafting the design documentation for preparing the carbon landfill territory and planting phytocomponent. Also, the technical reclamation works the Company expects to complete by May 2024 were performed at the landfill site. In the reporting year, a mobile laboratory was purchased to monitor the greenhouse gas emissions at the carbon landfill and industrial site of Yakovlevskiy Mine. The laboratory is scheduled to be delivered and launched in 2024.

Severstal concluded a climate agreement with the Vologda Region government

In 2023, Severstal and the government of Vologda Region concluded an agreement for climate-related cooperation. Under this document, the Company works out the possibility of implementing a climate project for wetting the disturbed peatlands of the region to reduce the GHG emissions. In addition, wetting disturbed peatlands will help restore the biodiversity and hydrological balance in the area and prevent peat fires.

In the reporting year, Severstal completed the research to determine the potential for reducing the greenhouse gas emissions from peatlands, including partial inventory of the regional peat stock. The field studies of the peatland condition and actual greenhouse gas emissions were conducted at the Dedovo Pole peat deposit in Vologda Region.

In 2024, the Company will attend to the project's feasibility study, whereupon the practicability of further work is to be determined.

GHG Emissions metrics

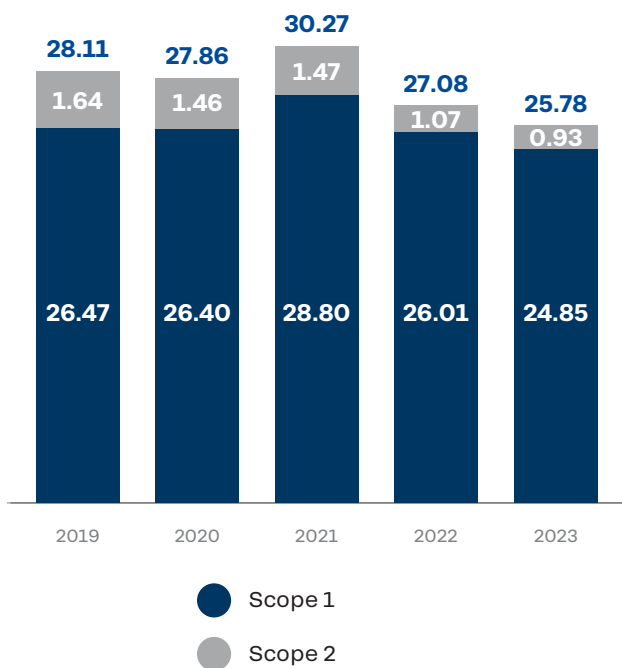
GRI 305-1 GRI 305-2 GRI 305-3
EM-MM-110a.1 EM-IS-110a.1 MED-20

In quantifying the GHG emissions, Severstal takes account of all greenhouse gases governed by the Kyoto Protocol¹ and calculates them in accord with the GHG Protocol standards for Scopes 1, 2 and 3 emissions². The Scope 2 emissions are quantified by the Company through the use of the market and regional methods.

In 2023, the Company for the first time submitted the statutory reporting on direct greenhouse gas emissions³ with the Energy Efficiency State Information System across PAO Severstal and Karelsky Okatysh in accordance with Federal Law dated 02.07.2021 No. 296-FZ On Limiting Greenhouse Gas Emissions.

GRI 305-1 GRI 305-2 EM-MM-110a.1
EM-IS-110a.1

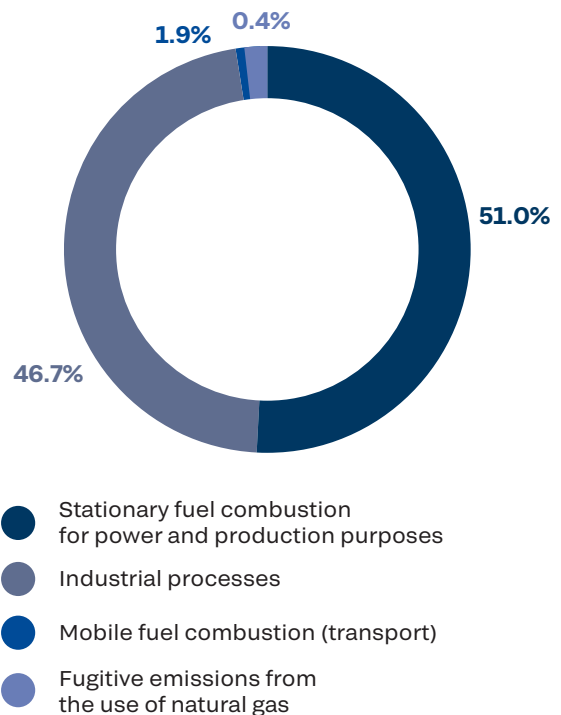
Direct and indirect energy GHG emissions, million tonnes of CO₂e



The Company's Scope 1 and Scope 2 emissions⁴ amounted to 25.78 million tonnes of CO₂e in 2023. Compared to the previous year, this value decreased by 1.3 million tonnes of CO₂e (4.8%) primarily due to the withdrawal of four companies from Severstal, including Vorkutaugol (emissions reduction by 1.21 million tonnes of CO₂e). The majority of the Scope 1 and 2 emissions fell upon Cherepovets Steel Mill (24.05 million tonnes of CO₂e).

In 2023, the structure of gas emissions remained almost unchanged: the biggest amount accounted for CO₂ (25.62 million tonnes of CO₂e), whereas the CH₄ emissions amounted to 0.12 million tonnes of CO₂e and N₂O - to 0.03 million tonnes of CO₂e.

Key categories of direct GHG emissions sources in 2023



¹ CO₂, CH₄, N₂O, PFC, HFC, SF₆, NF₃.

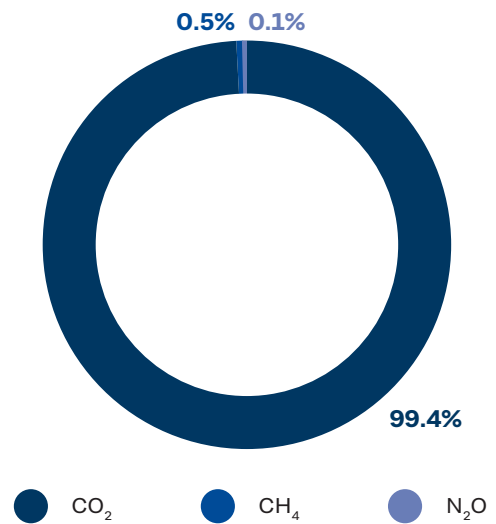
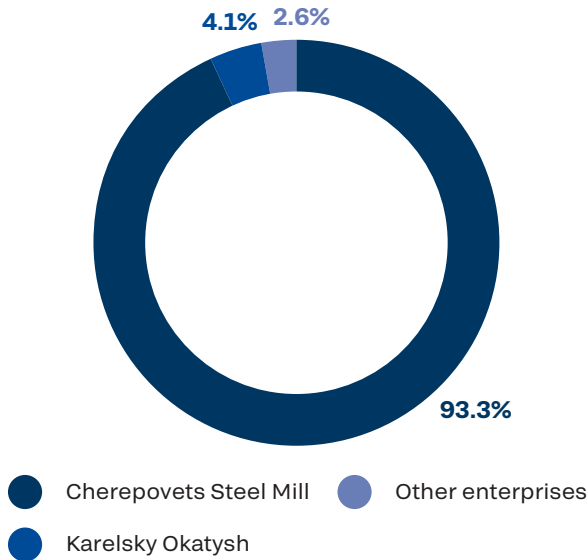
² GHG Protocol Corporate Accounting and Reporting Standard, GHG Protocol Scope 2 Guidance, GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

³ The emissions were calculated in accordance with the Methodology for Quantifying Greenhouse Gas Emissions approved by Order of the Ministry of Natural Resources and Environment of the Russian Federation No. 371 dated 27.05.2022 On Approval of Quantification Methods for GHG Emissions and Removals.

⁴ The total GHG emissions in CO₂e are estimated through the use of global warming factors according to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC).

Structure of GHG emissions (Scopes 1 and 2) by enterprises in 2023

Structure of GHG emissions (Scopes 1 and 2) in 2023¹



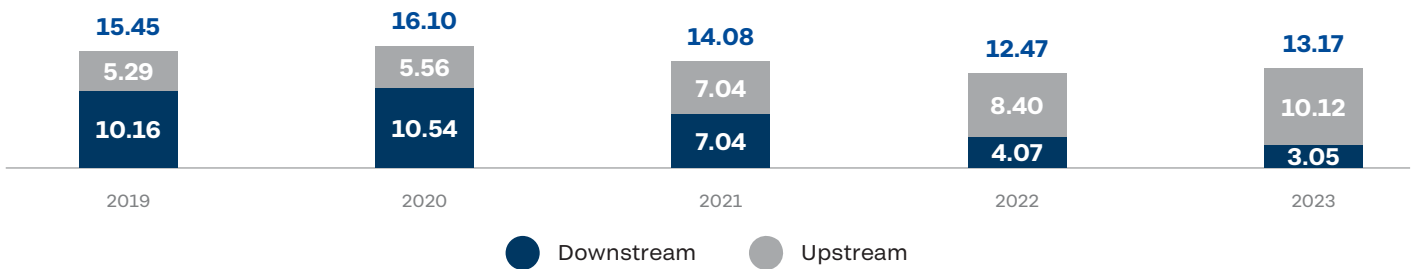
GRI 305-3

The Scope 3 emissions in 2023 increased by 5.6% against 2022 to 13.17 million tonnes of CO₂e. Upstream and Downstream accounted for 76.8% and for 23.2% of emissions respectively, or 10.12 million tonnes of CO₂e and 3.05 million tonnes of CO₂e.

The increase in Upstream emissions is attributed to the growth in purchases of goods and services (Category 1) and, in the first place, the full transition to third-party coking coal purchases following the sale of Vorkutaugol in 2022.

At the same time, the decrease in Downstream emissions primarily affected the processing of sold products category as a result of lower iron ore shipments to third parties by Karelsky Okatysh and Olcon.

Other indirect GHG emissions (Scope 3), million tonnes of CO₂e



For detailed quantitative data regarding GHG emissions, see Appendix, page 244.

GRI 305-4

According to the World Steel Association, Severstal is among the top 25% of steel producers globally with the lowest GHG emissions intensity. The Company always stays strong in the pursuit of its goals and strives to reduce its emissions intensity even further, so that to become one of the top 15 of companies by 2030. The Company expects that the implementation of the Decarbonisation Strategy 2030 and the scheduled 10% reduction in the emissions will strengthen Severstal's position among global steel producers.

In the reporting period, the emissions intensity decreased for the following reasons: a 5.4% growth in steel production, a 0.9% decline in the specific consumption of cast iron for steel, and a 3.8% fall in the specific consumption of solid fuel for cast iron against 2022.

¹ Severstal's enterprises emit almost no other greenhouse gases (PFC, HFC, SF₆ and NF₃) or those emissions are immaterial.

GHG emissions intensity¹, tonnes of CO₂e per tonne of steel



Plans for 2024 and Mid-Term

Severstal's plans in climate change include the following:

- implementation of the measures under the Decarbonisation Strategy;
- climate risks assessment and elaboration of climate change adaptation plans for Vologda Region and Yakovlevskiy Mine;
- considering the delivery of climate projects with further registration in the Russian Register of Carbon Units;
- automation of GHG emissions quantification for the mining assets and rolling mills for all scopes;
- cooperation with the UN Global Compact National Network, enhancement and implementation of joint projects under Severstal's Climate Memorandum.

Energy Consumption and Efficiency

Approach to Management

To ensure a more rational use of natural resources and to reduce the GHG emissions, Severstal continuously works on the improvement of its enterprises' energy efficiency. The key document in this sphere is [PAO Severstal's Energy Conservation Policy](#). According to the Policy, the Company adheres to a comprehensive approach to energy efficiency improvement and quantification of the consumed energy resources.

The Energy Efficiency Centre of Severstal's Chief Power Engineer (CPE) Department is in charge of elaborating relevant measures. Its mission is to cater to the Company's energy needs in accordance with the production programme, ensure their sustainable use, and coordinate the activities on ensuring the reliable and uninterrupted operation of power equipment. In 2023, to boost the performance in terms of energy conservation and efficiency, the CPE Department combined the work of the expert block in the areas of heat power, gas and water supply, electricity consumption, metallurgical heat engineering, and quality management system with the work of the service for planning and optimize the use of fuel and energy resources and investments.

The CPE Department on a monthly basis submits the results of the work related to energy consumption

reduction to Severstal's energy specialists, within the framework of the End-to-End Energy programme² as well, which helps to identify the focus points to improve the efficiency of energy flow management in procurement, production, and consumption of energy resources.

Beyond that, the Energy and Environment community is integral to Severstal's expert network. It is composed of Company employees and representatives of external stakeholders. Energy efficiency, repairs of energy equipment, and power supply reliability are among the community's areas of activities. They address such objectives as:

- improvement of the operational efficiency of the Company's technological processes and equipment;
- elaboration and implementation of strategic measures to further develop Severstal's energy management, heat and electricity sectors, and enhancing employees' competencies in these areas;
- search for and implementation of digital solutions in the energy sphere;
- power equipment repairs and implementation of measures for improving its reliability; import substitution, provision of uninterrupted power supply.

¹ The indicator is calculated in accordance with the World Steel Association's CO₂ Data Collection User Guide. The calculation boundary includes the relevant CO₂ emissions for the three scopes. The global average data has been retrieved from the World Steel Association's [Sustainability Indicators](#) reports (the 2023 value was not available as of the time of drawing up this document).

² It aims to improve energy efficiency through elaborating and implementing a unified strategy for centralised management of energy flows.

PAO Severstal's energy management system complies with the ISO 50001:2018 standard, and the enterprises of PAO Severstal follow the established minimum energy consumption levels and respective action plans updated on a monthly basis.

Company employees are rewarded for achieving the established KPIs for specific energy consumption and may apply for bonuses for energy efficiency improvement proposals submitted under the existing Idea Factory programme.

A competent approach to energy consumption management requires continuous mastering of the skills. In 2023, Severstal's Energy and Environment expert community held 55 training webinars for employees on a variety of energy and environment topics. In addition, the community arranged the following events to share experiences with dedicated experts:

- the All-Russian Energy and Environment offline forum (Saint Petersburg) aimed at evolving the all-Russian expert community in the field of energy and environment, discussing new joint projects and forms of engagement in industrial energy and BAT, and searching for solutions to reduce heat losses at facilities;
- the All-Russian Improvement of Reliability of Power Supply to Enterprises online forum aimed at sharing experiences in increasing the electricity supply reliability for enterprises and at searching for new practices and approaches to equipment operation and maintenance.

GRI 302-4

Severstal's enterprises conduct annual internal energy audits that make it possible to identify the most energy-intensive processes and elaborate measures to optimize energy consumption.

In 2023, specialists from the Energy and Environment expert community conducted nine energy audits at the Company's enterprises, whereupon the energy efficiency measures were implemented. In particular, at Karelsky Okatysh's boiler plant, automatic regulation of fuel oil burners was introduced, which reduced fuel oil consumption by an average of 0.10 kg/tonne. Based on the audit findings, Yakovlevskiy Mine took measures to enhance performance of the ore drying process and reduce natural gas consumption by 258.4 thousand m³/season.

Following the implementation of the measures envisaged by the energy audits, the savings amounted to **RUB 358.5 million**.

Energy Conservation, Efficiency, and Generation Enhancement Activities

The Company's key asset - Cherepovets Steel Mill - accounts for the major share of Severstal's total energy consumption. To reduce energy consumption, the enterprise enhances its production processes. In the reporting period, Cherepovets Steel Mill continued to incorporate the technology of solid fuel substitution with natural gas in blast furnaces. In 2023, Cherepovets Steel Mill achieved a record-low solid fuel consumption of 337.2 kg/t of cast iron. Another significant effect of the technology is the reduction of greenhouse gas emissions.

Energy-efficient converter steel production

In 2023, Cherepovets Steel Mill implemented the investment project for upgrading the circulation pump room equipment at converter No. 1. In the process of converter steel smelting, waste gases are generated, with the temperature exceeding 1,000 °C, that need to be cooled by a special cooling boiler. The water in this boiler is circulated through the operation of pumps, the capacity of which determines the cooling efficiency.

In the reporting year, Cherepovets Steel Mill fitted the cooling boiler with five new high-capacity pumps. They will replace the seven old pumps that were previously required to pump the required amount of water. This will reduce the consumption of energy resources. In particular, the specific electricity consumption is expected to decrease by 2.0 kWh/tonne.

Key energy efficiency improvement activities in 2023

	Activity	Energy resource saved
Cherepovets Steel Mill	Reduction of natural gas consumption as a result of completing a set of measures to improve the efficiency of reheating furnaces: <ul style="list-style-type: none"> ▪ isolation of skid pipes of reheating furnaces Nos. 1 and 2 with concrete half-blocks; ▪ arrangement of a specific operating mode of reheating furnaces Nos. 1 and 2 to exclude excessive overpressure in the furnaces in the spring and summer seasons; ▪ application of mechanised cleaning of waste-gas flues and covers of reheating furnaces; ▪ ensuring production of shape steel-rolled stock from one reheating furnace; and ▪ change of air supply scheme for burners of furnace No. 2 	3,632 thousand m ³
	Reduction of natural gas consumption of account of increasing the share of secondary (coke oven) gas combustion at sinter plant No. 3	6,936 thousand m ³
OSPAZ	Organisational and technical measures to reduce electricity consumption	2,075 thousand kW/h
Severstal Kanaty	Reduction of electricity consumption resulting from the following measures: <ul style="list-style-type: none"> ▪ introduction of a winding energy optimiser; ▪ separation of power transformers from separate inputs for single use at less loaded sections; and ▪ integration of automated control of street lighting 	313 thousand kW/h
Severstal-Metiz	Organisational and technical measures to reduce electricity consumption	547 thousand kW/h
	Reconstruction of the heat supply centre with reduced hot water consumption	64 Gcal
	Optimisation of steam supply at certain equipment units and depending on the season with reduced steam consumption	4,445 Gcal

Cherepovets Steel Mill is constantly ramping up own energy generation. It set the target of achieving the 95% share of consumption of own-generated energy by 2030. To achieve this, the Mill implements the programme for optimising the energy consumption and providing new units with own-generated energy. The programme covers measures to update equipment and build new generating capacities. In particular, Cherepovets Steel Mill is engaged in the recycling of blast furnace gas and coke oven gas, improving the process efficiency owing to the boiler units repairs, burners' modernisation, and combustion modes' adjustment.

In the reporting year, Cherepovets Steel Mill commissioned the top-pressure recovery turbine (TRT) No. 16. Power generation from TRT No. 16 amounted to 33.3 million kWh. As a result, the share of energy generation from Cherepovets Steel Mill's recycling power plants reached 7.4% against 6.1% in 2022.

In 2023, the steel mill also commenced the reconstruction of a turbine generator at TPP-PS-2. Following the retrofitting, Cherepovets Steel Mill intends to increase the unit's capacity to 110 MW. This will enable the Mill to increase the share of own generation, thus reducing the cost of purchasing third-party energy.

Medium-term goal

95%

share of own electricity generation in the total energy consumption at Cherepovets Steel Mill by 2030

Progress in 2023

77.8%

of electricity consumed at Cherepovets Steel Mill was own-generated in 2023
↑0.4 p.p. against 2022



Over the reporting period, Cherepovets Steel Mill generated 4,820 million kWh of electricity (with the 2023 target of 4,700 million kWh) in total. On top of that, the Mill achieved its newer personal best of 14,479 kWh per day in 2023.

Energy Consumption Metrics

GRI 302-1 **EM-MM-130a.1** **EM-IS-130a.1** **EM-IS-130a.2** **MED-22**

In 2023, Severstal's total energy consumption amounted to 337.8 thousand TJ, and Cherepovets Steel Mill's amount reached 313.0 thousand TJ. These figures are respectively 2.5% and 3.5% higher against the previous year due to the increased steel production.

The share of energy consumed from renewable and carbon-free sources in 2023 was 1.8%¹ (2.0% in 2022). With that, biofuel accounted for 0.04% of the total fuel consumption (0.07% in 2022). The share of grid electricity in the Company's total energy consumption in 2023 was 4.0% (4.4% in 2022).

Severstal's energy consumption², TJ

Indicator	2019	2020	2021	2022	2023
1) Fuel consumption, including	280,845	289,917	321,367	320,877	329,825
from non-renewable sources, including					
gaseous fuel ³	87,754	95,091	106,528	106,283	116,499
liquid fuel ⁴	12,642	12,440	13,472	12,296	12,257
solid fuel ⁵	180,202	182,123	201,200	202,085	200,930
from renewable sources (biofuel) ⁶	247	262	167	213	138
2) Energy consumption (third-party), including	17,939	16,322	18,908	15,457	14,513
electricity consumption, including					
purchased from RES and carbon-free sources ⁷	7,250	7,232	8,058	6,442	6,036
heat, including					
steam	614	596	607	523	484
hot water	833	583	657	577	352
3) Sales of energy generated (to third parties), including	6,357	6,332	6,985	6,674	6,496
electricity	1,534	1,528	1,585	1,530	1,553
heat, including					
steam	685	628	697	670	609
hot water	4,139	4,176	4,702	4,474	4,334
Energy consumption, total (1) + (2) - (3)	292,427	299,907	333,290	329,660	337,842

¹ Calculation under the formula: (fuel consumption from renewable sources + consumption of energy purchased from RES and carbon-free sources) / energy consumption total * 100.

² Data sources for conversion to GJ: data from Severstal's fuel suppliers and laboratories; 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2, Energy (less the data from Severstal's suppliers and laboratories).

³ Severstal makes use of the following gaseous fuels: natural gas, methane, propane, propane-butane. Cherepovets Steel Mill also uses coke oven gas and blast furnace gas for energy purposes; however, these fuels are not covered by the calculation of energy consumption, as they are derived resources from primary fuels. In 2023, coke oven gas and blast furnace gas consumption amounted to 112,710 TJ (107,777 TJ in 2022).

⁴ Liquid fuels used by Severstal include: fuel oil, diesel oil, gasoline, kerosene, including jet fuel.

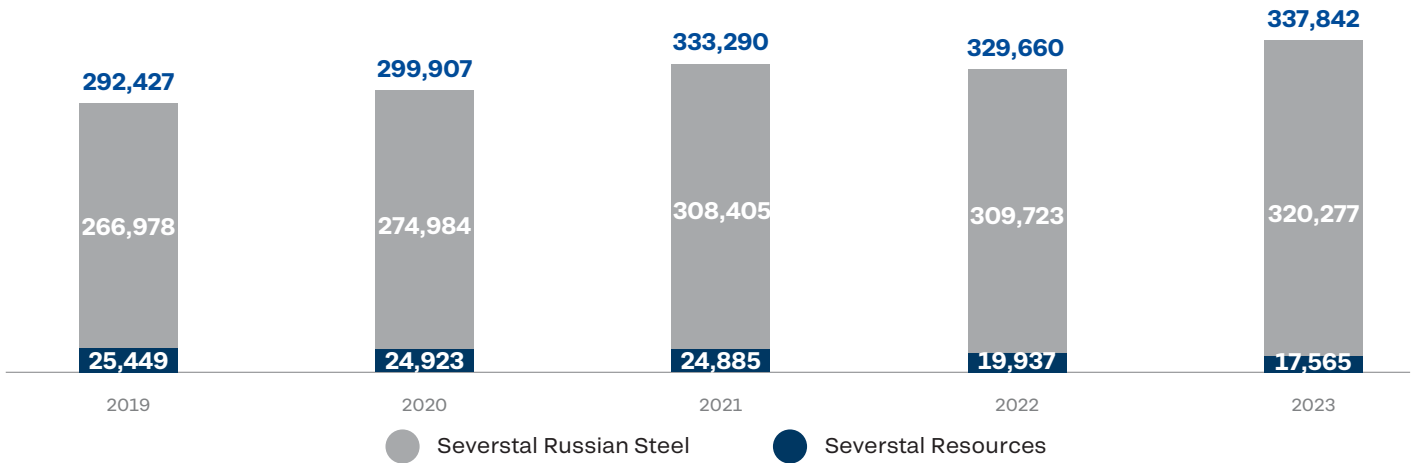
⁵ Solid fuels used by Severstal include: coking coal, steam coal, anthracite, peat.

⁶ Woodchips.

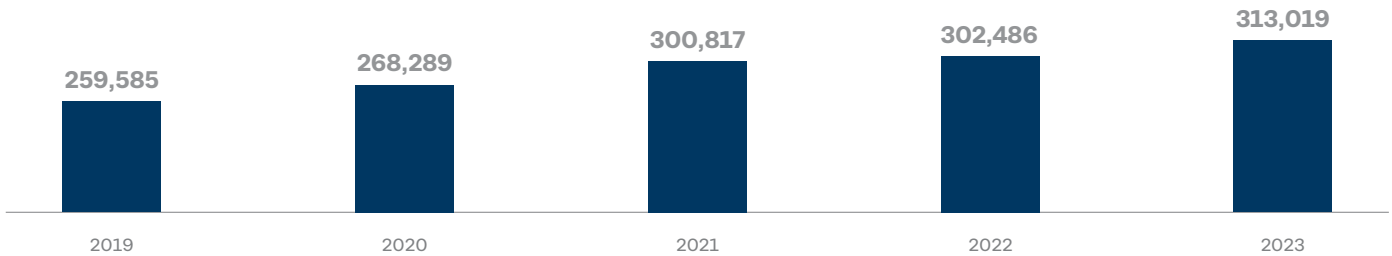
⁷ RES - solar, wind, water (small HPPs), biofuel; carbon-free sources - HPPs and NPPs. The information is based on the data of the System Operator of the Unified Energy System.

The major part of energy consumption accrues to Severstal Russian Steel whose share in the Company's total consumption amounted to 95% in 2023.

Severstal's energy consumption by segments, TJ



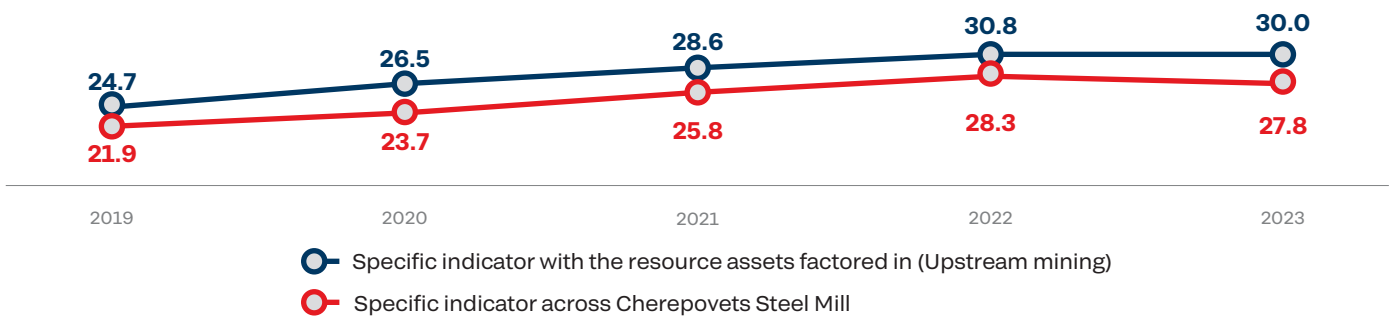
Cherepovets Steel Mill's energy consumption, TJ



GRI 302-3 MED-23

Severstal's specific energy consumption, with account taken of the resource assets, amounted to 30.0 GJ/tonne of steel in 2023. The value is 2.8% lower against the previous year. Implementation of the Decarbonisation Strategy measures, in addition to reducing carbon intensity, will also contribute to reducing the Company's energy intensity in the future.

Severstal's energy intensity, GJ/tonne of steel¹



In terms of the revenue and net added value, Severstal's specific energy consumption in 2023 reached 463.9 GJ/RUB million and 938.7 GJ/RUB million respectively.

Plans for 2024 and Mid-Term

Severstal's plans for 2024 and mid-term include:

- continuation of implementation of the programme for achieving the 95% share of own-generated energy in Cherepovets Steel Mill's total energy consumption;
- generation increase at TPP-SS after the construction of the boiler unit is completed;
- turbine generator modernisation at TPP-PS-2.

¹ The numerator is energy consumption calculated under the GRI 302-1 formula, and the denominator is total crude steel production.

Environmental Protection

2023 Highlights

RUB 6.1 billion
environmental protection
expenditures (↑1.7%¹)

15.9%

reduction in pollutant emissions
at Cherepovets Steel Mill under
the Clean Air federal project against
the 2017 baseline

98.2%

share of water recycling (↓0.2 p.p.)

98.0%

share of waste recycling (↓1.1 p.p.)

UN Global Compact Principles

Principle 7. Businesses should support a precautionary approach to environmental challenges.

Principle 8. Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9. Business should encourage the development and diffusion of environmentally friendly technologies.

Material Topic

- Air quality
- Water use and impact on water resources
- Waste management
- Land resources and biodiversity

UN Sustainable Development Goals



¹ Hereinafter, against 2022.

Environmental Management System

GRI 3-3

Severstal considers environmental protection issues to be of utmost priority. At all stages of its operations, the Company focuses on the prevention and minimisation of the environmental footprint, rational use of energy, water and material resources, and efficient waste management.

In working out its environmental policy, Severstal is guided by federal laws on environmental protection and the sanitary and epidemiological well-being of the population, and takes account of its contribution to achieving the national development goals of the Russian Federation and the UN Sustainable Development Goals.

Key documents on environmental protection

Internal

- [Environmental Policy](#). Sets forth Severstal's environmental protection priorities.
- [Targeted environmental programme](#). Includes measures in the priority areas of environmental protection, implementation of best available technologies among them; covers all business units of the Company.
- [Monitoring and Conservation of Biodiversity Standard](#). Establishes the system for managing the risks of potential changes in biodiversity triggered by Severstal's operations.
- [Management of Used Water Resources Guidelines](#). Establishes the principles of rational water resources management and integration of the unified water protection principles across all of the Company's enterprises.
- [Ensuring the Safety of Hydrotechnical Facilities Guidance](#).¹ Governs the procedure for observing the safety requirements throughout the life cycle of hydrotechnical facilities.
- [Emergency response plans for hydrotechnical facilities](#).² Approve the response sequence at the occurrence of emergencies at these facilities.

External

- Federal Law dated 10.01.2002 No. 7-FZ On Environmental Protection.
- Federal Law dated 03.06.2006 No. 74-FZ The Water Code of the Russian Federation.
- Federal Law dated 04.05.1999 No. 96-FZ On Atmospheric Air Protection.
- Federal Law dated 24.06.1998 No. 89-FZ On Industrial and Consumption Waste.
- Law of the Russian Federation dated 21.02.1992 No. 2395-1 On Subsoil.
- Federal Law dated 24.04.1995 No. 52-FZ On Fauna.³

In early 2023, under the [Sustainability Strategy 2030](#), the Company established the strategic environmental targets supervised by Severstal's senior management as applicable to the progress in achieving thereof.

[For more details regarding strategic targets and functions of the supreme governing bodies, see the Sustainable Development Management section, page 63.](#)

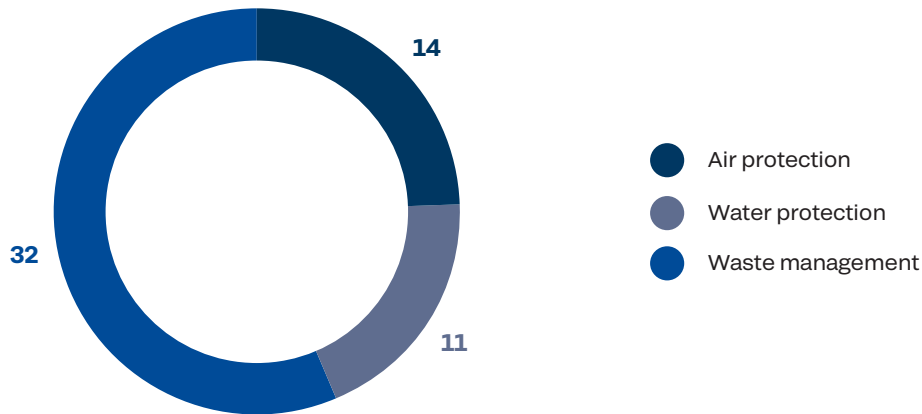
^{1,2} This document is only available in Russian.

³ The Company also adheres to the requirements of such laws and decrees as: Federal Law dated 30.03.1999 No. 52-FZ On Sanitary and Epidemiological Welfare of the Population, Federal Law dated 26.07.2019 No. 195-FZ On Holding the Experiment on Quoting Pollutant Emissions and Amending Certain Regulations of the Russian Federation to Reduce Air Pollution, Federal Law dated 17.02.1995 No. 16-FZ On Ratification of the Convention on Biological Diversity, Decree of the President of the Russian Federation dated 07.05.2018 No. 204 On the National Goals and Strategic Objectives of the Development of the Russian Federation for the period up to 2024, Decree of the President of the Russian Federation dated 21.07.2020 No. 474 On the National Development Goals of the Russian Federation for the period up to 2030.

In addition to the Sustainability Strategy goals, internal goals are in place for the Company's enterprises under the implementation of the targeted environmental programme (TEP), including the annual prevention of major environmental incidents.

In the reporting year, Severstal approved **57** TEP activities for implementation. As at the year-end 2023, the Company completed **30** TEP projects. The rest of activities were included by Severstal in the Ecology section of the annual investment programme and will be attended to in 2024. In the reporting year, the Company allocated a total of RUB **1.7** billion for TEP.

TEP activities carried out in 2023, pcs



At its enterprises, Severstal introduced the Environmental Management System (EMS), that is the management model that aims to ensure a clearer allocation of powers and responsibilities at the enterprises, improve the environmental performance and compliance with best environmental practices. Nine of Severstal's enterprises¹, with a total of around 93% of the staff², are certified under the ISO 14001:2015 standard. Independent external audits conducted at the certified enterprises in 2023 reaffirmed the full compliance with the international standard requirements. In particular, the recertification audit of PAO Severstal's EMS was successfully completed in the reporting year.



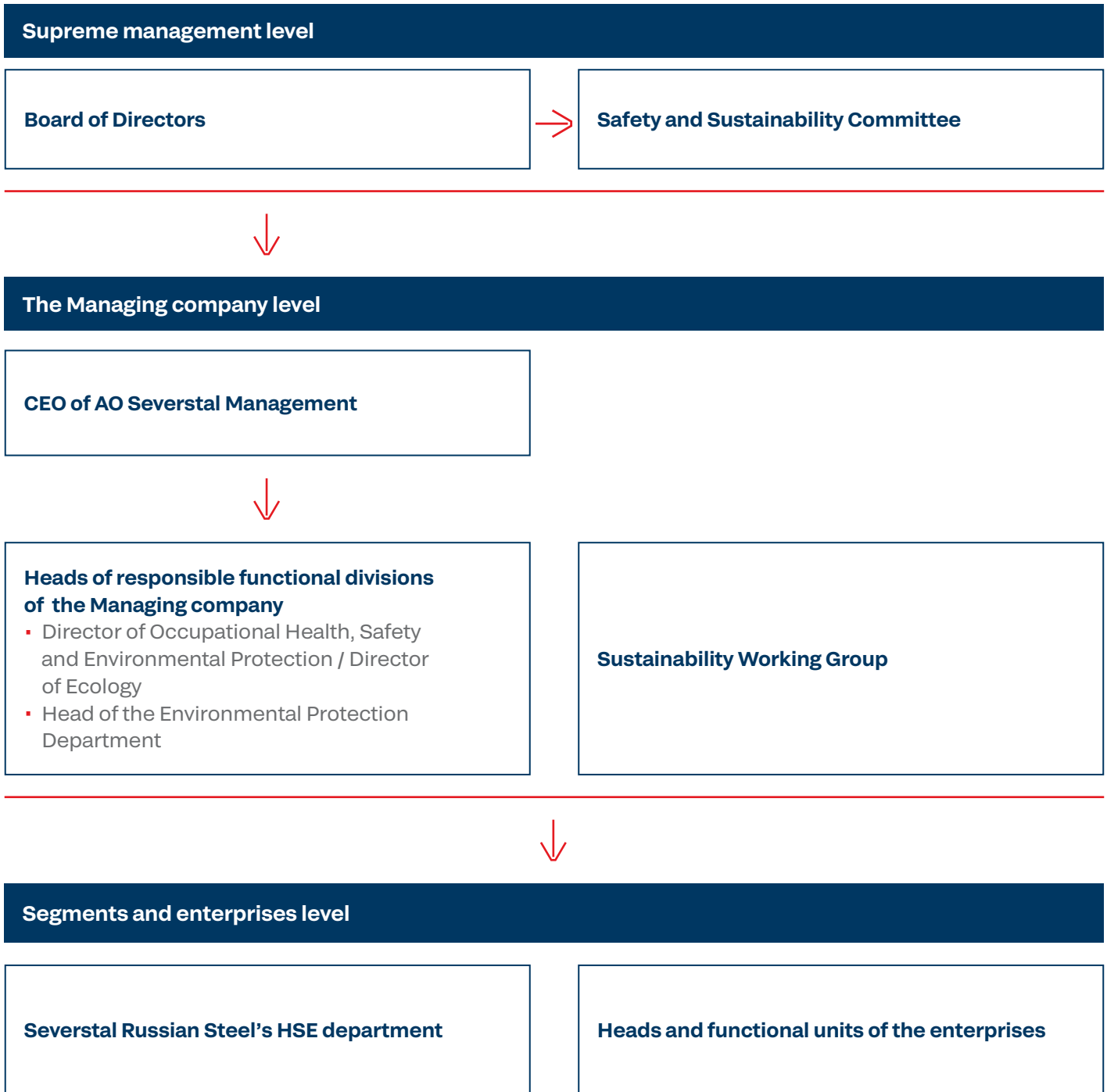
¹ PAO Severstal (Cherepovets Steel Mill, LPC TPP, TPZ-Sheksna sites), ITZ, SMC-Vsevolozhsk, Severstal-Metiz, Orlovskiy Steel Rolling Plant, Severstal Kanaty, Karelsky Okatysh, Olcon, Yakovlevskiy Mine.

² Among the enterprises with an environmental footprint.

Environmental Management Structure, KPI System and Training

At Severstal, the issues related to efficient use of resources and environmental protection are supervised and managed by organisational-and-structural units of various levels.

Environmental management structure



Allocation of responsibility in environmental protection management

Business unit	Key environmental protection functions
At the supreme management level	
Board of Directors	<ul style="list-style-type: none"> ▪ Approval of strategic priorities, goals and objectives in environmental protection ▪ Approval of a list of essential environmental risks ▪ Supervision over the implementation of environmental measures and achievement of targets in environmental protection
Safety and Sustainability Committee	<ul style="list-style-type: none"> ▪ Giving recommendations to the Board of Directors on compliance with best environmental practices, environmental reporting standards, applicable environmental laws, and nature-related criteria of ESG ratings ▪ Coordination of the formation of environmental reporting drafting and actualisation of the fundamental corporate documents in environmental protection ▪ Assessment of the progress in reaching the environmental targets ▪ Identification of material environmental risks, and reviewing risk mitigation plans ▪ Analysis of significant environmental incidents and breaches of environmental laws
At the Managing company level	
CEO of AO Severstal Management	<ul style="list-style-type: none"> ▪ Supervision over the functional units' activities, including in environmental protection
Director of Occupational Health, Safety and Environmental Protection / Director of Ecology	<ul style="list-style-type: none"> ▪ Making sure the strategic environmental protection decisions accepted by the Safety and Sustainability Committee are implemented
Head of the Environmental Protection	<ul style="list-style-type: none"> ▪ Fostering cooperation between all divisions of the Company to implement environmental protection measures
Department	<ul style="list-style-type: none"> ▪ Addressing the current challenges, including those in environmental protection, by representatives of the divisions comprising the Working Group
At the level of segments and enterprises	
Severstal Russian Steel's HSE department	<ul style="list-style-type: none"> ▪ Control over the observance of environmental protection standards and requirements
Heads and functional units of the enterprises	<ul style="list-style-type: none"> ▪ Dealing with environmental issues at the level of their enterprises

In 2023, in order to improve the environmental and sustainability performance in general, the environmental function was removed from the Occupational Health, Safety and Environment Directorate and singled out into a separate function, i.e., Directorate for Ecology.

To date, the following environmental KPIs are in effect for managers at the segments' enterprises and in structural divisions of Severstal:

- zero accidents at hazardous production facilities;
- zero major environmental accidents;
- zero environmental breaches;
- zero over-limit emissions, discharges, and waste disposal;
- achievement of the targets for reducing the air pollution and impact on water bodies and increasing the waste recycling share (in line with the approved Sustainability Strategy 2030);
- implementation of the measures under the targeted environmental programme;
- achievement of the Clean Air federal project metrics and reduction of pollutant emissions as part of the relevant comprehensive programme (for Cherepovets Steel Mill).

To form a responsible attitude towards the environment among its employees, the Company conducts respective training on an annual basis. In 2023, 2,562 employees were covered by the environmental training events. The training included studying the current issues of environmental safety and performance improvement, transition to best available technologies, elaboration of technological standards, and obtaining a comprehensive environmental permit (CEP).

Environmental Risk Management

The Company formed an environmental risks register for its enterprises that is reviewed annually by the Chairman of the Board of Directors as part of the procedure for presenting the strategic and investment programmes in the Ecology pillar. In particular, this refers to assessment of the risk mitigation measures implemented by the enterprises.

Environmental risks are defined for the period of delivering the targeted environmental programme 2036 in the core environmental protection areas, i.e., air, water, waste, operating the hazardous production facilities exposed to the risk of oil product spills or emergencies.

Each of the risks is ranked by the Company according to the established scale depending on the assessment of potential damage and probability of risk occurrence.

Among the material environmental risks and risk management measures, Severstal singles out:

- regulatory risks (compliance with environmental laws, shaping new regulatory requirements);
- reputational risks (minimisation of accidents occurrence);
- technological risks (charge components alteration, equipment operability maintenance).

[For more details regarding environmental risks and risk management measures, see the Efficient Risk Management section, page 43.](#)

Stakeholder Engagement on Environmental Agenda

In 2023, the Company reviewed the environmental protection issues within the framework of its participation in the activities of the following organisations:

- the Commission on Occupational Health and Safety, Environmental Safety of the Russian Steel Association;
- the Committee on Ecology and Environment Management, the Committee on Biodiversity Conservation of the Russian Union of Industrialists and Entrepreneurs (RSPP);
- Technical working groups of the BAT Bureau on updating BAT information and technical reference books;
- UN Global Compact National Network;
- Interdepartmental working group on the regulation of pollutant discharges into water bodies;
- Scientific and Technical Council and working groups under the Federal Service for Supervision of Natural Resources (SER¹ Organisation and Implementation, BAT and CEP, Air Protection, Water Bodies Protection, Biodiversity Conservation, Subsoil Protection and Sustainable Use);
- the Expert Council for Technical and Economic Evaluation of Investment Projects on BAT Integration;
- the Ecology and Environmental Protection Committee of the Russian Managers Association;
- Federal State Unitary Enterprise Federal Environmental Operator;
- Project office of the Clean Air federal project.

¹ State Environmental Review.

In the reporting year, Severstal continued to participate in advancing the environmental protection regulation. In particular, at the meetings of the Committee on Ecology and Environment Management of the Russian Union of Industrialists and Entrepreneurs (RSPP), the Company's representatives contributed to the elaboration of a wide spectrum of statutory regulations on specific environmental protection aspects, such as air and water quality, safe waste management, land use, etc.

On top of that, Severstal continued to extensively participate in the events aimed at discussing topical environmental issues and exchanging best environmental practices in the reporting year. The Company's specialists attended the following venues:

- X Nevsky International Ecological Congress;
- Preserving the Natural Environment and Cultural Heritage of Vologda Region ecology conference;
- Seminar on best available technologies held by employees of Federal State Autonomous Institution Research Institute CEPP for managers in BAT and CEP;
- Roving seminar held in Cherepovets on the BAT mechanism application for industrial enterprises in Russia;
- All-Russian forum of the Energy and Environmental expert community;
- HSE DAYS forum for HSE (Health, Safety, Environment) experts;
- The Clean Country international exhibition and forum devoted to innovative technologies for addressing the essential issues of the environmental agenda;
- Best Available Technologies in Ferrous Metallurgy. Cast Iron and Steel Production international industrial conference.

In 2023, within the framework of the public debate procedure with the participation of stakeholders, the following discussions took place: the East overburden dump of the central and southern sections of the Kostomuksha iron quartzite deposit of AO Karelsky Okatysh and the project of reconstruction of the ferrous metal ore concentration plant and tailings facility of AO Olcon. No points of criticism were raised either by the public or the administration.

Severstal carried out environmental education activities

My Severstal city festival

The Metallurgical Industry Museum hosted the ceremony of awarding the winners of My Severstal city festival held jointly with the Department for Education, Cherepovets. Summarising the results of the contests united by the topics of metallurgy, ecology and history of the region, the jury selected the best ones among 80 participants. The winners were awarded by diplomas and gifts.

Environmental Knowledge Day

Olcon specialists conducted open environmental lessons as part of the Environmental Knowledge Day. The in-house ecologists told the high school students about the plant pollution problems and introduced them to Olcon's environmental projects.

Excursion to the Cherepovets Steel Mill industrial site for students

Students of the Cherepovets State University majoring in social technologies visited the Cherepovets Steel Mill industrial site to get to know about the enterprise's environmental activities. The excursion route passed through the core production units. The event featured speeches by the Advisor to the CEO of the Severstal Russian Steel segment, the Environmental Manager of the Company's Occupational Health and Safety Department, and the Chairman of the Standing Committee on Ecology and Environmental Management of the Legislative Assembly. The students learnt about Severstal's role in implementing the Clean Air federal project, the actual reduction in air emissions and discharges into water bodies, biodiversity conservation, and cooperation with the academic community.

Steel ECOpositive marathon

Cherepovets hosted the award ceremony honouring the winners of the Steel ECOpositive environmental intellectual and creative marathon held with support from Severstal. It included the activities in arts and crafts, intellectual and research creativity, and the winners were determined by the jury that evaluated the presented works for each competition separately. The marathon was joined by the Cherepovets educational institutions. The age range of the participants varied from young people to the eldest generation.

Severstal's volunteers participated in environmental activities and clean-up days

Clean Industrial Spring campaign

A traditional Saturday clean-up day (subbotnik) was held at Yakovlevskiy Mine, bringing together more than 50 participants – employees and their families. They were engaged in felling and whitewashing trees, tying young maples, collecting dry branches, sweeping the asphalt, and painting the curbs. By holding the clean-up day, the enterprise supported the Clean Industrial Spring campaign.

All-Russian subbotnik

Karelsky Okatysh's employees cleaned up the shores of the lake Kontokki. The enterprise's volunteer team cleaned the territory of the public garden and made houses and feeders for squirrels inhabiting the Park of Culture and Recreation on Chukhonka in Kolpino. Additionally, Company employees were extensively involved in collecting food for squirrels initiated by the Kolpinets Youth House under the Three Tails campaign.

The North is Clean! project

Olcon's employees and volunteers took part in a large-scale Arctic clean-up day in Teriberka under the North is Clean! project.

Good Summer campaign

Severstal held an environmental volunteer event in six Russian cities. Around 100 volunteers from the Company's offices in Moscow, Saint Petersburg, Cherepovets, Lipetsk, Samara, and Murmansk joined the Good Summer campaign. In Moscow, it was held on the premises of the Tsitsin Main Botanical Garden of the Russian Academy of Sciences. The Company's activists contributed to the Russian Oak Tree project for restoring the historical look of the Botanical Garden oak trees. In Saint Petersburg, Severstal's volunteers joined the weeding of shrubs in the main alleys of the Primorsky Park. In Murmansk, the activists organised a clean-up day at the Abram-Mys spring contributing to the From a Spring to the Ocean project.

Urban greening campaign

182 linden trees were planted on the Sheksninsky Avenue in Cherepovets using the seedlings provided by the Company. The trees were planted by metallurgists, ecologists, students, and specialists of Rosprirodnadzor's regional department

All-Russian River Marathon campaign

The event was held on the occasion of the Volga Day on the bank of the Sheksna River and was organised and attended by Severstal's employees. With their help, over 700 metres of the bankline was cleaned, and over 32 m³ of garbage was collected and removed therefrom.

Every year, Severstal monitors social sentiment in the major cities of its presence. The survey is carried out in the form of personal interviewing and covers urban dwellers aged over 18. In 2023, 57% of the respondents in Cherepovets point out that Severstal cares about reducing its environmental footprint. According to 55% of Kostomuksha's residents, Severstal places emphasis on the environmental issues and reduction of the environmental impacts. In particular, based on survey results 48% of the respondents in Olenegorsk and 54% of those in Yakovlevo share a common opinion that the Company looks out for reducing its environmental impact.

The environmental protection issues essential for the stakeholders are monitored by Severstal through, inter alia, its Unified Hotline. Severstal regularly and thoroughly reviews the submissions related to environmental protection. In 2023, no such submissions were received.

Environmental Supply Chain Responsibility

Owing to its vertically integrated business model, Severstal almost completely controls the actual environmental footprint in the considerable part of its supply chain. To regulate the interaction with suppliers of feedstock, materials, equipment, and services in environmental protection issues, the Company included the environmental requirements and expectations in the documents governing the contractor engagement and in the contractor pre-qualification procedure based on the ESG criteria.

The Company maintains cooperation with environmentally responsible suppliers who rationally use the natural resources and implement measures on negative environmental impact minimisation.

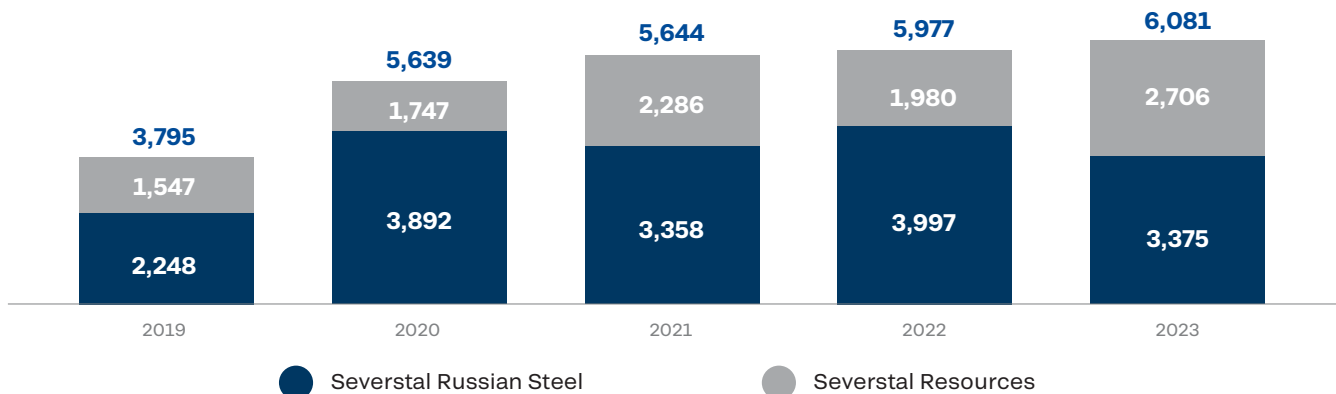
[For more details regarding supplier assessment by environmental criteria, see the Counterparty Assessment for Compliance with Sustainability Criteria section, page 85.](#)

Environmental Expenditures and Observance of Environmental Laws

MED-10 **MED-21**

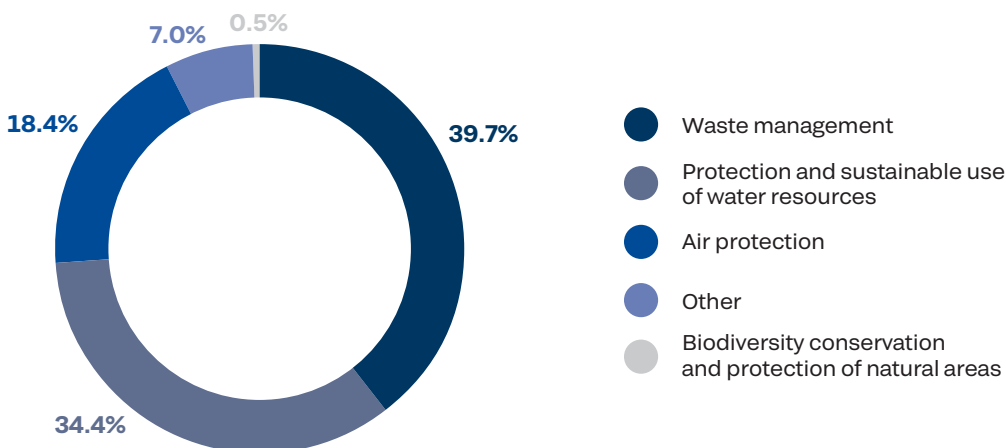
As at year-end 2023, Severstal’s total environmental expenditures, inclusive of the operational costs and investments, amounted to over RUB 6 billion, up 1.7% against 2022. The difference is attributed to the time and cost intensiveness of the implementation stages in specific periods.

Environmental protection expenditures, RUB million



The structure of the environmental protection expenditures changed due to the reduced share of costs for the protection and rational use of water resources (44.1% in 2022).

Key environmental investment areas in 2023



GRI 2-27

In 2023, the state supervisory authorities conducted eight inspections at four Severstal’s enterprises to verify with the observance of environmental protection requirements and did not reveal either the grounds for imposing substantial environmental fines or environmental damages¹. Likewise, no incidents / major accidents with significant environmental impacts took place in 2023.

The total amount of fines paid by the Company was RUB 200,000. Beyond that, the Company paid RUB 740,000 as compensation for the environmental damage inflicted in 2022. In 2023, the share of over-limit payments in the total environmental fee was 33.1%.



Severstal’s environmental protection awards in 2023

- Platinum status in the Forbes Russia rating in the Environment (E) category.
- Winner in the For Contribution to Addressing Strategic Environmental and Climate Challenges category of the Leaders of Responsible Business national award.
- Winner in the Environmental Protection and Resource Conservation category of the XX Mining and Metals Company of High Social Performance sectoral competition.

¹ The Company considers an amount exceeding USD 1,000,000 as a materiality criterion.

Air Pollution

Short-term goal

↓ 13%

reduction of Severstal's gross pollutant emissions by 2025 against the 2017 baseline

Progress in 2023

↓ 6.5%

reduction against 2017 (↓7% reduction against 2022)



Approach to Management

GRI 3-3

Atmospheric air quality is of crucial importance both for the residents of Severstal's regions of presence and Company employees. In the awareness of this fact, Severstal takes a responsible approach to such fundamental issues as regular air monitoring, strict control over the content of pollutants at the sources of emissions and within the area of their impact, and implements projects for air emissions reduction.

To minimise negative impacts of its production processes, the Company makes use of efficient dust-trapping units and, as part of industrial environmental control (IEC), regularly measures concentration of pollutants at the sources of emissions and in the ambient air in order to assess the efficiency of the actions taken. Such measurements are performed by certified environmental laboratories.

Severstal places special emphasis on the air quality in Cherepovets, a participant to the Clean Air federal project, where Cherepovets Steel Mill, the Company's key production asset, is located. During 2023, a certified laboratory conducted over 3.5 thousand tests of the atmospheric air composition in the locality. To make Company employees and local residents aware of the research data, the values are displayed monthly on a special electronic bulletin board installed by the Company.

In addition to industrial control, air quality monitoring is carried out by supervisory authorities,

such as Rosprirodnadzor, the laboratory of the Centre for Laboratory Analysis and Technical Measurements (CLATI), and Rospotrebnadzor. For example, Rospotrebnadzor conducted about 11,400 atmospheric air quality studies by 19 indicators in 2023. Following the results of those measurements, no deviations from hygienic standards were identified.

Severstal developed a programme for replacing the aspiration and gas treatment systems

To rule out the risk of accidents resulting from the inappropriate condition of the aspiration and gas treatment systems, in 2023, Severstal developed a programme and guidelines for their replacement. According to the methodology adopted, in assessing the systems' condition and identifying the necessity of their repair or replacement, the Company relies upon specific criteria, such as standard service life, compliance with emission standards, condition, conformance with data sheets, and availability of automatic emission accounting systems. Based on these criteria, Severstal compiled a list of aspiration and gas treatment systems to be upgraded or replaced by 2030.

Participation in the Clean Air Federal Project and Emission Reduction Measures

To mitigate Cherepovets Steel Mill's negative impacts on the Cherepovets atmospheric air, Severstal phases in the own-developed Comprehensive programme of pollutant emissions reduction measures. Severstal's initiatives are included in the Comprehensive action plan for pollutant emissions reduction approved by the Government of the Russian Federation on 29 July 2022 and the Action plan to achieve emission quotas agreed upon on 14 December 2022 by the Interdepartmental Council for the Experiment on Pollutant Emission Quotas (excluding radioactive substances) based on the data from summary calculations of atmospheric air pollution. In doing so, Severstal contributes to achieving the goal, within the framework of the federal project, of reducing emissions of pollutants and hazardous (priority) pollutants¹ in Cherepovets by at least 20%.

18 of **26** activities

Severstal has already accomplished scheduled under the project

RUB **46.7** billion

will be allocated by the Company for all activities (actual expenditures exceed RUB 20.1 billion)

As an active participant to the Clean Air federal project within the framework of the Comprehensive action plan for pollutant emissions reduction, Severstal set its goals to reduce gross pollutant emissions and priority (hazardous) pollutants generated by Cherepovets Steel Mill. To achieve these goals, Cherepovets Steel Mill delivers projects for upgrading the production facilities and replacing the aspiration and gas treatment units. The approved programme involves KPIs related to emission reduction that are in effect for the enterprise's senior management.

Short-term goals of Cherepovets Steel Mill	Progress in 2023
<p>↓ by at least 20% reduction in Cherepovets Steel Mill's gross pollutant emissions by 2025 against the 2017 baseline</p>	<p>↓ 15.9% reduction against 2017</p>
<p>↓ by at least 20% reduction in Cherepovets Steel Mill's priority (hazardous) pollutant emissions by 2025 against the 2017 baseline</p>	<p>↓ 12% reduction against 2017</p>

Severstal is among the companies who pioneered to attain the goals set out in the Clean Air federal project as early as by the year-end 2024. The goals are to be achieved ahead of the project deadline (late 2026) owing to consistent implementation of the approved and funded set of emission reduction measures.

¹ Under the Clean Air federal project, priority pollutants are understood as substances the emissions of which affect the exceedance of hygienic air quality standards and pose a risk to human health. These include sulphur, nitrogen and metal oxides, polycyclic aromatic hydrocarbons, suspended matter, and hydrocarbons.

Emission reduction activities under the Clean Air federal project

Over the reporting period, the Company carried out a number of activities on the reduction of emissions into the atmospheric air under the Clean Air federal project that are also included in the Sustainability Strategy 2030. Their efficiency is substantiated by the results of the atmospheric air condition assessment conducted in Russia's largest cities in 2023 by Strelka KB consulting firm on the basis of own developed verified methodology – TAQI. The scope of the analysis covered the concentrations of the five most significant air pollutants in the air, i.e., carbon oxide, formaldehyde, sulphur dioxide, nitrogen dioxide, and aerosols. Notwithstanding the fact that Cherepovets is a large industrial hub, it was not included in the [ranking of the most polluted cities](#)¹, partly owing to Severstal's extensive efforts to reduce air emissions.

■ Construction of a new boiler house

Cherepovets Steel Mill continued its work on the construction of a new boiler house with a boiler unit No. 11. This power facility will make it possible to increase the electricity generation at the enterprise by 181,390 thousand kWh/year. Through the use of blast furnace and coke oven gas for power generation, Cherepovets Steel Mill will reduce its natural gas consumption. The economic potential would amount to about 400 tonnes of reduced atmospheric emissions, including priority pollutants. Under the project, the required equipment was delivered to the site, and the works for installing the boiler unit (77% of completeness), pipelines and gas ducts (33% of completeness), and erecting the boiler house building (70% of completeness) were executed in 2023. The Company intends to put the boiler house into operation in 2024.

■ Dismantling of the outdated coke battery No. 9

In 2022, Severstal shutdowned the coke battery No. 9 for its scheduled replacement with a newer, more advanced coke battery No. 11. The new coke battery No. 11 was launched in 2022. It is equipped with environmentally friendly technologies: modern aspiration and gas treatment units to localise emissions during the handling and transportation of coal charge and coke, and a combustion system for carbon oxide from dry coke quenching chambers were installed.

In 2023, the Company completed the dismantling of the coke battery No. 9, which enabled Cherepovets Steel Mill to reduce the aggregate pollutant emissions by more than 1,700 tonnes, and emissions of hazardous (priority) pollutants – by more than 900 tonnes.

■ Reconstruction of electric filters at sinter plant No. 3

The Company has been gradually replacing the sinter plant's five outdated electric filters since 2018. Earlier on, Cherepovets Steel Mill reconstructed two electric filters of the aspiration air treatment system. In 2023, the replacement of electric filter No. 9 was completed at sinter plant No. 3, and the works on electric filters Nos. 11 and 12 are underway. Upon completion of all works under the electric filter replacement project, post-treatment dust concentration is expected to fall from 170 mg/m³ down to 30 mg/m³, with a 75 tonne decrease in emissions at replacement of each electric filter.

■ Decommissioning of three sinter machines at sinter plant No. 2

To achieve the emission reduction target of at least 20% by 2025, as envisaged by the Clean Air federal project, Severstal scheduled the shutdown of three sinter machines at sinter plant No. 2 of Cherepovets Steel Mill for 2024. It will make it possible to reduce pollutant emissions by over 40,000 tonnes. To ensure the continuous supply of feedstock to blast furnace production at shutdown of the sinter machines, in 2023 the Company built a SI-3 conveyor at the charge preparation shop. At the end of the reporting year, Cherepovets Steel Mill ran the conveyor idle. The enterprise intends to complete the project in 2024.

■ Revamping of blast furnace No. 5

In preparing for the overhaul of blast furnace No. 5 in 2023, Cherepovets Steel Mill carried out pre-shutdown operations. In 2023, it commenced the works on the dust trap replacement. The launch of new equipment shall improve performance of blast furnace gas treatment and dust trapping. The casthouse operations performed at that stage included dismantling and inspection of taphole drilling equipment with further installation of the equipment inspected, dismantling of aprons, sand bedding, replacement of metalwork elements, heat shields under the casthouse, and hydraulic lines. The enterprise arranged new foundations on each quarter of the casthouse, renewed the main and transport chutes, installed drainage openings and aspiration systems, which will ensure the maximum capture of waste gases, thus improving the labour conditions at workplaces. Concurrently with the casthouse operations, the slag granulation units were repaired, with dewaterers replaced.

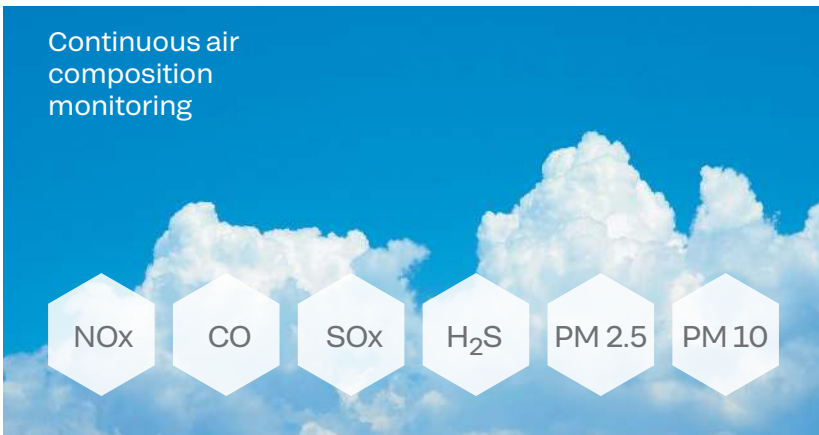
¹ This website is only available in Russian.

Emission monitoring system in Cherepovets

In 2023, Severstal commenced establishing own air quality monitoring network in Cherepovets using small-sized sensors. These devices will enable the Company to obtain data on the actual concentrations of pollutants in the atmospheric air online, both at the enterprise boundary and in the residential quarters in the area of potential impact, to promptly take actions, as and where necessary, and to assess results of the emission reduction measures in progress, including those under the Clean Air federal project. In 2023, the Company proceeded to equipping all residential quarters of Cherepovets with monitoring stations, with a total of nine stations to be installed.

Sensors will monitor the content of carbon oxide, nitrogen dioxide, sulphur dioxide, hydrogen sulphide, and dust. The data received from the sensors will be transmitted by operators to a centralised console for primary processing. Likewise, the monitoring system will manage to notify specialists of any detected cases of exceeding the maximum allowable concentration (MAC) of controlled substances.

9 air monitoring points



Continuous air composition monitoring

NOx CO SOx H₂S PM 2.5 PM 10

- Prompt response to changes in air composition
- Assessment of the efficiency of the Company's activities to reduce pollutant emissions under the Clean Air project

The Company intends to complete the project as early as in 2024 and to test the monitoring system jointly with the Hydrometeorological Service during the commissioning. The testing is aimed to ensure convergence of the monitoring results obtained by the Hydrometeorological Service and those obtained by Severstal's network.

Severstal's activities to reduce pollutant emissions in 2023 (apart from participation in the Clean Air federal project)

	Activities	Progress in 2023	Status
Cherepovets Steel Mill	Charge preparation shop: reconstruction of the aspiration system of junction house No. 51	Reconstruction completed: the output dust concentration decreased from 119.9 to 7.6 mg/m ³	☑
	Coke batteries Nos. 5, 6: completion of the electric filter reconstruction at the dust-free coke pushing unit	Installation of the electric filter completed. Commissioning scheduled for 2024	➔





	Activities	Progress in 2023	Status
Karelsky Okatysh	Reconstruction of three electric filters: at the crushing and milling section of nonmetallic materials and at roasting machine No. 1	<ul style="list-style-type: none"> Design and working documentation for two electric filters at roasting machine No. 1 developed; required equipment supplied. Contractor selected for design engineering works and equipment supply for the electric filter at the crushing and milling section of nonmetallic materials; equipment inspected; documentation drafting and equipment manufacturing commenced 	→
	Upgrade of inefficient gas treatment systems	ATU-3 aspiration unit installed. ATU-4 unit installation underway	→
Olcon	Replacement of the outworn aspiration systems at the crushing and preparation factory	Design documentation for aspiration systems developed. Project completion scheduled for April 2024	→
Yakovlevskiy Mine	Development of design documentation for replacement of the aspiration systems at backfill complex No. 1 and in the area of water suppression, operation of mine shafts and lifts	The project is in progress: all sections elaborated, except for EIA/EPAP ¹ due to the absence of environmental surveys scheduled for the summertime. Activity completion scheduled for 2024	→

- completed

→ - in progress or postponed

Construction of an iron ore pellet production complex using environmentally friendly technologies

In 2023, the Company announced its project for setting up an iron ore pellet production complex on the premises of Cherepovets Steel Mill. In the course of the construction, Severstal will be observing all applicable environmental regulations and applying best available technologies (BAT), such as treatment of waste gases from sulphur compounds, use of automated emission control systems, and other process solutions. The project implementation is directly related to the modernisation of the production process and reduction of air emissions of not only pollutants but also of greenhouse gases. On top of that, the project implementation will be followed by creation of over 300 jobs.

Indicators of Pollutant Emissions

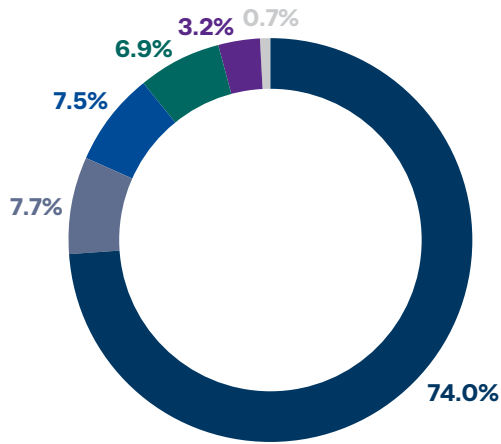
GRI 305-7 **EM-MM-120a.1** **EM-IS-120a.1**

The major impact on the atmospheric air associated with the Company's operations is made by the steelmaking processes. Cherepovets Steel Mill of the Severstal Russian Steel segment accounts for the largest share of pollutant emissions, the prevailing portion of which results from the sintering operations.

Carbon monoxide accounts for the majority of Cherepovets Steel Mill's air emissions due to the specific nature of the enterprise's production processes. In the reporting period, its share in the enterprise's gross emissions reached 80.7%.

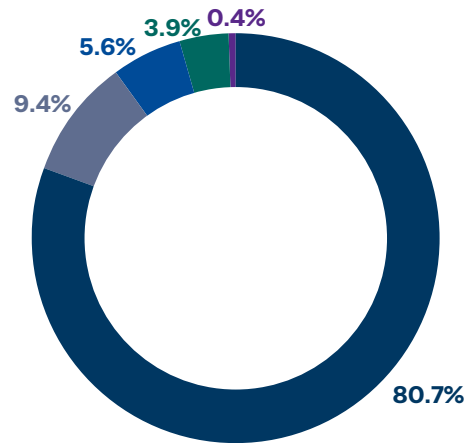
¹ Environmental Impact Assessment / Environmental Protection Action Plan.

Share of pollutant emissions generated by certain shops at Cherepovets Steel Mill in 2023



- Sinter
- Auxiliary
- Steelmaking
- Coke
- Blast furnace
- Rolling

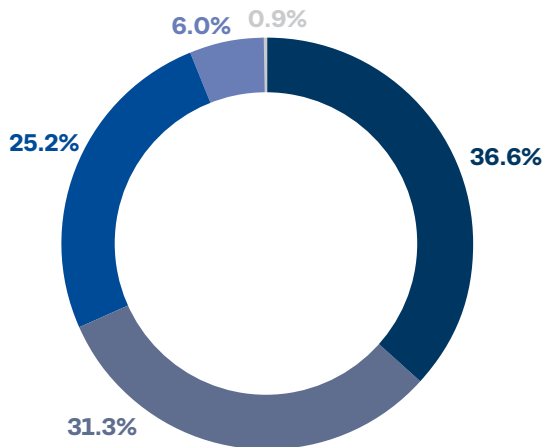
Composition of air emissions at Cherepovets Steel Mill in 2023



- Carbon monoxide (CO)
- Sulphur dioxide (SO₂)
- Particulate matter (dust)
- Nitrogen oxides (NO₂+NO)
- Other substances

The enterprise makes use of various devices for the purification of waste gases from pollutants. In 2023, these were primarily scrubbers, Venturi tubes, and bag filters.

Structure of gas treatment equipment at Cherepovets Steel Mill in 2023

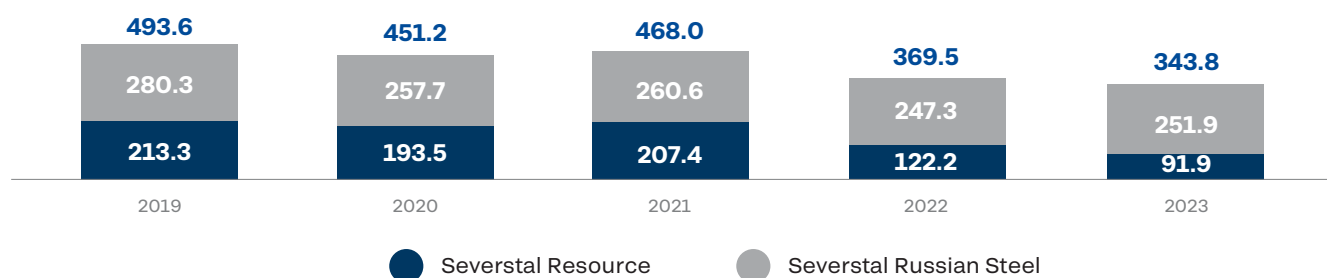


- Scrubbers and Venturi tubes
- Bag filters
- Cyclones
- Electric filters
- Other

GRI 305-7 | EM-MM-120a.1 | EM-IS-120a.1 | MED-19

In 2023, Severstal's air emissions totalled to 343.8 thousand tonnes, which is a 7% decrease year-on-year due to the efficient emission reduction measures and exclusion of Vorkutaugol from the reporting perimeter in 2022. Severstal Russian Steel accounts for the largest share of emissions (73% in 2023). Over the reporting period, the growth of emissions across this segment against 2022 was caused by an increase in the overall production of the core products at Cherepovets Steel Mill.

Severstal's pollutant emissions, thousand tonnes



Severstal's pollutant emissions broken down by substances, thousand tonnes

Type of pollutant	2019	2020	2021	2022	2023
Nitrogen oxides (NO ₂ +NO)	16.9	15.6	16.7	15.6	15.1
Sulphur dioxide (SO ₂)	97.3	101.6	104.4	98.8	101.2
Volatile organic compounds (VOCs)	0.9	0.9	1.1	1.3	1.3
Particulate matter (PM)	23.6	22.3	24.4	19.7	20.2
Carbon oxide (CO)	229.7	208.8	212.0	202.3	205.4
Other	125.2	102.0	109.4	31.8	0.6
Total	493.6	451.2	468.0	369.5	343.8

Absolute and specific pollutant emissions at Cherepovets Steel Mill

Pollutant emission indicators	2019	2020	2021	2022	2023
Nitrogen oxides (NO₂ + NO), thousand tonnes	11.4	11.0	10.4	9.7	9.9
(specific emissions), kg/tonne of steel	1.01	0.96	0.89	0.91	0.88
Sulphur dioxide (SO₂), thousand tonnes	27.4	25.7	24.7	22.4	23.4
(specific emissions), kg/tonne of steel	2.43	2.24	2.12	2.10	2.08
Volatile organic compounds (VOCs), thousand tonnes	0.4	0.4	0.3	0.3	0.3
Particulate matters (PM), thousand tonnes	14.1	14.0	15.1	14.0	14.0
(specific emissions), kg/tonne of steel	1.25	1.23	1.30	1.31	1.24
Carbon oxide (CO), thousand tonnes	219.7	204.8	208.0	198.8	202.1
(specific emissions), kg/tonne of steel	19.48	17.85	17.86	18.59	17.93
Other, thousand tonnes	0.6	0.5	0.7	0.7	0.7
Total, thousand tonnes	273.6	256.4	259.2	245.9	250.4
(specific emissions), kg/tonne of steel	24.26	22.36	22.26	23.00	22.21

2024 and Mid-Term Plans

Severstal plans the following activities for 2024 and the medium term:

- to decommission three sinter machines at sinter plant No. 2 at Cherepovets Steel Mill;
- to replace five aspiration and gas treatment units at Cherepovets Steel Mill and four such units at Karelsky Okatysh; and
- to commence implementation of nine projects for equipping the stationary sources of emissions with automatic accounting systems.

Responsible Water Use

Short-term goal

↓ 12%

Reduce pollutants discharged into water bodies exceeding the permissible discharges standards for Cherepovets Steel Mill by 2025 against 2017

Progress in 2023

↓ 11.3%

Reduction against 2017
(↓0.6 p.p. - reduction against 2022)



Approach to Management

GRI 3-3

Severstal's key document on responsible water use is the [Management of Used Water Resources Guidelines](#) (hereinafter, the Guidelines) that sets forth the unified water protection requirements for the Company's enterprises for ensuring a holistic approach to managing the impacts on water bodies.

The document stipulated that Severstal's primary water protection target is to achieve a technically acceptable and economically feasible level of reduction of the enterprises' impact on water bodies. To achieve this, the Company carries out wastewater treatment and makes use of water recycling systems.

GRI 303-1 GRI 303-2

For their production needs, Severstal's enterprises use mainly recycled water. Consumption from natural water bodies amounts to 1.8%. Nearly 100% of water for household needs is supplied to the enterprises from the Vodokanal municipal unitary enterprise (MUE). Wastewater is discharged into water bodies only after respective treatment at wastewater treatment facilities.

The main water consumers are Cherepovets Steel Mill (PAO Severstal) and Severstal Resources (Karelsky Okatysh, Olenegorskiy Mine, Yakovlevskiy Mine).

EM-MM-140a.1

Severstal regularly analyses the risks associated with the use of water resources. According to the World Resources Institute's [Water Risk Atlas](#), the regions where the Company's key water users operate (Vologda and Murmansk Regions, and the Republic of Karelia) are not water stressed. The level of water stress that reflects the ratio of overall water demand to available surface and groundwater reserves is less than 10% in the areas under review. This reflects the availability of sufficient water volumes for all water users in the areas under review, including the population, agricultural and industrial enterprises, and for water users located upstream and downstream of the rivers and watercourses.

[For more details regarding the specifics of water use and water protection activities of Severstal's enterprises, see the Severstal's Water Protection Activities Report¹.](#)

Key water use risks

Risk group	Risk mitigation activities
Carrying out activities without permits	<ul style="list-style-type: none"> Observance of statutory requirements on water intake and discharge
Over-limit discharges of pollutants	<ul style="list-style-type: none"> Development and implementation of measures to reduce pollutant discharges down to applicable standards (MPL²) Monitoring the wastewater pollution metrics on a regular basis

¹ This document is only available in Russian.

² Maximum permissible limit (MPL) means the maximum weight of pollutant allowed for discharge into a water body that, if met, enables achieving the quality of the environment in accord with environmental protection laws of the Russian Federation.

To exercise control over the observance of statutory restrictions and corporate governance standards in water use and prevention of over-limit impacts on water resources, Severstal takes the following steps:

- sets forth water intake and discharge limits in contracts with water suppliers and consumers, including pollutant discharge limits;
- carries out a regular monitoring of the water resource use, wastewater pollution levels, and natural water quality at baseline and control sections, and at the water discharge points, with the involvement of accredited organisations, the results of which are quarterly and annually submitted to the state supervisory bodies;
- exercises control over the performance and engineering status of water treatment equipment;
- implements water protection measures aimed to reduce the pollutant discharge into water bodies.

Heads of the Company's enterprises¹ shall meet the following requirements:

- provision of all the required water use and wastewater discharge permits;
- observance of the applicable water use and water discharge limits as well as pollutant discharge standards and limits;
- implementation of action plans for reducing the pollutant discharges to water bodies.

Responsible Water Use Activities and Projects

In 2023, Severstal's enterprises implemented a number of activities to reduce their impact on water resources.

Implementation of water use activities scheduled for 2023

	Activities	Progress in 2023	Status
Cherepovets Steel Mill	Implementation of a set of measures for building a system for final treatment of wastewater discharged into the Koshta River at outlet No. 3 to comply with the pollutant discharge standards (to be completed by 2026)	Contractor's pilot testing of final treatment of wastewater at outlet No. 3	→
	Commissioning of the storm sewage treatment plant for coke-agglomeration production	Completed	☑
	Completion of modernization of pumping station No. 8 for flat-rolled production	Completed	☑
	Commissioning of the condensate drainage system from blast furnace and coke oven gas pipelines at the boiler section of TPP-SS	Completed	☑
	Repair and maintenance of five filters at the unbalanced water treatment plant of the water supply shop	Completed	☑
	Continued research on the use of plants for final treatment of wastewater	Performing the work during the 2023 growing season. The work continuation is scheduled for 2024	→



¹ Except for the business units that dispose of wastewater only through centralised sewage systems.



	Activities	Progress in 2023	Status
Olcon	Construction of the 15th Anniversary of October pit wastewater outlet as part of its upgrade	Construction is scheduled to be completed in Q2 2024	→
	Testing of the pilot nitrous pollutant and heavy metal wastewater treatment system for the Korpanga deposit sediment dam	Implementation of the 2023 stage: testing of the pilot nitrous pollutant and heavy metal wastewater treatment system for the Korpanga deposit sediment dam	☑
Karelsky Okatysh	Preparatory works and further implementation of design solutions for building a closed-loop circuit of the new tailings facility section to discontinue the discharge of effluents into the tailings pond	Implementation of the 2023 stage	☑
	Commissioning of the continuous wastewater monitoring station at the Okunevoye Lake	The work is postponed to 2024	→
	Extension of the area of phytoremediation system (PRS) to 1,500 m ³ for wastewater treatment of the Korpanga deposit and to 4,000 m ³ for tailings facility effluent treatment (with further increase of the area and treatment volume until 2027)	Completed	☑
	Tailings pond development project	Obtaining a construction permit and commencing the work on the project	→
Yakovlevskiy Mine	Implementation of the activities as part of the project for creating a phytoremediation system made of artificial floating islands for treatment of mine water from metals, nitrogen group, oil products: construction and installation works at the site, its expansion, and pilot testing	The scope of completion of all scheduled works under the project is over 75%	→
	Refurbishment of household wastewater treatment facilities	The scope of completion is over 75%	→
OSPAZ	Implementation of the project for construction of surface wastewater collection and treatment facilities with connection of outlets Nos. 2 and 3 and return of treated wastewater to the technological water supply system (to be completed in 2026)	Performing land survey work, engineering and geological, engineering and geodesic, engineering and ecological, archaeological surveys. In progress: drafting the design specifications and cost estimates	→
	Construction of a new water intake unit on the Oka River to replace the unit in a state of alert	The facility is at the stage of commissioning and cadastral registration	☑

☑ - completed

→ - in progress or postponed

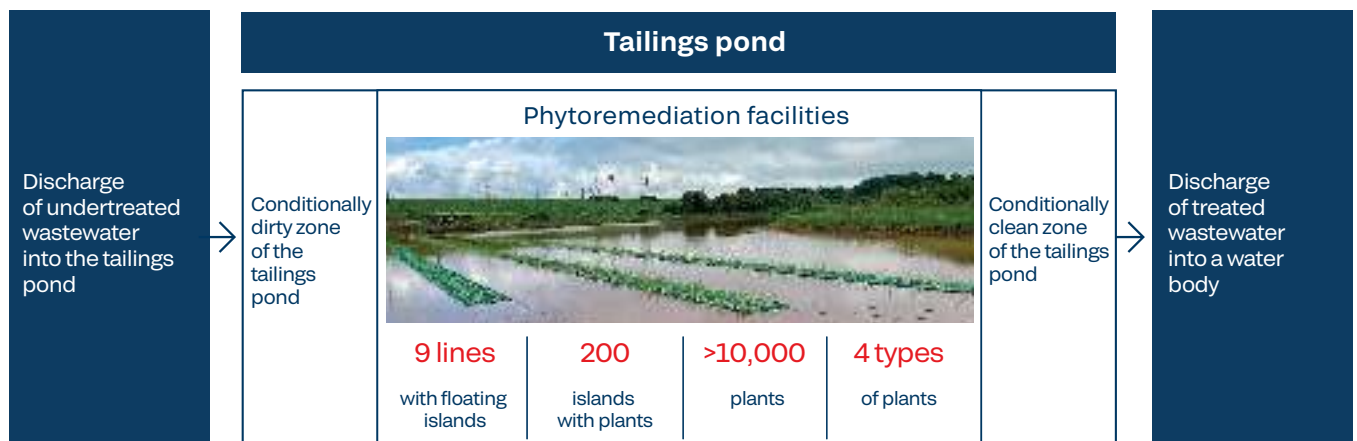
Wastewater phytoremediation at Severstal's facilities

Severstal installed wastewater phytoremediation systems at Cherepovets Steel Mill, Olcon, and Karelsky Okatysh and attends to similar works at Yakovlevskiy Mine.

Yakovlevskiy Mine

At Yakovlevskiy Mine, the first phase of setting up the unique phytoremediation facilities based on artificial floating islands with aero-aquatic plants for mine water treatment commenced in 2022, and in 2023 the enterprise extended the existing system. The system consists of nine lines of artificial floating islands located in the area of the drainage well and blocking the flow of sewage water from the conditionally dirty zone of the settling pond to the conditionally clean zone. It makes it possible to stabilise the content of nitrogen group in wastewater. Purification is carried out mainly by a biological method using the vital activity of microorganisms that develop in the root zone of plants.

In 2023, the implementation of the unique pilot section of phytoremediation facilities was also accomplished. The system consists of earthen cells with a filtering cushion, wherein the specially selected botanical species are planted. Purification occurs primarily by biological, chemical and mechanical methods due to the activity of microorganisms that develop in the root zone of plants. The new system is expected to provide for 80–90% effluent treatment of most pollutants. The experience of foreign facilities of the same type shows that they may serve for up to 25 years.



Karelsky Okatysh

Since 2019, the project for introducing the phytoremediation systems has been underway at the production wastewater treatment sediment dams of Karelsky Okatysh. In 2023, their area increased from 1,000 m² to 1,500 m² at the Korpanga deposit sediment dam, and from 2,000 m² to 4,000 m² at the tailings dams. In 2024, the phytoremediation system area at the Korpanga deposit sediment dam is expected to be extended to 2,000 m², which will ensure the nitro-group effluent treatment of up to 52% on average. The phytoremediation system area at the tailings dams is expected to be extended to 6,000 m², which will ensure the nitro-group effluent treatment of up to 15% on average. Specialists from the Institute of North Industrial Ecology Problems of the Kola Science Centre under the Russian Academy of Sciences are involved in the project.

Cherepovets Steel Mill

Cherepovets Steel Mill, in cooperation with the Papanin Institute for Biology of Inland Waters of the Russian Academy of Sciences, has been working on the wastewater treatment using plants since 2017. During that time, specialists have carried out the work of developing a bioplato using the existing landscape in industrial conditions (ash and sludge storage facility No. 2). In 2023, the Mill and the Cherepovets State University implemented their joint project for adjusting the module locations, supplementing the modules with plants, and expanding their species composition to reduce the content of nitro-group substances.

Olcon

By 2023, Olcon's phytoremediation system constituted 55% of the area of the second section of the Kirovogorsky pit sediment dam. Annually, the enterprise carries out the work on maintaining the phytoremediation system operation and restoring the damaged phytomodule clusters after the wintertime. Severstal's plans for 2024 entail the continuation of all phytoremediation projects.

Modernisation of water treatment equipment at Cherepovets Steel Mill

The flat-rolled production at Cherepovets Steel Mill involves the use of water from the local oil emulsion section (OES) recycling loop. To improve the quality of recycled water, it needs to be finally treated to remove oil products. For this purpose, Severstal commenced the OES modernisation in 2021.

The upgrade covers the existing OES units with a transition to new reagents for water treatment from oil products. In the course of the works execution, Severstal installs additional equipment for oil sludge processing.

In 2023, the Company commissioned one of the two flotators to be replaced at the OES, replaced both hydrocyclone tanks, and intends to install a three-phase separator (tricanter) for oil sludge processing.

The entire facility is scheduled for commissioning in 2024.

Erection of new treatment facilities and continuation of the works on the final water treatment systems introduction at Cherepovets Steel Mill

In the reporting period, Cherepovets Steel Mill continued to implement the measures aimed at upgrading the treatment facilities in the functional units in order to reduce the discharge of wastewater pollutants from outlet No. 3 into the Koshta River. The modernization covered the flat-rolled steel production as follows: local treatment facilities were accomplished, including the dynamic water clarification unit, and pumping station No. 8 was upgraded. The patented technology used treats water bringing it into compliance with water quality requirements, thus reducing the pollutant discharge at outlet No. 3. Commissioning is scheduled for 2024.

Upon the accomplishment of commissioning, the discharge of 100 m³/hour of process water from flat-rolled steel production into the ash and sludge storage facilities will be excluded, which will reduce the pollutant discharge from outlet No. 3 by approximately 1.5 thousand tonnes per annum. Severstal's investments in the project are to exceed RUB 320 million.

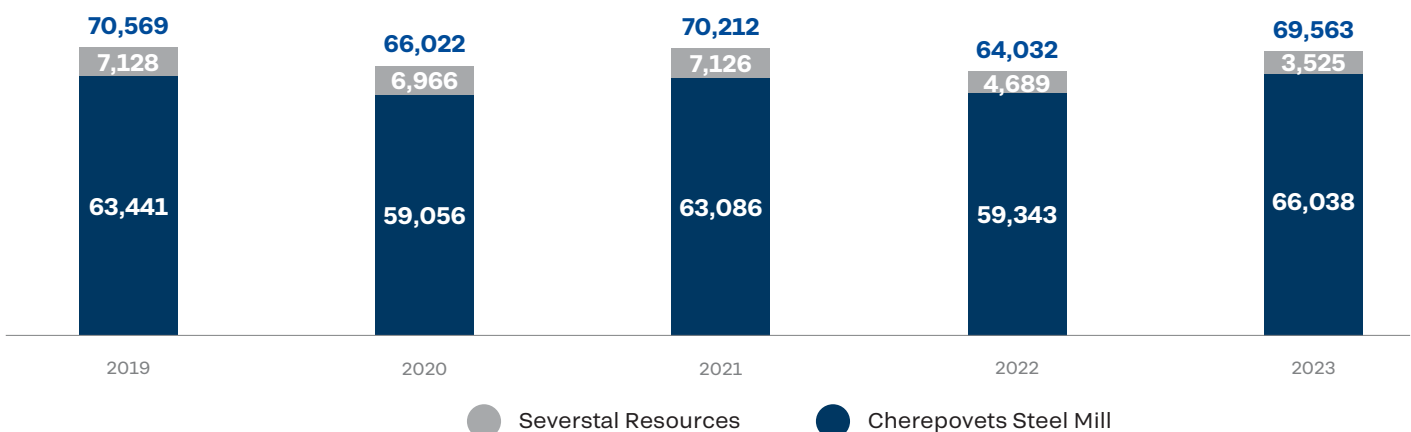
Water Use Metrics

In the reporting year, Severstal's water consumption from all natural sources increased by 8.6% year-on-year due to the growth of the metrics of Cherepovets Steel Mill's that accounts for the largest share of water consumption. The growth is driven by the increase in manufacturing the core products and electricity generation. For the same reason, 2023 was marked by the increased specific water consumption at Cherepovets Steel Mill.

The Severstal Resources segment, on the contrary, showed a decrease in water consumption due to a 37% fall of iron ore concentrate production at Olcon and the removal of Vorkutaugol from the reporting perimeter.

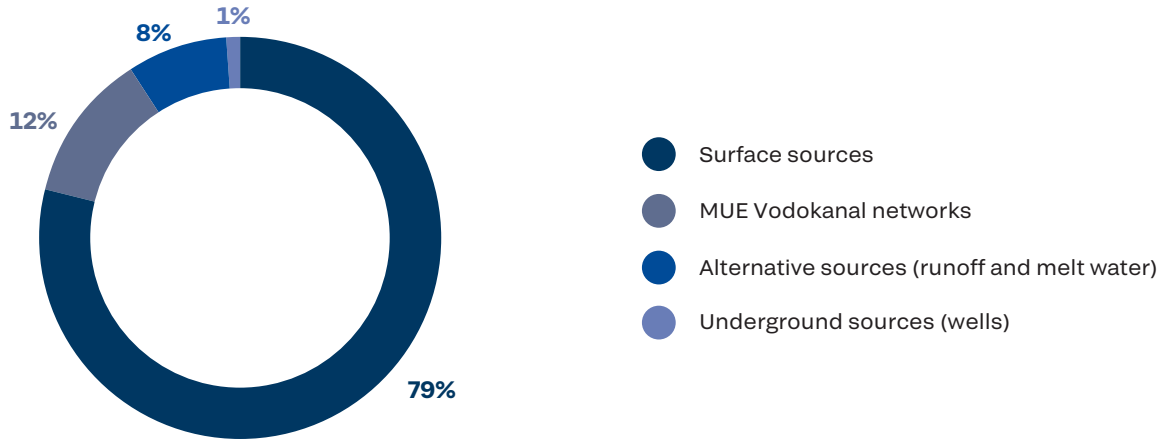
GRI 303-3 **MED-13**

Total water consumption from natural sources¹, thousand m³



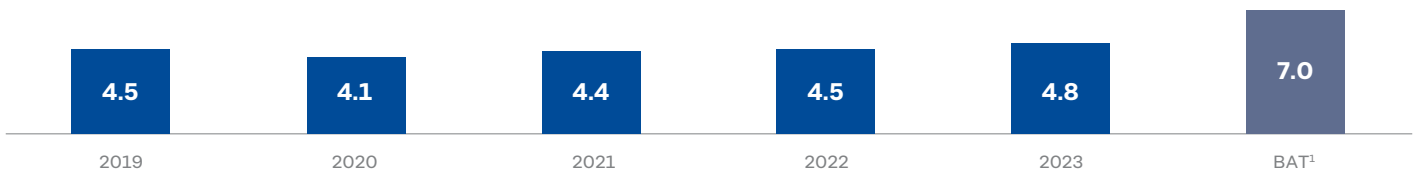
¹ The Company makes use of solely freshwater resources for water consumption and discharge.

Structure of water consumption from natural sources in 2023



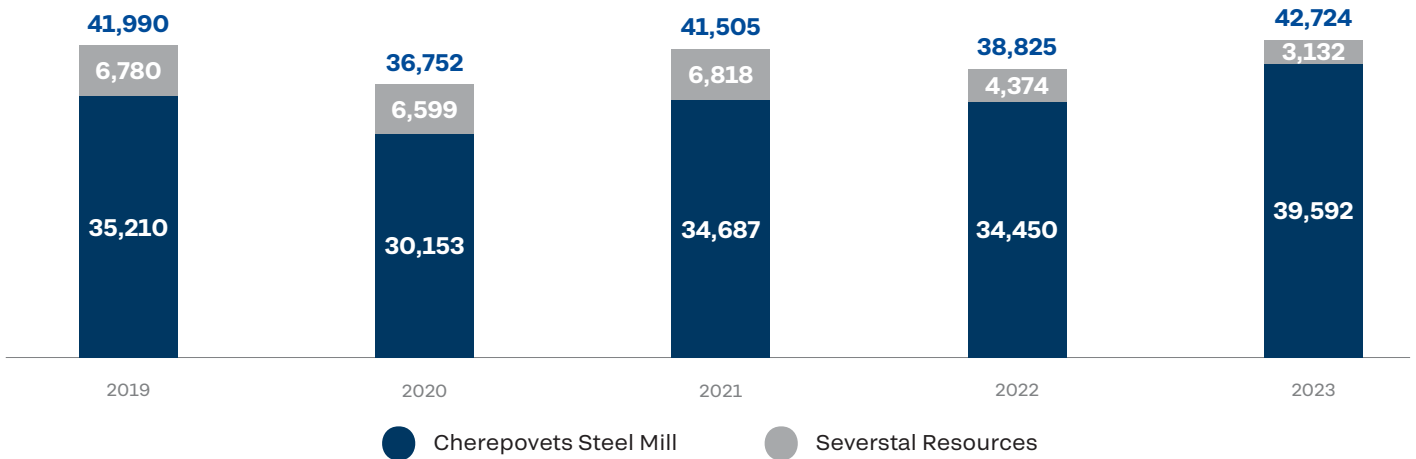
MED-16

Specific water consumption of Cherepovets Steel Mill by natural sources, m³/tonne of steel

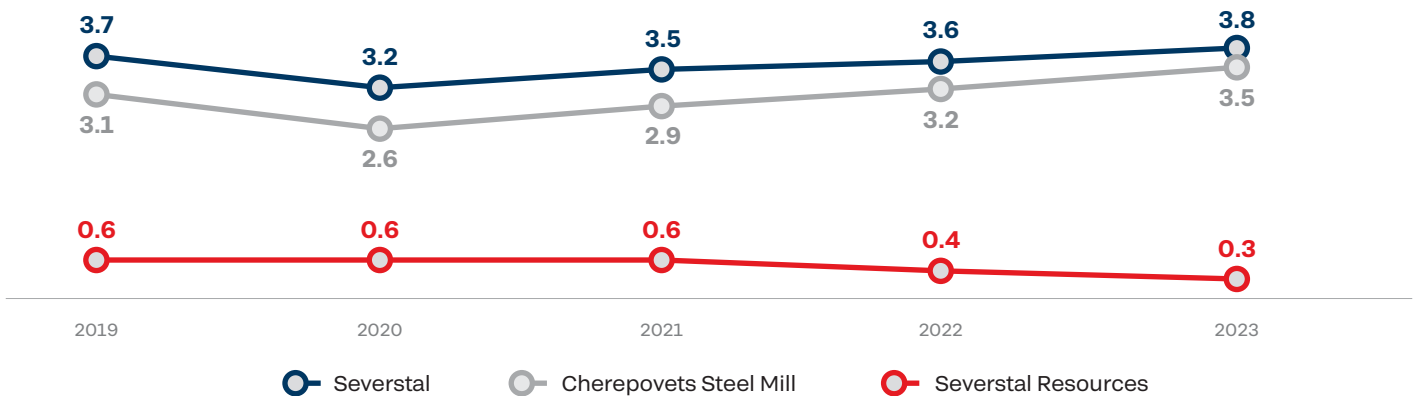


GRI 303-5

Irrevocable water consumption², thousand m³



Specific irrevocable water consumption, m³/tonne of steel



¹ ITS 26-2022. Information and technical reference book on the best available technologies. Production of pig iron, steel and ferroalloys.

² The value is calculated according to the following formula: total water consumption from natural sources - total water discharges to natural sources after use.

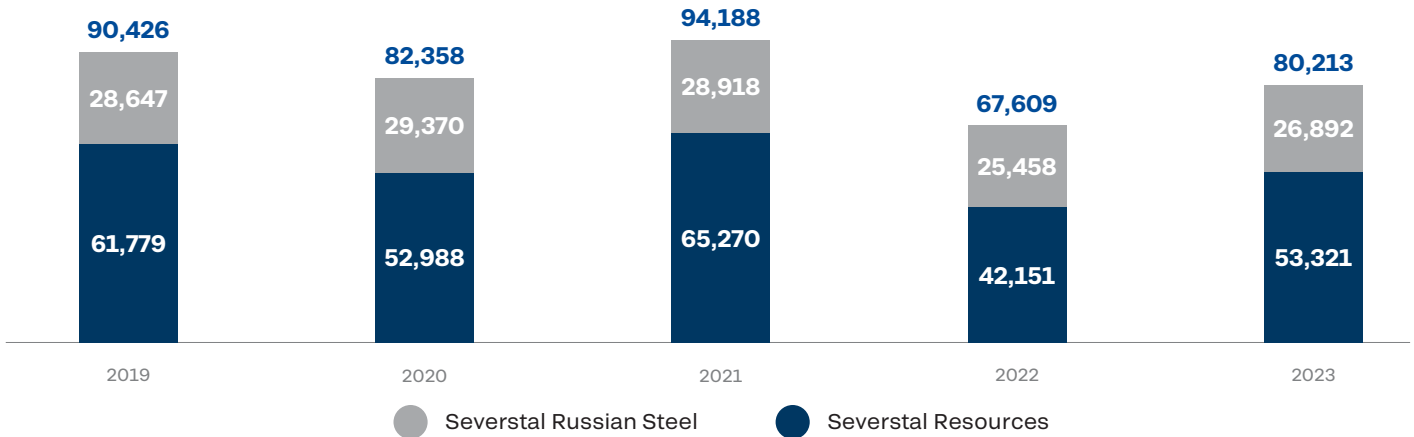
The Severstal Resources segment accounts for a significant share of the total water discharge into water bodies due to the discharge of mine drainage and pit water without using it in production. Karelsky Okatysh, Olcon, and Yakovlevskiy Mine represent for the major volume of Severstal Resources' wastewater discharges, whereas Cherepovets Steel Mill accounts for the major volume of Severstal Russian Steel's wastewater discharges.

In 2023, the total amount of water discharged by Severstal into water bodies increased by 18.6% against 2022 for the following reasons:

- the increased output of core products and electricity generation at Cherepovets Steel Mill as well as the increased precipitation;
- the necessity to reduce the water level in Karelsky Okatysh's main tailings pond to the normal backwater level due to a 24% increase in precipitation.

GRI 303-4 MED-15

Total water discharge into water bodies, thousand m³ 

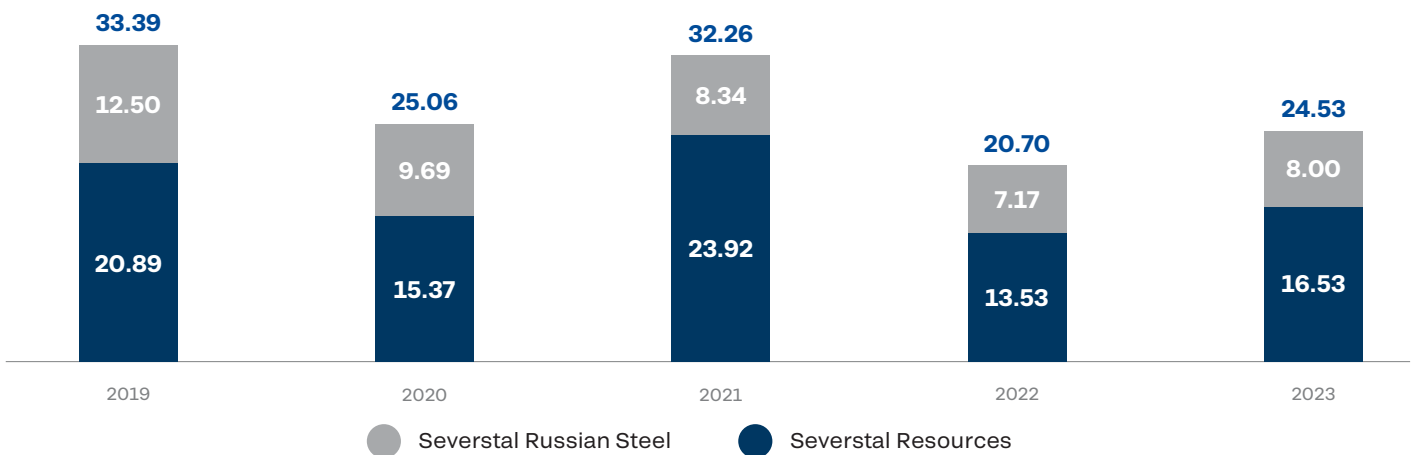


All wastewaters are treated prior to their discharge into water bodies. Severstal's enterprises do not discharge untreated wastewater into water bodies.

EM-MM-140a.2

In the reporting period, no significant incidents related to pollutant discharges into water bodies took place at Severstal. The increased amount of pollutant discharges compared to the previous year is attributed to the increased volumes of wastewater discharges.

Pollutant discharges into water bodies, thousand tonnes 



As at year-end 2023, Severstal achieved 93.8% of its 2025 target for a 12% reduction against 2017 in the weight of pollutants discharged to water bodies above the MPL¹.

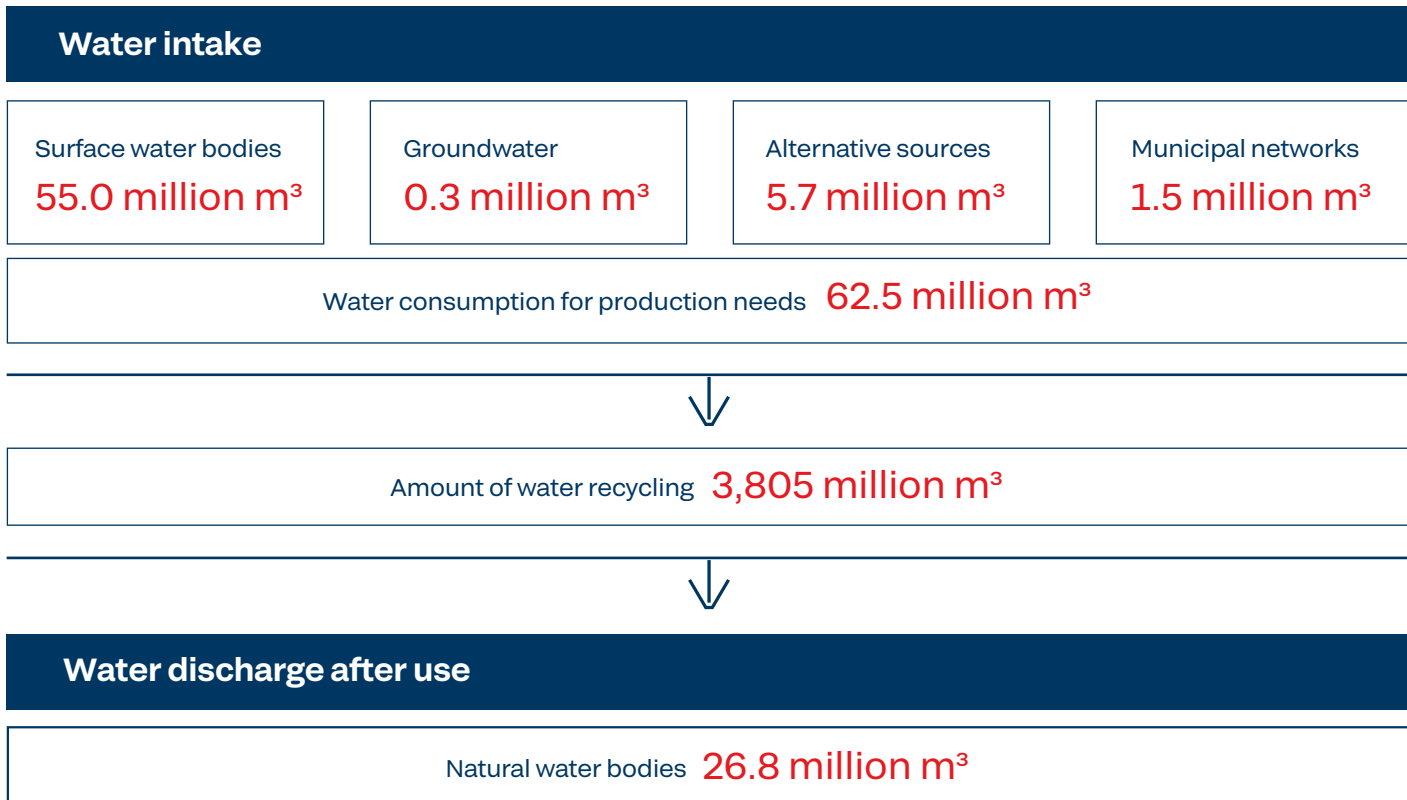
[For more details regarding water use metrics, see Appendix, page 246.](#)

¹ Ammonium cation, nitrites, manganese, copper, nickel, sulphates, fluorides, zinc, oil products, iron.

EM-IS-140a.1

At commissioning new production capacities and in the course of modernisation and reconstruction of its production facilities, Severstal sets up local recycling loops on a mandatory basis. To date, its principal production site - Cherepovets Steel Mill - operates as many as 62 such cycles.

Flow diagram of water used for production purposes

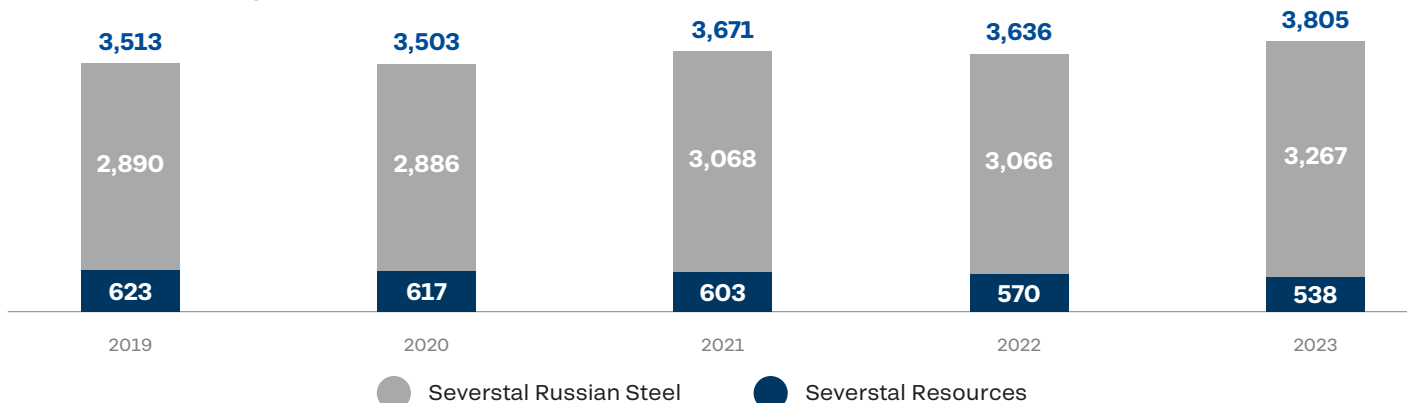


98.2% Share of water recycling in Severstal's production processes in 2023

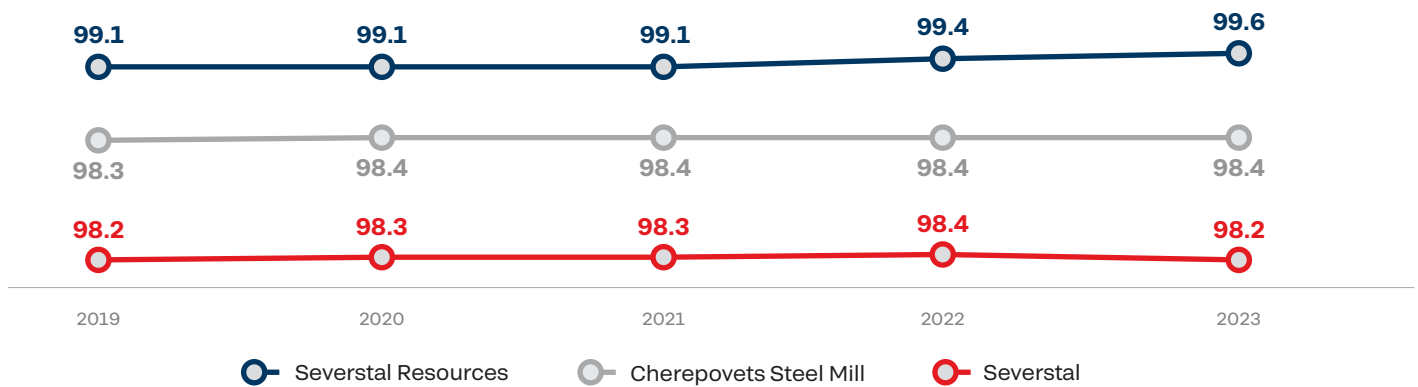
In the reporting period, the amount of recycled water increased by 6.5% in Severstal Russian Steel and decreased by 5.9% in Severstal Resources due to the changes in the amount of water consumption from natural sources.

EM-IS-140a.1 MED -14

Total amount of recycled water, million m³



Water recycling, %



Plans for 2024 and Mid-Term

In 2024, Severstal's enterprises intend to carry out the following activities:

Cherepovets Steel Mill:

- completion of commissioning at the flat-rolled production OES for reducing the oil products and fluorides discharges at outlet No. 10;
- continuation of the implementation of the programme for final wastewater treatment at outlet No. 3;
- continuation of the research on the use of plants for final wastewater treatment.

Karelsky Okatysh:

- continuation of setting up a closed-loop circuit of the tailings dam;
- commissioning of the continuous wastewater discharge¹ monitoring unit at the Okunevoye Lake.

Severstal Aviacompany:

- commencement of the project for collecting wastewater from aircraft parking areas on the aerodrome apron implying the installation of an accumulation tank to collect wastewater from aircraft parking areas on the terrain.

Belorucheyskoye Ore Department:

- installation of 12 hydraulic observation wells for monitoring.

OSPAZ:

- continuation of the implementation of the Construction of a Water Recycling Loop with combining the outlets Nos. 2 and 3 / Construction of Industrial Wastewater Collection/Treatment Facilities project; project completion scheduled for 2026.

Olcon:

- erection of water treatment facilities at the 15th Anniversary of October pit wastewater outlet due to pit reconstruction; tentative work completion scheduled for Q2 2024.

Yakovlevskiy Mine:

- continuation of the implementation of the project for setting up a phytoremediation system of artificial floating islands for mine water treatment;
- continuation of the reconstruction of the household wastewater treatment facilities.

Vtorchermet:

- modernisation of the local water treatment facilities.

¹ Wastewater discharge stands for the maximum wastewater amount, the passage of which needs to be provided by sewage facilities as at the calculation period.

Waste Management

Long-term goal

98.5%

the share of waste recovery¹ by 2030

Progress in 2023

98.0%

the share of recycling in 2023 (↓1.1 p.p. against 2022)



Approach to Management

GRI 3-3 **GRI 306-1** **GRI 306-2** **EM-MM-150a.10**

Severstal's mineral and mining engineering, further metallurgical processing of raw materials and related activities result in generation of waste with varying degrees of impact on the environment and human health. Virtually non-hazardous waste (hazard class V²) dominates in the generated waste structure, accounting for 96.65% of the total waste generated by the Company in 2023. This type of waste produces the minimum negative impact, and its major share accounts for the waste from mining.

Severstal takes a responsible approach to waste management. The Company's activities in this area comply with applicable requirements of the Russian legislation. It encompasses the measures on the rational use of natural resources, extensive involvement of waste in the economy, and safe waste management.

In its waste management activities, Severstal is guided by the standards and instructions elaborated for certain enterprises, regulations and provisions on interaction between the divisions at removing the waste to waste disposal and recycling facilities, the Regulations on Interaction with the Federal Environmental Operator, and the Procedure for Monitoring Waste Disposal Facilities. Also, the enterprises follow own schedules for exercising control over the waste structure, soil, surface water and groundwater, and atmospheric air in the area of impact of waste disposal sites.

Improper handling of metallurgical waste may result in contamination of soil, surface and ground water.

To administer potential negative impacts of waste on environmental components and to comply with laws, the Company regularly exercises industrial environmental control at its enterprises. It covers environmental monitoring at waste disposal sites and control over the compliance with waste management laws of the Russian Federation.

Severstal regards waste management as its strategic business line in environmental protection. The Company set the waste recycling target within the framework of its Sustainability Strategy 2030 approved in early 2023. The Company implements the responsible waste management activities in the context of its targeted environmental programme.

Severstal focuses on reducing the waste disposal, closing the resource loops within its own production, and manufacturing sought-after goods from waste and related products.

The Company has been minimising the hazardous waste generation since 2011 through implementing the programme for replacing the sovtol-containing equipment. Severstal replaces it with more advanced and environmentally friendly equivalents and ensures sovtol-containing waste recovery. The Company intends to fully replace the sovtol-containing equipment by 2026. In accordance with the legislation of the Russian Federation, the Company manages the sovtol-containing equipment and other types of waste of hazard classes I and II through interaction with the Federal Environmental Operator.

¹ Severstal calculates the value according to the following formula: (neutralisation + treatment + reuse and recycling) * 100 / waste generation for the year.

² Classification according to the legislation of the Russian Federation.

As at year-end 2023, Cherepovets Steel Mill forwarded **13** sovtol-containing transformers, or **83 tonnes**, to recycling. The cumulative funding of the sovtol-containing equipment replacement programme across all Severstal's enterprises amounts to **RUB 1.1 billion**, over 75% of which accounts for Cherepovets Steel Mill. In the reporting period, the expenditure under this amount totalled to **RUB 325 million** was spent.

Severstal supports the circular economy concept and, owing to its comprehensive waste management efforts, prevents the loss of resource value. The Company consistently searches for and develops new waste management solutions, both through internal innovation and interaction with partner organisations. Severstal has relevant structures in place that are responsible for waste recycling innovations.

Business unit	Functions related to waste management
Centres for technological development	Implementation of projects for improving the environmental performance of production. The main focus is laid on deep waste recycling and related products, new products from waste for production or sale purposes, lower burden waste disposal sites
Centre for Experiments and Technology Expertise in Waste and Related Products	Creation and testing of new technologies for waste and by-products recycling of the Severstal Group by a specialised laboratory and pilot sites

Waste Recycling Activities

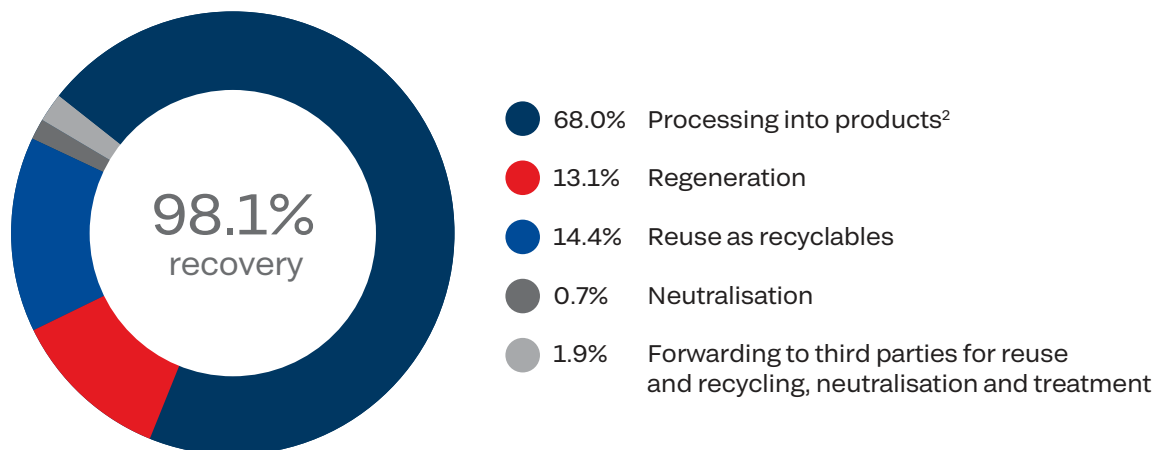
GRI 306-2

Severstal continuously implements measures for recovering waste generated at various stages of production and related activities into the economy.

In particular, ore mining results in generating significant amounts of overburden. The Company sells part of it as feedstock for road construction and production of construction materials. Severstal sends the prevailing amount of overburden for disposal at own specialised sites.

By taking a holistic approach to waste management, the Company maintains a high level of waste recovery year after year. In 2023, Severstal's waste recovery share¹ was 98.0%. The dominating share of recovered waste (net of overburden and tailings) falls upon Cherepovets Steel Mill.

Waste recovery at Cherepovets Steel Mill in 2023





¹ The Company calculates the recovery value net of mining waste (overburden and tailings).

² Examples of recycling into products: recycling slag into crushed stone and scrap, scrap reinforced concrete – into crushed stone, scrap metal – into lump steel scrap, crushed into pieces and cleaned from foreign impurities, etc.

**Main areas of recycling the key types of waste from metallurgical production, and recycling metrics in 2023
(for Cherepovets Steel Mill)**

Coke making		
37.5 thousand tonnes (100%) cock dust recycling Additive to coal charge	9.7 thousand tonnes (100%) recycling of chemical waste (tar decanter sludge, acid tar, cube residues) Additive to coal charge	
Metallurgical treatment of raw materials		
54 thousand tonnes (81%) recycling of zinc-containing blast furnace sludge Sales as feedstock for clinker production and substitution of iron-containing additives used in cement production	720 thousand tonnes (100%) recycling of iron-containing dust, sludge and scale Substitution of used iron ore raw materials for sinter and iron flux production	320 thousand tonnes (99.7%) recycling of waste limestone and lime dust Substitution of limestone used in sinter and steel production
Production of semi-finished and finished products		
113 thousand tonnes (100%) recycling of spent oils, emulsions from rolling mills Reuse in production Sales to third parties	5.5 thousand tonnes (100%) recycling of hard zinc Sales as feedstock for the chemical industry Sales as feedstock for the chemical industry	4,780 thousand tonnes (100%) slag recycling Separation of metal fraction from slag Obtaining granulated slag Sales of slag sand and crushed stone

 - the amount of waste recycling and the share of recycling in waste generation in 2023

 - in-house waste recycling

 - waste recycling by transferring it to third parties

Apart from the recycling of the current waste generated, Severstal implements the measures for recovering the accumulated waste into the economy. For instance, Cherepovets Steel Mill forwards the previously accumulated oil sludge waste to recycling. In particular, the enterprise transferred 7.3 thousand tonnes of this type of waste in 2023.

Severstal upgrades the LCF recycling equipment at Cherepovets Steel Mill

In 2023, under the project for modernisation of the equipment for recycling the lubricating and cooling fluids (LCF) and emulsions generated by flat-rolled production, Cherepovets Steel Mill installed additional equipment for oil sludge recycling. The enterprise installed a hydrocyclone, two flotators, a skimmer, a three-phase separator, and steam pipelines. The project completion is scheduled for 2024.

Modernisation of the equipment will make it possible to improve the quality of LCF and emulsion waste recycling, produce a lower hazard class waste, and reduce the amount of its disposal. The expected reduction in waste disposal is about 2,500 tonnes. The funding for the investment project implementation amount to over RUB 300 million.

Main areas of recycling the key types of waste from related activities, and recycling metrics in 2023 (for Cherepovets Steel Mill)

Transport and packaging

174 tonnes (100%)
recycling of tyres and scrap tyres

Transfer to recycling for the production of crumb rubber and further production of roofing materials and sports ground surfaces

640 tonnes (30%)
recycling of wooden pallets and other wood waste

Directing to recycling into sawdust, shavings, chips, coal or briquettes

Earthmoving and demolition works

78.1 thousand tonnes (100%)
soil recycling

Use as an insulating layer on landfills and in land planning

48 thousand tonnes (140%)*
recycling of waste reinforced concrete from demolition

Crushing of reinforced concrete and use of crushed stone for backfilling, landscaping and temporary access roads

Use of scrap metal in steelmaking

Sales to third parties

Organisational and other related activities

306 tonnes (100%)
recycling of waste cable products, office equipment

Obtaining ferrous and non-ferrous scrap


721 tonnes (98.5%)
plastic waste recycling


Use as polymer feedstock for the production of edgings and tiles

Transfer for recycling as secondary raw materials

190 tonnes (140%)*
paper waste recycling

Transfer for recycling as secondary raw materials

 - the amount of waste recycling and the share of recycling in waste generation in 2023

 - in-house waste recycling

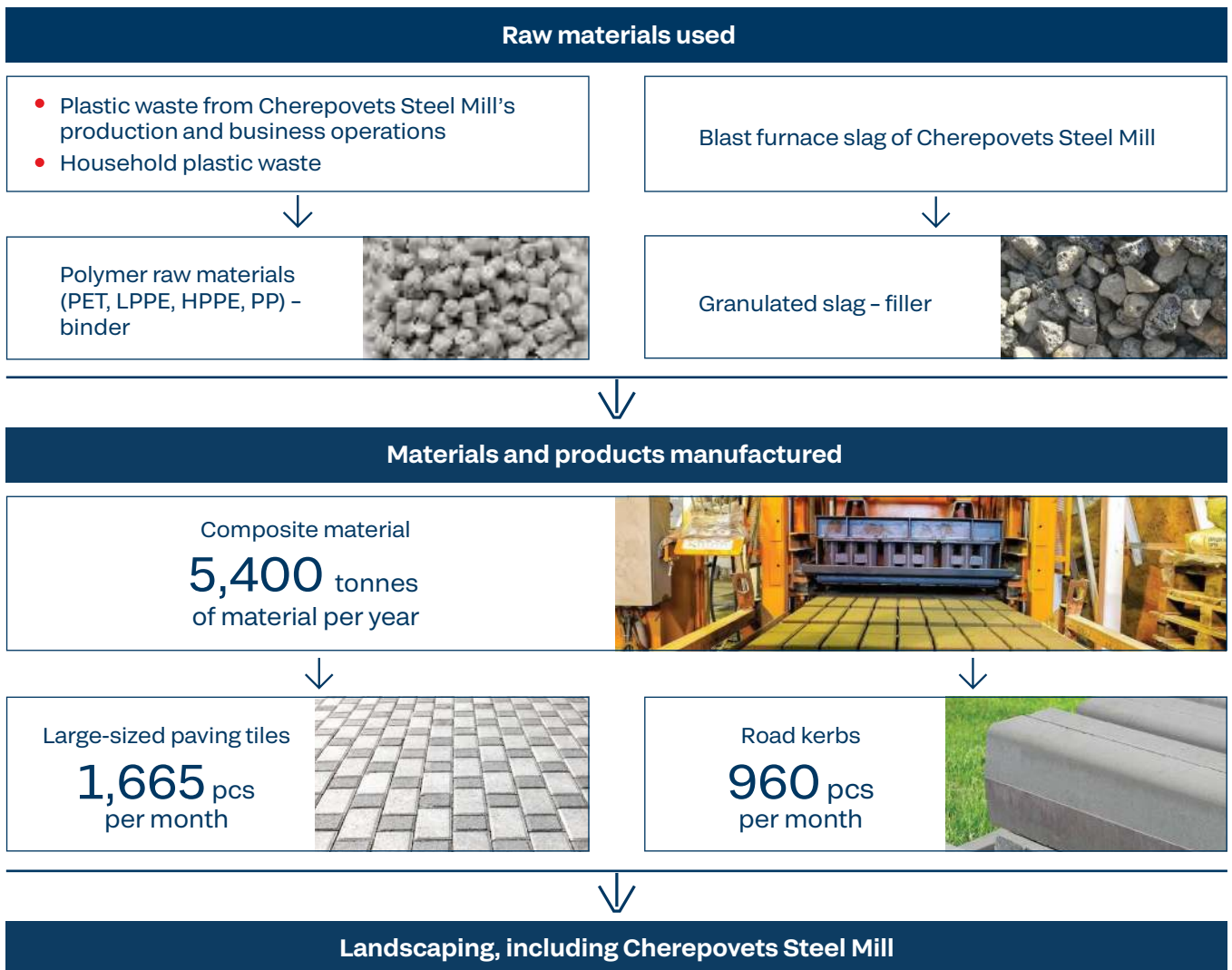
 - waste recycling by transferring it to third parties

* Previously accumulated waste recycling factored in.

Composite production at Cherepovets Steel Mill

In 2023, Cherepovets Steel Mill set up a separate waste recycling business line aimed to search for and introduce best available for waste management practices, that is waste collection, sorting, and recovery into the economy. As a pilot project, the enterprise launched the polymer waste recycling from the production and economic activities, including the previously non-demanded types. Cherepovets Steel Mill commissioned two production lines – for recycling the plastic waste and granulated slag into composite material and for producing the high-margin products from composite material.

Manufacturing the waste-based composite material



In the reporting year, in order to replenish the polymer raw material stocks and reduce the amount of municipal solid waste (MSW), the Company entered into an agreement with the Cherepovets administration on an organised acceptance of plastic waste from the population. For the handover of plastic, the Cherepovets residents receive token rewards that may be exchanged for planting material at the plant nursery of PAO Severstal's landscaping and greening shop. Additionally, in 2023, the Company's representatives held activities in the educational institutions aimed at nurturing the waste sorting and management culture.

Severstal intends to host the following events to enhance the composite material production based on the granulated slag:

- introduction of recycling of contaminated and mixed polymer waste from Cherepovets Steel Mill;
- two R&D projects to expand the application areas of the new material;
- release of new types of products from composite materials;
- launch of a section for in-depth sorting of polymer materials by type and class, and waste paper.

In 2023, Cherepovets Steel Mill also conducted a number of laboratory studies on the use of alternative fuel from MSW in two areas – as a component of coal charge and as fuel in sinter operations. However, to date, the Company considers the MSW use in these areas to be inappropriate in order to avoid damage to product quality.

GRI 301-3

Severstal observes the statutory requirements to recovery of goods and packaging standards as follows:

- 100% for metal packaging, tyres and scrap tyres, including the toll processing scheme¹;
- 57.4% for polymer and cardboard packaging.

Severstal follows some of the standards directly, and contracts third-party entities to comply with others. The Company recycles metal packaging on its own and primarily outsources the recycling of polymer and cardboard packaging, tyres and scrap tyres. In particular, in the reporting year, Karelsky Okatysh complied with the scrap tyre recycling standard by 233% owing to obtaining scrap tyres from third-party entities and sending these them to recycling. Non-recovered goods and packaging are subject to ecological dues.

Separate Waste Collection Activities

Severstal implements a separate waste accumulation project at its enterprises, having arranged 270 accumulation sites to date. Since 2018, the Company has forwarded 1,200 tonnes of paper and cardboard and 2,700 tonnes of plastic for recycling.

Packaging paper, printed products, office paper without confidential information, corrugated cardboard, and cardboard boxes are subject to recycling. The plastic mix covers PET bottles, polyethylene film, plastic packaging tape, big bags, PVC and pipe waste, helmets, and other recyclable types of plastic.

Severstal accumulates different types of waste at specialised sites in containers or in bulk. Prior to storage, the waste is prepared for recycling, such as disassembling cardboard boxes, rolling up polyethylene, etc.

To send hazardous waste (classes I and II) to neutralisation and recycling, Severstal also collects it separately and accumulates it in specially equipped sites.

Transfer of Cherepovets Steel Mill's hazardous waste to third-party entities

Mercury-containing waste (hazard class I)

Spent reagents, paints and varnishes (hazard classes II, III)

Spent batteries and accumulators (hazard class II)

Oil sludge (hazard class III)



12 thousand tonnes (100%)

Forwarded for treatment, recycling, neutralisation to the Federal Environmental Operator, regional operator, and other specialised organisations

¹ Tolling raw materials are the materials accepted by an organisation from a customer for recycling, any other operations or manufacturing of products without paying the cost of accepted materials, against the obligation to return recycled (treated) materials, completed operations, and manufactured products in full.

Implementation of separate waste collection activities scheduled for 2023

	Activities	Progress in 2023	Status
Karelsky Okatysh	Acquisition of containers for separate accumulation of plastic bottles	Acquisition of 16 containers	<input checked="" type="checkbox"/>
	Purchase of motorcar scales and a hangar as part of the industrial waste management site	<ul style="list-style-type: none"> ▪ Delivery of scales ▪ Casting of foundations for scales ▪ Backfilling of the road carriageway widening 	→
Olcon	Organisation of separate collection of oil containing waste in all structural units	Organisation of separate waste collection, waste transfer to neutralisation	<input checked="" type="checkbox"/>

- completed

→ - in progress or postponed

Severstal's environmental campaigns

As part of its environmental agenda, Severstal's enterprises organise clean-up days and recyclable collection events.

In 2023, Karelsky Okatysh held a clean-up day in the course of which the participants, including students from the Kostomuksha Polytechnic College, collected 350 kg of municipal waste and 25 used scrap tyres. It also arranged Karelian ECOcollection, an environmental campaign held jointly with its partners. The campaign made it possible to forward 1.4 tonnes of recyclables, 670 scrap tyres, 3 m³ of office and household equipment, 5 m³ of waste paper, 2 m³ of plastic, and 0.3 m³ of kind caps for recycling.

In the reporting year, Olcon arranged and held the Clean House - Clean Planet volunteer environmental campaign in Olenegorsk to collect household waste. Thus, urban residents were enjoyed the excellent opportunity to hand over the waste plastic, waste paper and old car tyres for recycling.

Activities for Safe Operation of Tailings and Sludge Storage Facilities

GRI 306-2 EM-MM-540a.2

Severstal operates four hydrotechnical facilities, that is two tailings storage facilities at Olcon and Karelsky Okatysh and two sludge storage facilities at Cherepovets Steel Mill. The Company pays primary attention to safety issues in the operation of these waste disposal sites and ensures strict observance of legislative requirements.

Key internal documents on tailings and sludge storage facilities management

- **Ensuring the Safety of Hydrotechnical Facilities Guidance**¹: the principal corporate document governing the procedure for ensuring hydrotechnical facilities' safety throughout the life cycle thereof.
- **Emergency response plans for hydro facilities**²: the documents outlining the response sequence in case of emergencies. Plan formation is individual for each enterprise.

^{1,2} This document is only available in Russian.

Severstal regularly monitors the condition of each hydro facility. It constitutes the entirety of visual and instrumental inspections carried out pursuant to the established procedure:

- daily internal monitoring by the operation service;
- daily geodetic control by the Company's specialists;
- half-yearly inspections by the state supervisory authorities.

The Company elaborated the plans for preventing, confining, and eliminating the consequences of accidents at its hydrotechnical facilities. It also regularly analyses the potential impact of hydro facility operation on local communities, ecosystems, and life support structures. To date, not a single settlement falls within the area of potential flooding from possible accidents at Severstal's enterprises.

There have been no accidents or hazardous incidents related to improper operation of Severstal's hydrotechnical facilities over the entire lifetime of their operation, and the reporting year was no exception.

In 2023, as part of tailings management activities at the Karelsky Okatysh site, the Company conducted two commissioned inspections and one regular inspection at its hydrotechnical facilities jointly with Rostekhnadzor bodies, the Ministry of Emergencies for the Republic of Karelia, and other relevant organisations. One of the commissioned inspections took place directly before the high-water period to determine the readiness of hydrotechnical facilities to flood passage. The commission members found the condition of the facility to be satisfactory and its operation – aligned with technical requirements.

Waste Generation and Management Indicators

In 2023, the Company's waste generation slightly decreased by 1.4% against 2022 due to the technological process of raw materials production. Severstal Resources accounts for the bulk of waste generation (95.9% in 2023). The segment's production activities involve open-pit mining, which generates a large amount of waste overburden and tailings.

GRI 306-3 **EM-MM-150a.7** **MED-17**

Severstal's waste generation structure by hazard classes, million tonnes 

Indicator	2019	2020	2021	2022	2023
Hazardous (classes I-III)	0.06	0.06	0.06	0.07	0.08
Non-hazardous (classes IV-V)	209.9	215.5	210.6	185.8	183.2

GRI 306-3 **GRI MM3** **EM-IS-150a.1** **EM-MM-150a.4** **EM-MM-150a.5** **EM-MM-150a.6**

Severstal's waste generation, including by type of waste, million tonnes 

Indicator	2019	2020	2021	2022	2023
Total generation, including:	210.0	215.6	210.7	185.9	183.3
overburden	170.1	175.7	170.5	149.0	146.4
tailings	31.9	32.8	32.9	30.0	29.2
other waste	8.0	7.1	7.3	6.9	7.7

Among the Severstal Russian Steel's enterprises, the dominating share of generated waste falls upon Cherepovets Steel Mill (over 90%). These are mainly by-products of metallurgical treatment that are reused as feedstock in production or processed for the manufacturing of finished products. The prevailing share of the total waste of the enterprise is attributed to slag.

Main types of waste generated by Cherepovets Steel Mill, million tonnes

Indicator	2019	2020	2021	2022	2023
Total weight of Cherepovets Steel Mill's main waste, including:	6.21	5.99	6.57	6.29	6.99
slag	4.27	4.17	4.50	4.32	4.78
scrap metal	0.83	0.80	0.86	0.80	0.88
process waste	0.39	0.27	0.29	0.27	0.30
scale	0.33	0.33	0.32	0.29	0.38
aspiration and gas treatment dust	0.21	0.23	0.28	0.32	0.33
steelmaking sludge	0.18	0.19	0.32	0.29	0.32

GRI 306-4 GRI 306-5 MED-18

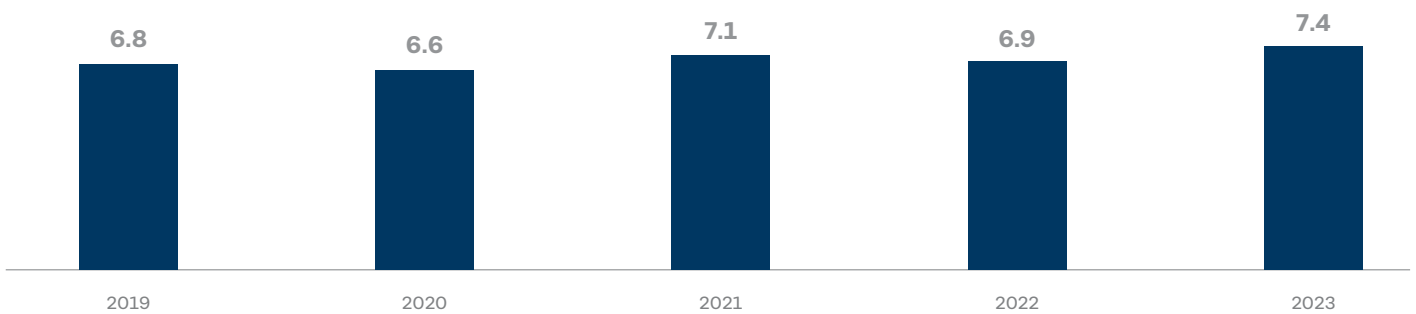
Management of hazard classes I-V waste across Severstal in 2023, tonnes

Indicator	For Severstal's waste generated, net of overburden and tailings					Overburden and tailings
	Class I	Class II	Class III	Class IV	Class V	
Reused and recycled, including:	0	3,819	11,956	5,899,820	1,468,498	8,777,100
reused and recycled in-house	0	3,780	7,340	5,819,051	1,332,977	8,763,900
forwarded to third parties for reuse and recycling	0	39	4,617	80,770	135,521	13,200
Forwarded to third parties for treatment	0	0	1,159	2,489	5,248	0
Neutralised, including:	92	1,495	66,072	2,633	392	0
neutralised in-house	0	1,494	50,503	0	0	0
delivered to third parties for neutralisation	92	1	15,569	2,633	392	0
Disposed, including:	0	0	5,321	143,582	9,038	167,234,832
disposed in-house	0	0	5,273	138,788	7,678	167,234,832
forwarded to third parties for disposal	0	0	48	4,794	1,360	0
MSW transferred to a regional operator	0	0	0	3,065	311	-

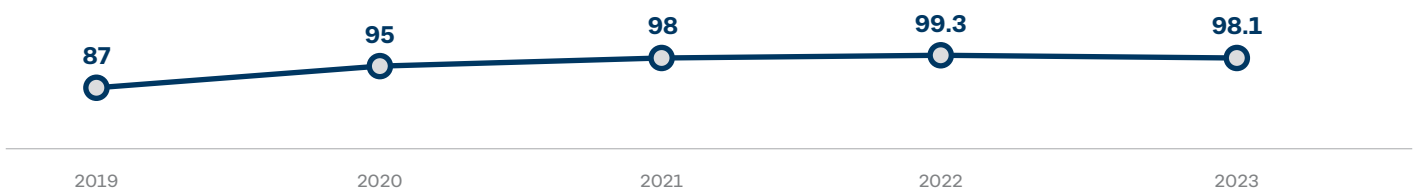
GRI 306-5**Waste disposal (net of overburden and tailings), million tonnes**

	2019	2020	2021	2022	2023
Severstal Resources	1.14	0.06	0.07	0.01	0.006
Severstal Russian Steel	1.13	0.32	0.20	0.10	0.152
Total 	2.27	0.38	0.27	0.11	0.158

In the reporting year, the amount of Severstal's waste reuse and recycling increased by 7.2% against 2022 due to the increased recovery at Cherepovets Steel Mill.

GRI 306-4**Severstal's waste reuse and recycling (net of overburden and tailings), million tonnes ****EM-IS-150a.1**

At Cherepovets Steel Mill, the share of waste recovery amounts to 98.1% for own-generated waste and to 100.4% - with account taken of the waste received from other Company's facilities.

Waste recovery at Cherepovets Steel Mill, %

Plans for 2024 and Mid-Term

In 2024, Severstal intends to carry out the following activities:

- continuation of the implementation of the programme for replacing the sovtol-containing equipment and the existing waste recycling initiatives;
- continuation of the work equipping the waste accumulation sites (Yakovlevskiy Mine, Olcon, Cherepovets Steel Mill);
- ecology campaigns and clean-up days for residents of the regions of presence.

In particular, at Cherepovets Steel Mill:

- completion of modernization of the oil emulsion section with a change in the technology for spent LCF recycling;
- continuation of the implementation of the evaporation unit construction project to reduce the disposal of mixed flat-rolled production effluents (acid-alkali and chromium-containing effluents);
- implementation of the project for improving the quality of waste movement control in online mode on the basis of 1C.

At Karelsky Okatysh:

- installation of motorcar scales at the waste management site (installation of three power supply line supports, preparation of access roads, installation of fibre-optic communication lines to connect the scales, installation of scales and canopy).

At Severstal-Metiz:

- increasing the amount of uncontaminated wooden packaging that has lost its consumer properties (hazard class V waste) directed to recycling; increasing the area of the points for separate collection of hazard class V waste with the status of recyclables.



Biodiversity

Severstal takes a responsible approach to biodiversity conservation in the territories of operation of its enterprises. To minimise potential negative impacts on the local ecosystems, the Company elaborates and implements measures for monitoring and preserving plant and animal species and their habitats. In carrying out its activities, Severstal is guided by the Conserve Biodiversity – Preserve Life motto.

Severstal's goals in biodiversity conservation



Reducing negative impact on biodiversity to the as low as is reasonably practicable (ALARP) level and observing Russian and internationally accepted regulatory requirements



Assessing the adjacent territories' biodiversity at early stages of project development and implementation



Maintaining the number of rare birds of prey at the current level in the territories adjacent to Cherepovets Steel Mill



Elaborating the Biodiversity Strategy



Greening the production site and adjacent territories (at least 100 trees and shrubs annually)



Stocking the water bodies in the regions of the Company's presence (at least 1,000 fish juveniles annually)

Approach to Management

GRI 3-3

Severstal practices own-developed biodiversity management system that includes control on the part of employees at various levels, from the Board of Directors' Safety and Sustainability Committee to employees of relevant functional divisions of certain business units.

Business unit	Biodiversity-related functions
Safety and Sustainability Committee	<ul style="list-style-type: none"> ▪ Submitting recommendation to the Board of Directors on the issues related to elaboration of documents on biodiversity conservation ▪ Reviewing the Company's and its business units' performance in biodiversity conservation and respective compliance with legislative requirements ▪ Reviewing violations and major incidents, submitting recommendations on elaboration of remedial measures plans and/or sanctions
Director of Occupational Health, Safety and Environmental Protection / Director of Ecology	<ul style="list-style-type: none"> ▪ Enhancing and supporting the biodiversity monitoring system





Business unit	Biodiversity-related functions
Head of the Environmental Protection Department	<ul style="list-style-type: none"> ▪ Biodiversity goal setting and follow-up ▪ Methodological support in terms of compliance with legislative requirements in biodiversity conservation
Heads of business units	<ul style="list-style-type: none"> ▪ Abstaining from operating activities and preventing joint ventures' activities in the territories of natural and cultural world heritage sites, specially protected areas of federal and regional significance
Employees of the Company's business units in charge of the environmental protection agenda	<ul style="list-style-type: none"> ▪ Substantiating the rationale behind developing a biodiversity monitoring and conservation programme ▪ Working out requirements to technical assignments for environmental impact assessment, including biodiversity ▪ Elaborating a biodiversity monitoring and conservation system, including the identification of indicator species ▪ Forming, implementing, and updating biodiversity monitoring and conservation action plans ▪ Arranging for biodiversity monitoring and forming the reporting on its findings ▪ Stakeholder engagement in biodiversity issues and involving experts

Strategy

The Company realises its impacts, dependencies, risks and opportunities related to biodiversity and, based on this, forms its strategy of action and internal requirements in preserving the fauna and flora wealth.

GRI 3-3 EM-MM-160a.1.

In implementing its biodiversity conservation measures, Severstal is guided by the requirements of the legislation of the Russian Federation, international standards, and the corporate Monitoring and Conservation of Biodiversity standard based on the Prevent → Mitigate → Offset → Restore principle. The standard applies to all business units of the Company and is used to manage biodiversity risks and mitigate related negative impacts.

Key documents on biodiversity

- **Internal:**
 - Monitoring and Conservation of Biodiversity standard.
- **External:**
 - Russian statutory requirements:
 - Federal Law dated 10.01.2002 No. 7-FZ On Environmental Protection;
 - Federal Law dated 24.04.1995 No. 52-FZ On Fauna;
 - Federal Law dated 17.02.1995 No. 16-FZ On Ratification of the Convention on Biological Diversity.
 - International standards:
 - IPIECA's Biodiversity Conservation and Sustainable Management of Living Natural Resources Guidance;
 - The Taskforce on Nature-related Financial Disclosures (TNFD).

Contribution of Business to Biodiversity Conservation roundtable

In March 2023, Severstal initiated the Business Contribution to Biodiversity Conservation roundtable in Moscow. In the course of the event, its participants – ornithologists, experts from environmental organisations, and representatives of enterprises – discussed joint programmes for the conservation of rare species and ecosystems, as well as their importance for preserving the nature of Russia.

Risk and Impact Management

GRI 304-2

According to the research conducted from 2019 through to 2023 at Cherepovets Steel Mill and Karelsky Okatysh, it was found that the key impacts of these enterprises on biodiversity are noise emission, air pollutant emissions, and effluent discharges into water bodies. To manage these impacts, Severstal delivers integrated projects for reducing pollutant emissions and increasing the use of recycled water in production and wastewater treatment.

The findings of the ornithofauna studies on the territory of Cherepovets Steel Mill speak for the existence of insignificant negative factors for birds within the ash and sludge storage facilities driven by special aspects of the hydro facilities operation and technological processes at the enterprise, namely:

- flooding of nests of ground-nesting species in the spring period;
- visual impact (e.g. appearance of machinery and workers in the birds' range of vision); and
- noise emission from the operating machinery and special equipment.

Waterfowl, semi-aquatic, and ground-nesting birds of prey (marsh harrier) are particularly susceptible to nest flooding. The disturbance factor is typical for all bird species, especially those forming mass seasonal aggregations, nesting colonially, and for birds of prey. Such impacts are usually short-termed, irregular, and do not give rise to situations that significantly affect bird life. In general, observations of birds at Cherepovets Steel Mill's ash dumps showed that most species were quite tolerant to sound and visual disturbances. Moderate background disturbance eventually leads to habituation expressed in birds' calm behaviour and successful reproduction on the territory of dumps.

[For more details regarding the findings of the studies of ornithofauna in the ash and sludge storage facilities of Cherepovets Steel Mill, see the Birds and Steel book published on the Company's official website¹.](#)

The bat behaviour observations carried out by the scientists of the Darwin State Nature Biosphere Reserve within the same areal indicated that the impact of Cherepovets Steel Mill's production activities is mainly confined to acoustic disturbance. This factor decreases in the periods that are particularly important for the life activities of wing-handed animals, i.e., during several hours after sunset and before dawn, due to lower personal vehicles traffic at night time, when bats are most active.

The Company's main dependency² on biodiversity is expressed in the use of plants for wastewater treatment. In the process of treatment, the water passes through specially equipped lines of phytomodules with plants therein absorbing the pollutants contained in the water. The quality of wastewater treatment depends on the properties of the plant species selected and on their water phytoremediation ability. To date, the phytoremediation systems function at Cherepovets Steel Mill, Olcon, Yakovlevskiy Mine, and Karelsky Okatysh.

[For more details regarding wastewater phytoremediation, see the Responsible Water Use section, page 191.](#)

GRI 304-1 GRI 304-4 EM-MM-160a.3.

Severstal does not operate in or near specially protected natural territories, at UNESCO World Natural Heritage sites or on wetlands covered by the Ramsar Convention. The location of its enterprises relative to such objects is illustrated on the [Map of Protected Territories and Cultural Sites³](#) compiled by the Company to reaffirm that none of Severstal's enterprises affects the said territories.

¹ The Birds and Steel book is only available in Russian.

² Dependency in this context stands for the use of environmental components by the Company for the purposes of its activities (the term is used by TNFD).

³ This webpage is only available in Russian.

Total number of species included on the IUCN Red List and national lists of protected species and occurrent in the area of impact of Severstal's enterprises

Indicator ¹	Total number of bird and mammal species discovered as a result of cooperation with:	
	Darwin State Nature Biosphere Reserve ²	Joint Directorate of the Kostomuksha Nature Reserve and the Kalevalsky National Park
Included on the Red List of the International Union for Conservation of Nature (IUCN), of these:		
Vulnerable (VU)	17	112
Near Threatened (NT)	1	2
Least Concern (LC)	1	4
	15	106
Listed in the Red Book of Russia, of these:		
2 - Decreasing Number	8	7
3 - Rare	4	4
5 - Rehabilitated and Rehabilitating	3	2
	1	1
Listed in the Red Book of Vologda Region / The Republic of Karelia	25	26

GRI 3-3 EM-MM-160a.1

At the facility development and design stages, Severstal performs a biodiversity assessment of the adjacent areas to prevent negative impacts. The Company's biodiversity monitoring and conservation measures in the regions of presence cover:

- collaboration with academic communities and specially protected natural territories (SPNTs);
- biodiversity monitoring within the boundaries of the enterprises' production sites and in adjacent territories; and
- development of biodiversity monitoring and management action plans.

At the same time, the Company places strong emphasis on biodiversity-related risks assessment identifying them in accordance with the corporate [Monitoring and Conservation of Biodiversity standard](#). Severstal assigns a special role to determining indicator species and critical habitats and to assessing risks and potential impacts on biodiversity and ecosystems. Beyond that, the Company identifies biodiversity-related impacts and risks under

the established environmental impact assessment (EIA) procedure performed pursuant to statutory requirements.

For instance, in monitoring the ornithofauna within the boundaries of the Cherepovets Steel Mill production site, Severstal revealed a number of anthropogenic factors negatively affecting birds within the area of ash and sludge storage facilities. In turn, conservation of these species' diversity requires preservation of the key habitat areas of such birds at different time of the year - for nesting, wintering, during the migration period, etc. Today, Cherepovets Steel Mill's ash and sludge storage facilities and adjacent areas are important territories for birds and, along with the Darwin State Nature Reserve, play a significant role in maintaining the ecological framework of the Rybinsk Reservoir zone. To this effect, Cherepovets Steel Mill implements all the required measures to maintain the proper condition of the ash and sludge storage dam body, thus minimising the risk of habitat loss of certain bird species within the enterprise's boundaries.

¹ No species were found in other categories of the Red List of IUCN and the Red Book of Russia.

² For the Darwin State Nature Biosphere Reserve, the data is presented for various bird and bat species.

In biodiversity conservation, a significant role is assigned to the resilience of the Company's activities and the surrounding ecosystems. Severstal works on achieving a compromise between addressing industrial enhancement challenges and preserving vulnerable biological diversity components. One of the examples of searching for and finding such a compromise is the long-term research of ornithofauna and systemic observation over wing-handed animals within the boundaries of Cherepovets Steel Mill's production site, i.e., at the ash and sludge storage facilities, on the Torovo recreation centre territory, and in the Koshta River district. Their significance is scientifically sound due to the progress achieved in optimising the Company's interaction with nature components.



Severstal enters the RAEX biodiversity rating

Severstal shared the 4th place with LUKOIL in the top-5 of the ESG ranking of Russian companies closely attending to biodiversity conservation. The rating list included 20 enterprises applying best biodiversity conservation practices.

When compiling the ranking, the agency's experts assessed the environmental policy, reporting, and performance indicators on the basis of open methodology.

AO Karelsky Okatysh participated in the XX Vernadsky National Environmental Award competition and submitted its Biodiversity Conservation in the Region of the Company's Presence project.

Metrics and Targets

The core metrics used by the Company to assess performance of biodiversity conservation measures are financial ones (expenses on biodiversity conservation activities) and the number of plant and animal species covered by the monitoring (34 species in 2023).

On top of that, the Company introduced separate metrics for Cherepovets Steel Mill as the facility carries out the monitoring research jointly with the Darwin State Nature Reserve.

Biodiversity conservation metrics essential for Cherepovets Steel Mill

Metrics	Quantitative indicator for 2023
Number of bird species listed in the Red Book of Russia	8
Number of bird species listed in the Red Book of Vologda Region	20
Number of nesting bird species listed in the Red Book of Vologda Region	6
Number of fish species at the wastewater discharge places	5
Abundance of wing-handed animals at the production site	3-15 animals/km of the route

MED-21

In 2023, Severstal's total expenditure on biodiversity conservation and natural area protection activities totalled RUB 32.7 million. The Company spent these funds to pay for its activities on executing the agreements with the SPNAs, implementing the Green Shield programme, releasing fry into water bodies, greening the production site and adjacent areas, biodiversity monitoring, etc.

GRI 304-2

In biodiversity monitoring and assessment, Severstal maintains cooperation with local nature reserves and educational institutions.

Cooperation with the Darwin State Nature Biosphere Reserve

In 2019, Severstal signed the cooperation agreement with the Darwin State Nature Biosphere Reserve for studying and preserving the populations of rare birds of prey and individual mammal species as part of the Business and Biodiversity initiative of the Conservation of Biodiversity and Development of Ecotourism federal project.

Joint projects

- Support to scientific and environmental studies of rare species of birds of prey within Northwestern Russia
- Implementation of environmental measures for increasing the osprey population within the reserve area and in the environs of Cherepovets
- Bird monitoring on the territory of PAO Severstal's ash and sludge storage facilities
- Wing-handed mammals monitoring on the territory of PAO Severstal's ash and sludge storage facilities
- Development of ecotourism within the reserve area

Status of implementing biodiversity conservation activities scheduled for 2023	Progress
▪ Continuation of wing-handed mammals monitoring	<input checked="" type="checkbox"/>
▪ Installation of 15 photo stations to obtain information about the ringed birds within the reserve and its protected area	<input checked="" type="checkbox"/>
▪ Release of a photo album brochure dedicated to the 10-year work on ringing and tagging ospreys and white-tailed eagles with GPS/GSM trackers	<input checked="" type="checkbox"/>
▪ Design and creation of the Osprey – Token of the Darwin Nature Reserve exhibition in the Nature Museum of the reserve's central manor	<input checked="" type="checkbox"/>

Additional activities implemented under cooperation in 2023

- Completion of the new Chronicle of Nature environmental trail in the reserve's central manor
- Purchase of bat detectors - unique ultrasonic equipment for listening to and studying the cries of wing-handed mammals, species and numbers identification based on individual sounds, owing to which scientists discovered two species of bats new to the area (Brandt's bat and long-eared bat)
- Refurbishment of the Nature Museum building of the reserve's central manor, preparation of the Osprey – Token of the Darwin Nature Reserve exhibition
- Reequipment and fitting out of the herbarium room with the introduction of a full-time position of a florist for classifying and restoring of the herbarium material for inclusion in the international herbarium system

- completed

→ - in progress or postponed

Conservation of the white heron colony

Artificial water bodies of Cherepovets Steel Mill constitute a unique man-made ecosystem critically important for the region's ornithofauna. Water bodies with a large open water area, waterlogged coastal areas, and floating islands create favourable conditions for the habitat of near-water and waterfowl birds.

Together with scientists of the Darwin State Nature Reserve, Severstal monitors the white heron colony at Cherepovets Steel Mill's ash and sludge storage facilities identified as the northernmost nesting ground for these birds. Herons born at ash and sludge storage facilities were proven to return to the production site to raise their chicks.

Throughout the project, a total of 117 chicks have been ringed. In 2023, their ringing was not performed. In April–September 2023, up to 20 white heron species were regularly seen on the territory of ash and sludge storage facilities.

The work on restoring the nests of white and grey herons was scheduled for 2023, however the scientists decided against interfering with the colony's life activities.

Presentation of the Birds and Steel book

In March 2023, the Birds and Steel book was presented at the Contribution of Business to Biodiversity Conservation roundtable held in Moscow. The book is an illustrated edition based on the results of the 3-year studies of the birds inhabiting the territory of Cherepovets Steel Mill in the ash and sludge storage facilities area. The book constitutes an integral part of the programme initiated by the Company and aimed to study and conserve the feathered inhabitants of the Cherepovets and Cherepovets Steel Mill environs.

Cherepovets Steel Mill's ash and sludge storage facilities are large open artificial reservoirs with an area of about 300 hectares that, owing to the abundance of food, shelters and lack of human intervention, – in a natural way and unexpectedly for scientists contributed to spontaneous formation of a high biodiversity zone. According to the researchers, the facilities are home to 129 bird species, eight of which are listed in the Red Book of Russia. The colony of white and grey herons formed on the ash and sludge storage facilities counts up to 70 pairs. With that, the scientists point out the presence of seven nests of osprey and one nest of white-tailed eagle that are also listed in the Red Book.

Cooperation with the Papanin Institute for Biology of Inland Waters

Severstal has been maintaining cooperation with the RAS Papanin Institute for Biology of Inland Waters since 2019 for monitoring the Koshta River biodiversity in Cherepovets Steel Mill's wastewater discharge point to assess the ecosystem condition and performance of water protection measures aimed at reducing the discharge of pollutants into the environment.

In close interaction with the Institute, Severstal conducts research of phyto- and zooplankton, macrobenthos, and fish fauna of the Koshta River, including the mill's wastewater discharge point. In the reporting year, subsequent to the findings of the river biodiversity monitoring, the experts

pointed out that the diversity and abundance of phyto- and zooplankton, macrobenthos, and fish was deemed satisfactory. The Koshta River flows into the Rybinsk Reservoir that has many inlets. The river's species wealth indicators are close to the annual average in 2019–2023 and consistent with the indicators of the Rybinsk Reservoir's inlets that do not experience an anthropogenic burden. Over the reporting year, the scientists confirmed the presence of a total of 125 phytoplankton species, 71 zooplankton species, 22 macrobenthos species, and five fish species, including the Volga undermouth discovered in the Koshta River for the first time ever since the filling of the Rybinsk Reservoir.

Joint projects

- Biological diversity studies in the area of the Company’s potential impact
- Conservation of the region’s natural and cultural heritage
- Elaboration and implementation of business plans for the Metsola Biosphere Reserve

Status of implementing the biodiversity conservation activities scheduled for 2023	Progress
<ul style="list-style-type: none"> ▪ Quantitative and qualitative characteristics of the flora and fauna biodiversity within the enterprise’s impact area 	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> ▪ Elaboration of the measures aimed to address the biodiversity and ecosystem conservation tasks 	<input checked="" type="checkbox"/>

- completed
- - in progress or postponed

In 2021, Karelsky Okatysh and the Reserve signed an agreement for carrying out the research scientific work on studying the enterprise’s environmental footprint. In the course of project implementation in 2021–2023, the parties carried out a geo-ecological examination of the territory in the enterprise’s region of presence, characterised its natural and territorial complexes, explored the species composition and indicator species of vascular plants reflecting the changes in the biocenoses caused by the influence of human impacts (common pine, downy birch).

The field studies held by the enterprise and the Reserve to assess the flora and fauna status underlay the ecosystems’ studies at 63 monitoring stations and ten sample plots within the territory of the Reserve defined as backgrounds. The scientists paid special attention to the areas of conditionally indigenous forest preserved during the Mill’s construction and to the species composition of the bird and mammal fauna. The soil and vegetation conditions were investigated on the sample sites. The fauna surveys included installing camera traps and performing route census.

Thus, the research revealed:

- Presence of man-induced soil contamination at several monitoring stations indicated by the excess of background iron, vanadium, and nickel content in soils.
- Excess concentration of some metals in lichens at the border of the sanitary protection zone of the Mill against the local background.
- Accumulation of iron, vanadium, nickel, and strontium in plants, which may be caused by their intake with dust from dirt roads, urban territory and the Mill.
- Similarity of the species composition of phytocenoses at all the monitoring stations studied. Plant allocation depends primarily on the natural factors. The change in the species composition of vascular plants relative to the background stations is most vividly manifested in the green areas on the urban territory, along the bank of the tailings pond, directly on the Mill’s territory and in the forest areas preserved off the central pit.

In the course of project implementation, the specialists discovered a new species of moss (onstremia longifolia) and reaffirmed the presence of such a rare species as the white-tailed eagle on the territory under review. The exploration of the area in the vicinity of AO Karelsky Okatysh and in adjacent SPNA territories where camera traps were installed revealed the presence of 13 animal species, four of these listed in the Red Book of the Republic of Karelia and one in the Red Book of Russia. The specialists also pointed out the presence of 22 bird species listed in the Red Book of the Republic of Karelia, six of these listed in the Red Book of Russia. The bird species composition of the explored areas corresponds to the species composition typical for the region. The scientists did not identify any obvious negative impact of the Mill on the ornithofauna of the adjacent territories.

In 2023, the camera traps network was extended to monitor the population of reindeer. Following the observations, the widespread presence of reindeer on the Kamennoye Lake shore, including female reindeer with calves, was registered once again. The camera traps installed in the places most frequented by animals also prove the presence of large predators, such as wolves, brown bears and wolverines, capable of producing a significant impact on the forest reindeer population.

In the reporting year, Severstal carried out the final stage of the project, with obtaining a list of recommended measures for biodiversity and ecosystems conservation and monitoring.

Cooperation with the Orlovskoye Polesye National Park

Joint projects

- Environmental volunteering and assistance in the environmental trail creation

Scheduled activities	Progress
<ul style="list-style-type: none"> ▪ Implementation of environmental volunteering projects in the Orlovskoye Polesye National Park territory 	<input checked="" type="checkbox"/>

- completed

→ - in progress or postponed

During the reporting period, Orlovskiy Steel Rolling Plant (OSPAZ) continued its cooperation with the Orlovskoye Polesye National Park. In February 2023, the enterprise's volunteers took part in the Feed Birds in Winter campaign held in the National Park. They purchased and placed sunflower and pumpkin seeds, as well as unsalted lard, a favourite treat for tits, into the bird-feeders.

In April, OSPAZ's volunteer team participated in an eco-subbotnik held on public recreation grounds of the Orlovskoye Polesye National Park.

The volunteers split into two groups and attended to water-resistant treatment of the new wooden gazebos for recreation, collected leaves and rubbish in the non-residential area. In the course of this campaign, OSPAZ's employees and the representatives of Orlovskoye Polesye discussed the creation of the new one kilometer long environmental trail - In the Realm of the Water Lily. The trail's route is designated for visitors' acquaintance with red-listed plants in their natural habitat.

Cooperation with the Cherepovets State University

Joint projects

- Dendrological studies of green plantings within the Cherepovets Steel Mill production site and on the boundary of the enterprise's sanitary protection zone
- Determination of the accumulation capacity of the plants growing within the Cherepovets Steel Mill production site and on the boundary of the enterprise's sanitary protection zone

Scheduled activities	Progress
<ul style="list-style-type: none"> ▪ Continuation of the Green Shield project implementation 	<input checked="" type="checkbox"/>

- completed

→ - in progress or postponed

Green Shield

The Green Shield project on greening the Cherepovets Steel Mill production site and adjacent areas commenced in 2020 with the participation of the Cherepovets State University. In preparing for project implementation, Severstal and the region's principal university conducted a joint dendrological study of green plantings around the perimeter and at the Mill's facilities.

The specialists explored the target area of 132 hectares and identified eight species listed in the Red Book of Vologda Region among the plants growing on the production site. Based on the obtained data and specialists' recommendations, Severstal drafted a unified site landscaping standard and shaped a programme for the site's greenery maintenance, along with proposals on greening in the future.

The project is aimed to create a green shield around the Mill, thereby preventing the spread of pollutants to the neighbouring areas. Accordingly, in selecting the plants for landscaping, the Company factored in the following parameters:

- absorption capacity in relation to pollutant and greenhouse gas emissions; and
- reclamation potential for soil restoration.

Based on these conditions, Cherepovets State University's researchers conducted a study and substantiated that the leaf surface of white birch, maple ash, and balsam poplar has the highest dust-holding capacity. Accordingly, they made recommendations for landscaping the most anthropogenically impacted areas through the use of these plants.

The phased-in landscaping programme continued in 2023, with the planting of 50 trees, 3,300 shrubs and 1,350 m² of flower beds of annual and perennial plants.

Project of restoring disturbed peatlands

In the reporting year, Severstal commenced its research on the topic titled Scientific and technical substantiation and development of a set of measures to restore disturbed peatlands to reduce greenhouse gas emissions in the North-West of Russia. The object under review was the dried Dedovo Pole peat deposit in Vologda Region and the Company arranged for a field visit to explore the area.

The work covered a geobotanical research using conventional methods adapted to cater to the challenges of contemporary peatland science. In particular, the Company identified functionally significant units to determine ecosystem functions in terms of carbon balance, water regime characteristics, and biodiversity.

The field visit revealed the presence of 55 vascular plant species, four of these listed in the Red Book of Vologda Region and one (alpine bulrush) previously listed as absent in Chagodoshchensky District.

The specialists found 19 moss species – ten green mosses and nine sphagnum mosses. Part of those specimens was submitted to the Moscow University Herbarium. Other newly identified plants included three species of terrestrial lichens prevailing in some areas.

Therefore, the geobotanical description provided for addressing the following tasks:

- Obtaining the detailed characteristics of all key sites that are reference samples for the relevant Greenhouse Gas Emission Site Type (GEST). The obtained information underlay the substantiation for selecting a particular GEST reference site.
- Estimation of above- and underground biomass, which will make it possible to accurately determine the amount of carbon in all GEST classes. Determination of carbon quantity change prospects in the project and baseline scenarios of the Climate project.
- Validation of field characterisation methods for large GEST plots and sampling methods to determine above- and underground biomass and subsequently identify the carbon content therein.
- Confirming the dependency of vegetation on such environmental factors as bog water level and residual peat thickness.
- Identification of unique plant species of significant interest for the specific area of the peat deposit and a number of neighbouring regions of the Russian Federation.

Stocking Projects

To restore the aquatic bioresource populations, Severstal's enterprises release young fish of valuable commercial species into water bodies. In April 2023, the Company released 3,039 lake salmon juveniles into the Shuya River.

In November 2023, Karelsky Okatysh financed and organised the release of over 4,000 salmon fry near the Vegaraksha rapids on the Kem River. The enterprise purchased the fry at the Kemsy fish breeding plant, where they are grown from fish roe of local fish populations. Adult specimens are caught in the Kem River and released back after the roe removal. The obtained roe is laid for incubation. Then, new larvae are reared to the two-year old age category. After reaching the target weight, the young fish are ready for release into the natural habitat.

According to the staff of the Research Institute of Fisheries and Oceanography, the release of juvenile fish directly on the territory of Kostomuksha Urban District, where Karelsky Okatysh operates, is currently deemed impossible as these water bodies and their reception tanks are not on the Rating List.

In the reporting period, another Severstal company – Olenegorsk Mining and Processing Plant – significantly contributed to stocking the water bodies under the compensatory measures towards aquatic biological resources. The facility released 15,975 young whitefish into the Imandrovskoye Reservoir.

Plans for 2024 and Mid-Term

In 2024, Severstal intends to elaborate its Biodiversity Strategy.

Under cooperation with the Darwin State Nature Biosphere Reserve, the Company plans to implement the following measures in 2024:

- floristic survey of the territory of Cherepovets Steel Mill's ash and sludge storage facilities to determine the presence of rare and vulnerable species;
- creation of an environmental educational centre designated to be a major attraction for tourists visiting the Reserve and a venue for lectures and seminars; and
- funding the publication of two books on the studies of wing-handed animals and rare birds of prey within the Reserve and its zone of impact.

AO Karelsky Okatysh intends to implement a joint project with the Institute of Biology of the RAS Karelian Science Centre titled Where are you rushing to, forest reindeer? aimed at examining the current

Cherepovets Greening

Severstal is a key partner of the city of Cherepovets in improving its environmental landscape. The Company's experience was positioned as a successful practice of cooperation between municipalities and businesses in the context of the Clean Air federal project. The Environmental Protection Committee of the Cherepovets Mayor's Office underlined the greening strategy that, with support from Severstal (funding) and involvement of Russia's leading experts, in 2023 shifted from localised plantings to integrated territory development and creation of the city's green framework system. Over the last three years, Severstal has allocated about RUB 12.5 million for the city's greening.

In total, the Company planted over 600 trees, 10,000 shrubs and 31 perennials in the reconstructed areas – the Serpentine Park and Sovetsky Avenue – and preserved 150 trees planted earlier. An automatic system was installed in the Serpentine Park for timely watering. In the historical centre, in the busiest part of the Sovetsky Avenue, a summer water supply system was assembled.

Beyond that, in 2023, Severstal funded the planting of 500 large trees and 2,670 shrubs worth over RUB 6 million on the Sheksninsky Avenue, it being under reconstruction. The planting was carried out in three stages in proportion to the site's readiness – in spring, summer, and autumn. An alley of about 100 large maples was planted on the Raakhe street.

state, allocation, and relocation of the Kukhmo-Kamennoozerskaya group of forest reindeer in the Republic of Karelia. The project will cover the territory of the Metsola Biosphere Reserve located in the enterprise's region of presence, as well as the neighbouring districts of the Republic of Karelia, i.e., Muezersky and Kalevalsky. A total of RUB 1.9 million will be allocated for the project.

The project involves scientists' field visits to the area under review, area exploration and visual observation, camera traps installation, reindeer GPS collar tagging, and surveys among the locals. The data obtained on the number and distribution of reindeer in the area under review will make it possible to assess the impact of major man-induced activities in the region on herds and changes in reindeer habitat preferences as well as to predict potential changes. This assessment shall underlie the elaboration of recommendations and measures on species conservation and restoration.

Land Resources

The Company's major impact on the land resources is considered to be the land disturbance from mining and operation of waste disposal facilities. Severstal strives to rationalise the land resources use and reduce the areas involved in the production activities. The enterprises carry out reclamation of the disturbed land and reforestation activities in line with the approved plans and projects. Supervisory authorities are in charge of reaffirming the efficiency of reclamation and reforestation activities and verifying their conformance with legislative requirements.

In 2023, for mid-term across the Company's enterprises, the programme for the rehabilitation of disturbed lands was shaped and adopted. It covered the three land plots: two waste disposal sites of Cherepovets Steel Mill and one Yakovlevskiy Mine's pit. In preparing the programme, the Company was guided by the UNDP¹ operational. This programme is part of Severstal's target environmental programme. The phased-in rehabilitation activities are scheduled

through to 2031. Each rehabilitation project is subject to review and approval at the level of the Board of Directors and its Chairman.

The use of land resources is inevitably associated with certain risks. The Company determines these in accordance with the accepted criteria for environmental risks identification.

[For more details regarding environmental risk assessment, see the Environmental Management System section, page 173.](#)

In 2023, Severstal attended to, inter alia, the elaboration of the Mine Closure or Mothballing and Land Reclamation Standard. The standard sets forth the key principles for managing the existing and potential risks associated with mine closure as well as minimising the social and environmental impacts during mine closure. Currently, the standard is undergoing the approval procedure.

GRI MM1 GRI 304-3

Area of disturbed and reclaimed land, ha

	2019	2020	2021	2022	2023
Area of disturbed land	12,292	12,443	12,596	12,844	12,071
Area of reclaimed land ²	0(20)	0(20)	0(20)	0(20)	1

Within the framework of the disturbed land reclamation programme, Severstal carried out the technical reclamation of Yakovlevskiy Mine's pit equalling to 436,2 thousand m³. The actual expenditures amounted to RUB 69.4 million.

Plans for 2024 and Mid-Term

In 2024, Severstal intends to continue implementing its land rehabilitation programme and to accordingly carry out the following measures:

- commence the biological reclamation at Yakovlevskiy Mine's sand pit; and
- commence the design documentation development on Cherepovets Steel Mill's disposal sites for carrying out the reclamation thereof.

¹ Collection of operational guidelines on biodiversity conservation and restoration during business operations, prepared as part of the project under the United Nations Development Programme.

² The data is provided in accordance with the requirements of statutory statistical reporting. The values in brackets refer to the actually reclaimed plots that have not yet been accepted as state land reserve lands.





09.

Appendices

Appendices

Appendix 1. GRI Compliance Table

Below is the table of the Report's compliance with the GRI Standards, [RSPP Reference Performance Indicators](#) and ISO 26000 Guidelines.

Statement of Use	Severstal prepared the present Unified Report in accordance with the GRI Standards for the reporting period from 1 January 2023 to 31 December 2023
GRI 1 used	GRI 1: Foundation 2021

No.	GRI indicator	Section in the Report / Comment
General reporting elements		
Organisational profile and formation of the reporting		
GRI 2 (2021)	General disclosures	
2-1	Organisational details	Pages 15, 18, 260
2-2	Entities included in the organisation's sustainability reporting	Page 9
2-3	Reporting period, frequency and contact point	Page 8, 260
2-4	Restatements of information	Information on restatements of the indicators for the previous periods published earlier is presented in the footnotes hereinafter
2-5	External assurance	Page 250
Activities and workers		
GRI 2 (2021)	General disclosures	
2-6	Activities, value chain and other business relationships	Pages 15, 18, 20, 89
2-7	Employees (RSPP 3.1.1, RSPP 3.1.4, ISO 26000 Labour Practices)	Pages 106, 239, 240
2-8	Workers who are not employees	Pages 106, 239
Governance		
GRI 2 (2021)	General disclosures	
2-9	Governance structure and composition (ISO 26000 Organisational Governance)	Pages 35, 36
2-10	Nomination and selection of the highest governance body (RSPP 3.1.12)	Page 36
2-11	Chair of the highest governance body	Page 36
2-12	Role of the highest governance body in overseeing the management of impacts	Pages 36, 43, 76
2-13	Delegation of responsibility for managing impacts	Pages 36, 38, 64
2-14	Role of the highest governance body in sustainability reporting	Page 9
2-15	Conflicts of interest	Pages 39, 40
2-16	Communication of critical concerns	Information is not subject to disclosure as it is sensitive for the Company and may lead to additional risks (in the light of geopolitical situation)

No.	GRI indicator	Section in the Report / Comment
2-17	Collective knowledge of the highest governance body	On a regular basis, the Company prepares briefing notes on economic, environmental and social issues for the management
2-18	Evaluation of performance of the highest governance body (ISO 26000 Organisational Governance)	Page 37
2-19	Remuneration policies	Page 38
2-20	Process to determine remuneration	Page 38
2-21	Annual total compensation ratio	Information is not subject to disclosure as it is sensitive for the Company and may lead to additional risks (in the light of geopolitical situation)

Strategy, policies and practices

GRI 2 (2021)	General disclosures	
2-22	Statement on sustainable development strategy	Page 4
2-23	Policy commitments	Pages 39, 40, 83
2-24	Embedding policy commitments	Page 83
2-25	Processes to remediate negative impacts	Page 41
2-26	Mechanisms for seeking advice and raising concerns	Pages 41, 42
2-27	Compliance with laws and regulations	Page 180
2-28	Membership associations	Page 73, 76

Stakeholder engagement

GRI 2 (2021)	General disclosures	
2-29	Approach to stakeholder engagement	Page 76
2-30	Collective bargaining agreements	Pages 100, 112

Disclosures on material topics

Determining material topics

GRI 3 (2021)	Material Topics	
3-1	Process to determine material topics	Page 10
3-2	List of material topics	Page 10

Occupational health and industrial safety

GRI 3 (2021)	Material Topics	
3-3	Management of material topics	Page 137
GRI 403 (2018)	Personnel Health and Safety	
403-1	Occupational health and safety management system	Pages 137, 138
403-2	Hazard identification, risk assessment, and incident investigation	Page 142
403-3	Occupational health services	Page 145
403-4	Worker participation, consultation, and communication on occupational health and safety	Page 141

No.	GRI indicator	Section in the Report / Comment
403-5	Worker training on occupational health and safety	Page 139
403-6	Promotion of worker health	Pages 112, 114, 145
403-7	Prevention and mitigation of occupational health and safety impacts directly linked with business relationships	Pages 142, 146
403-8	Workers covered by an occupational health and safety management system	Page 138
403-9	Work-related injuries (RSPP 3.1.5)	Pages 146, 243
403-10	Work-related ill health (RSPP 3.1.7)	Page 145

Water use and impact on water resources

GRI 3 (2021)	Material Topics	
3-3	Management of material topics	Page 188
GRI 303 (2018)	Water and Effluents	ISO 26000 Environment
303-1	Interactions with water as a shared resource	Page 188
303-2	Management of water discharge - related impacts	Page 188
303-3	Water withdrawal	Pages 192, 246
303-4	Water discharge	Pages 194, 246
303-5	Total water consumption	Pages 193, 246

Product quality and safety for customers

GRI 3 (2021)	Material Topics	
3-3	Management of material topics	Page 53
GRI 416 (2016)	Customer Health and Safety	ISO 26000 Consumer Issues
416-1	Assessment of the health and safety impacts of product and service categories	Not applicable. Products and services of the Company's enterprises as such do not make any negative impact on consumers' health and safety
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No incidents of non-compliance with regulatory requirements and voluntary codes concerning the health and safety impacts of products and services
GRI 417 (2016)	Marketing and Labelling	ISO 26000 Consumer Issues
417-1	Requirements for product and service information and labelling	Page 58
417-2	Incidents of non-compliance concerning product and service information and labeling	No incidents of non-compliance with regulatory requirements and voluntary codes concerning product and service information and labelling
417-3	Incidents of non-compliance concerning marketing communications	No incidents of non-compliance with regulations and voluntary codes concerning marketing communications

No.	GRI indicator	Section in the Report / Comment
Air quality		
GRI 3 (2021)	Material Topics	
3-3	Management of material topics	Page 181
GRI 305 (2016)	Emissions	ISO 26000 Environment
305-6	Emissions of ozone-depleting substances (ODS)	The Company does not produce, emit or use ozone-depleting substances in its manufacturing processes, except for the use as a reagent in chemical laboratory analyses in extremely limited quantities and for fuelling and refuelling the compressor equipment, air conditioning units, industrial air conditioners and fire extinguishing systems
305-7	Nitrogen oxides (NO _x), sulphur oxides (SO _x), and other significant air emissions	Pages 185, 186
Economic performance		
GRI 3 (2021)	Material Topics	
3-3	Management of material topics	Page 134
GRI 201 (2016)	Economic Performance	
201-1	Direct economic value generated and distributed	Page 134
201-3	Defined benefit plan obligations and other retirement plans	Pages 112, 115
GRI 203 (2016)	Indirect Economic Impacts	
203-2	Significant indirect economic impacts	Page 135
GRI 207 (2019)	Tax	
207-1	Approach to tax	Page 135
207-2	Tax governance, control, and risk management	Page 135
207-3	Stakeholder engagement and management of concerns related to tax	Page 135
207-4	Country-by-country reporting	Page 243
Land resources and biodiversity		
GRI 3 (2021)	Material Topics	
3-3	Management of material topics	Page 209
GRI 304 (2016)	Biodiversity	ISO 26000 Environment
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Page 210

No.	GRI indicator	Section in the Report / Comment
304-2	Significant impacts of activities, products, and services on biodiversity	Pages 210, 213
304-3	Habitats protected or restored	Page 219 The information is disclosed in line with the land reclamation (rehabilitation) practices established by the legislation of the Russian Federation
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Page 210
GRI G4 (2013)	Sector Disclosures - Mining and Metals	
MM1	Amount of land (owned or leased) managed for production activities, disturbed or rehabilitated	Page 219
MM2	The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place	The site owned by AO Severstal Distribution and located in Cherepovets District (Dmitrovsky rural council, Vas'kovo village, Motomskoye forestry) is identified as a protected area. Permitted use of land: hunting grounds. No production activities are carried out

Waste management

GRI 3 (2021)	Material Topics	
3-3	Management of material topics	Page 197
GRI 306 (2020)	Waste	
306-1	Waste generation and significant waste-related impacts	Page 197
306-2	Management of significant waste-related impacts (RSPP 2.8)	Pages 197, 198, 203
306-3	Waste generated (RSPP 2.9)	Pages 204, 248
306-4	Waste diverted from disposal	Pages 205, 206, 248
306-5	Waste directed to disposal	Pages 205, 206, 248
GRI G4 (2013)	Sector Disclosures - Mining and Metals	
MM3	Total amounts of overburden, rock, tailings and sludge, and associated risks	Page 204

Climate change and energy efficiency

GRI 3 (2021)	Material Topics	
3-3	Management of material topics	Page 153
GRI 201 (2016)	Economic Performance	
201-2	Financial implications and other risks and opportunities due to climate change	Pages 158, 159

No.	GRI indicator	Section in the Report / Comment
GRI 302 (2016)	Energy	ISO 26000 Environment
302-1	Energy consumption within the organisation (RSPP 2.2)	Page 170
302-2	Energy consumption outside of the organisation	Energy consumption outside of the organisation is not measured due to the large number of counterparties
302-3	Energy intensity	Page 171
302-4	Reduction of energy consumption (RSPP 2.2.2)	Pages 168, 169
302-5	Reductions in energy requirements of products and services	Not applicable
GRI 305 (2016)	Emissions	ISO 26000 Environment
305-1	Direct GHG emissions (Scope 1)	Pages 165, 244
305-2	Energy indirect GHG emissions (Scope 2)	Pages 165, 244
305-3	Other indirect GHG emissions (Scope 3)	Pages 165, 166, 245
305-4	GHG emissions intensity	Page 166
305-5	Reduction of GHG emissions (RSPP 2.6)	Pages 162, 163

Innovation and digitalisation

GRI 3 (2021)	Material Topics	
3-3	Management of material topics	Page 53

Development of the regions of presence

GRI 3 (2021)	Material Topics	
3-3	Management of material topics	Page 123
GRI 203 (2016)	Indirect Economic Impacts	
203-1	Infrastructure investments and services supported (ISO 26000 Community Involvement and Development)	Page 128
GRI 204 (2016)	Procurement Practices	
204-1	Proportion of spending on local suppliers (ISO 26000 Fair Business Practices)	Page 90
GRI 411 (2016)	Rights of Indigenous Peoples	
411-1	Incidents of violations involving the rights of indigenous peoples (RSPP 3.2.3, ISO 26000 Human Rights)	Page 125 None over the reporting year
GRI 413 (2016)	Local Communities	ISO 26000 Community Involvement and Development
413-1	Operations with local community engagement, impact assessments, and development programmes (RSPP 3.3.3)	Pages 124, 128
413-2	Operations with significant actual and potential negative impacts on local communities (RSPP 3.3.3)	None over the reporting year
GRI G4 (2013)	Sector Disclosures –Mining and Metals	
MM5	Total number of operations in, or adjacent to, indigenous peoples' territories, and number and percentage of operations or sites where there are formal agreements with indigenous peoples' communities	Page 125
MM6	Number and description of significant disputes relating to land use, customary rights of local communities and indigenous peoples	None over the reporting year

No.	GRI indicator	Section in the Report / Comment
MM7	The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and indigenous peoples, and the outcomes	None over the reporting year
MM8	Number and percentage of sites or adjacent territories under artisanal or small-scale mining; associated risks and measures taken to manage and mitigate them	No artisanal or small-scale mining operations
MM9	Sites where resettlements took place, the number of households resettled in each, and how their livelihoods were affected in the process	None
MM10	Number and percentage of operations with closure plans	No closures scheduled

Information security

GRI 3 (2021)	Material Topics	
3-3	Management of material topics	Page 49
GRI 418 (2016)	Customer Privacy	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 51 No complaints received concerning breaches of customer privacy and losses of customer data

Human capital development

GRI 3 (2021)	Material Topics	
3-3	Management of material topics	Page 105
GRI 202 (2016)	Market Presence	ISO 26000 Labour Practices
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Page 111
202-2	Proportion of senior management hired from the local community	In this context, senior management shall be understood as CEO, his delegates, and directors of production units, whereas the local community stands for citizens of the Russian Federation. In 2023, 100% of senior managers were citizens of the Russian Federation
GRI 401 (2016)	Employment	
401-1	New employee hires and employee turnover (RSPP 3.1.2, 3.1.3)	Pages 107, 240
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Pages 108, 112
401-3	Parental leave	Pages 115, 242
GRI 402 (2016)	Labor/Management Relations	
402-1	Minimum notice periods regarding operational changes	Page 100

No.	GRI indicator	Section in the Report / Comment
GRI 404 (2016)	Training and Education	
404-1	Average hours of training per year per employee (RSPP 3.1.10)	Pages 116, 242
404-2	Programmes for upgrading employee skills and transition assistance programmes	Page 116
404-3	Percentage of employees subject to regular performance and career development reviews	Page 118
GRI 405 (2016)	Diversity and Equal Opportunity	ISO 26000 Labour Practices
405-1	Diversity of governance bodies and employees	Pages 102, 107, 231, 240
405-2	Ratio of basic salary and remuneration of women to men	Pages 111, 241

Other disclosures

GRI 200 Economic

GRI 205 (2016)	Anti-corruption	ISO 26000 Fair Business Practices
205-1	Operations assessed for risks related to corruption	Page 40
205-2	Communication and training about anti-corruption policies and procedures	Page 41
205-3	Confirmed incidents of corruption and actions taken	Pages 40, 42 The Company recorded one confirmed incident of corruption; eight employees were also dismissed due to violation of the Anti-Corruption Policy
GRI 206 (2016)	Anti-Competitive Behaviour	
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices (ISO 26000 Fair Business Practices)	None over the reporting year

GRI 300 Environmental

GRI 301 (2016)	Materials	
301-1	Materials used by weight or volume	Information is not disclosed as such data is not collected
301-2	Recycled input materials used (RSPP 2.1)	Information is not disclosed as such data is not collected
301-3	Reclaimed products and their packaging materials	Page 202
GRI 308 (2016)	Supplier Environmental Assessment	
308-1	New suppliers that were screened using environmental criteria	Page 86
308-2	Negative environmental impacts in the supply chain and actions taken	Page 86

GRI 400 Social

ISO 26000 Labour Practices

GRI 406 (2016)	Non-discrimination	
406-1	Incidents of discrimination and corrective actions taken	Pages 102, 103

No.	GRI indicator	Section in the Report / Comment
GRI 407 (2016)	Freedom of Association and Collective Bargaining	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk (RSPP 3.2.1)	Pages 100, 112
GRI 408 (2016)	Child Labour	
408-1	Operations and suppliers at significant risk for incidents of child labour (ISO 26000 Human Rights)	Page 100
GRI 409 (2016)	Forced or Compulsory Labour	
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour (ISO 26000 Human Rights)	Pages 100, 101
GRI 410 (2016)	Security Practices	
410-1	Security personnel trained in human rights policies or procedures (ISO 26000 Human Rights)	Page 100
GRI 414 (2016)	Supplier Social Assessment	ISO 26000 Fair Business practices
414-1	New suppliers that were screened using social criteria	Page 86
414-2	Negative social impacts in the supply chain and actions taken	Page 86
GRI G4 (2013)	Sectoral Disclosures –Mining and Metals	
MM4	Number of strikes and lock-outs exceeding one week's duration, by country	None over the reporting year

Appendix 2. SASB Compliance Table

Topic	Indicator	Code	Reference location, comment
Greenhouse Gas Emissions	(1) Gross global Scope 1 emissions (2) Percentage covered under emissions-limiting regulations	EM-IS-110a.1 EM-MM-110a.1	Pages 165, 244 To date, no direct GHG emission-limiting regulations are in effect in Russia
	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	EM-IS-110a.2 EM-MM-110a.2	Page 153
Air Emissions	Air emissions of the following pollutants: (1) carbon oxide (CO) (2) NOx (excluding N ₂ O) (3) sulphur oxides (SOx) (4) particulate matter (PM10) (5) manganese oxide (MnO) (6) lead (Pb) (7) volatile organic compounds (VOC) (8) polycyclic aromatic hydrocarbons (PAH)	EM-IS-120a.1	Pages 185, 186 Emissions of (5), (6) and (8) are not disclosed due to negligible volumes
Air Quality	Air emissions of the following pollutants: (1) carbon oxide (CO) (2) NOx (excluding N ₂ O) (3) sulphur oxides (SOx) (4) particulate matter (PM10) (5) mercury (Hg) (6) lead (Pb) (7) volatile organic compounds (VOC)	EM-MM-120a.1	Pages 185, 186 Emissions of (5) and (6) are not disclosed due to negligible volumes
Energy Management	(1) Total energy consumed	EM-IS-130a.1 EM-MM-130a.1	Pages 170, 246
	(2) Percentage grid electricity		
	(3) Percentage renewable		
	(1) Total fuel consumed (2) Percentage carbon (3) Percentage natural gas (4) Percentage renewable fuel	EM-IS-130a.2	Page 170

Topic	Indicator	Code	Reference location, comment
Water Management	(1) Total fresh water withdrawn (2) EM-IS-140a.1: Percentage closed cycle water (3) Percentage (EM-IS-140a.1) / amount (EM-MM-140a.1) of water consumed in regions with high or extremely high baseline water stress	EM-IS-140a.1 EM-MM-140a.1	Pages 188, 195, 246 Severstal's core businesses are based in the regions without high baseline water stress
	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	EM-MM-140a.2	Page 194 In 2023, the Company recorded no significant breaches of water protection regulations
Waste & Hazardous Materials Management	(1) Total waste produced (2) Percentage hazardous waste (3) Percentage recycled waste	EM-IS-150a.1	Pages 204, 206
	Total weight of non-mineral waste generated	EM-MM-150a.4	Page 204
	Total weight of tailings produced	EM-MM-150a.5	Page 204
	Total weight of waste rock generated	EM-MM-150a.6	Page 204 Only the amount of overburden is disclosed
	Total weight of hazardous waste generated	EM-MM-150a.7	Page 204
	Total weight of hazardous waste recycled	EM-MM-150a.8	In 2023, the hazardous waste of 83.4 thousand tonnes (hazard classes I-III) was recycled and neutralised
	Number of significant incidents associated with hazardous materials and waste management	EM-MM-150a.9	None over the reporting year
Biodiversity Impacts	Description of waste and hazardous materials management (policies and procedures for active and inactive operations)	EM-MM-150a.10	Page 197
	Description of environmental management policies and practices for active sites	EM-MM-160a.1	Pages 209, 211
	Percentage of mine sites where acid rock drainage is: (1) predicted to occur (2) actively mitigated (3) under treatment or remediation	EM-MM-160a.2	No acid rock drainage
Percentage of (1) proved and (2) probable reserves in or near sites with protected conservation status or endangered species habitat	EM-MM-160a.3	Page 210 Not applicable	

Topic	Indicator	Code	Reference location, comment
Tailings Storage Facilities Management	Tailings storage facility inventory table: (1) facility name, (2) location, (3) ownership status, (4) operational status, (5) construction method, (6) maximum permitted storage capacity, (7) current amount of tailings stored, (8) consequence classification, (9) date of most recent independent technical review, (10) material findings, (11) mitigation measures, (12) site-specific EPRPs	EM-MM-540a.1	For more details regarding the Company's tailings and sludge storage facilities, see the Presentation
	Summary of tailings management systems and governance structure used to monitor and maintain the stability of tailing storage facilities	EM-MM-540a.2	Page 203
	Approach to development of emergency preparedness and response plans (EPRPs) for tailing storage facilities	EM-MM-540a.3	Information regarding the measures to prevent, confine, and recover from accidents at the Company's tailings and sludge storage facilities in the Ensuring the Safety of Hydrotechnical Facilities Guidance¹ and emergency response plans for hydro facilities²
Security, Human Rights & Rights of Indigenous Peoples	Percentage of (1) proved and (2) probable reserves in or near areas of conflict	EM-MM-210a.1	Some of the Company's assets are located on the boundary territories. Within these assets, Severstal implements additional measures to support employees and their family members
	Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict	EM-MM-210a.3	
Community Relations	Discussion of process to manage risks and opportunities associated with community rights and interests	EM-MM-210b.1	Page 124 No separate discussions held in 2023
	Number and duration of non-technical delays	EM-MM-210b.2	None
Labour Relations	Percentage of active workforce covered under collective bargaining agreements, broken down by local and foreign employees	EM-MM-310a.1	Collective bargaining agreements are in effect in 13 units of Severstal. In the reporting year, they covered 81.6% of employees
	Number and duration of strikes and lockouts	EM-MM-310a.2	None

^{1,2} This document is only available in Russian.

Topic	Indicator	Code	Reference location, comment
Business Ethics & Transparency	Description of the management system for prevention of corruption and bribery throughout the value chain	EM-MM-510a.1	Page 39
	Production in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	EM-MM-510a.2	No production in such countries
Workforce Health & Safety	(1) Total reportable incident rate (TRIR) (2) Fatality rate (3) Near miss frequency rate (NMFR) for full-time employees and contract employees	EM-IS-320a.1	Page 146 Injury rates are disclosed in line with the Company's accounting and practices of disclosures in non-financial reporting
	(1) MSHA all-incidence rate (2) Fatality rate (3) Near miss frequency rate (4) Average hours of health, safety, and emergency response training for (a) full-time employees and (b) contract employees	EM-MM-320a.1	
Supply Chain Management	Discussion of the process for managing iron ore and/or coking coal sourcing risks arising from environmental and social issues	EM-IS-430a.1	Page 87
Reserves Valuation & Capital Expenditures	Total raw steel production, percentage from (1) basic oxygen furnace processes (2) electric arc furnace processes	EM-IS-000.A	Page 21
	Total iron ore production, including iron ore consumed internally and that which is made available for sale	EM-IS-000.B	Page 21
	Total coking coal production, including coking coal consumed internally and that which is made available for sale	EM-IS-000.C	Not applicable
	Total production of: (1) metal ores (2) finished metal products	EM-MM-000.A	Page 21
	Total number of employees	EM-MM-000.B	Page 239

Appendix 3. TCFD Compliance Table

Recommended disclosure	Section in the Report
Governance	
The Board of Directors' role in supervising climate-related risks and opportunities	Approach to Governance, page 154 .
Organisation's governance around climate-related risks and opportunities	Corporate Governance of Climate-related Issues, page 156 . Decarbonisation Strategy ¹ , page 16
Strategy	
Climate-related risks and opportunities over the short-, medium- and long-term horizons	Climate-related Risks and Opportunities, page 158 . Climate Report ² , pages 7, 11, 14-18
Actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	Climate-related Risks and Opportunities, page 158 . Climate Report , pages 9, 12, 13
Resilience of business strategies, taking into consideration different climate-change scenarios	Climate-related Risks and Opportunities, page 158 . Climate Report , pages 7-9, 15-18
Risk Management	
Processes for identifying and assessing climate-related risks	Climate-related Risks and Opportunities, page 158 . Climate Report , pages 7
Processes for managing climate-related risks	Climate-related Risks and Opportunities, page 158 . Climate Report , page 16-18
How processes for identifying, assessing, and managing climate-related risks are integrated into overall risk management	Climate-related Risks and Opportunities, page 158 . Climate Report , pages 2, 4, 5
Metrics and Targets	
Metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	Corporate Governance of Climate-related Issues, page 157 . Climate-related Risks and Opportunities, pages 160, 161
Disclosure of GHG emissions	GHG Emissions, page 165 . Appendices, page 244
Targets used by the organisation to manage climate-related risks and opportunities, and performance against targets	Climate Change and Energy Efficiency, page 153 . Decarbonisation Goals Achievement Measures, page 162 . Decarbonisation Strategy , page 7

¹ This document is only available in Russian.

² At the time of publication of the Unified Report, the latest version of the Climate Report for 2023 is only available in Russian. The Report for 2023 in English will be published [on the Company's website](#).

Appendix 4. Table of Compliance with the Guidelines of the Ministry of Economic Development (MED) of the Russian Federation

No.	Indicator	Section/page in the Report
Economic indicators		
MED-1	Revenue (its equivalent)	Pages 14, 21
MED-2	Value added	Page 21
MED-3	Net value added	Page 21
MED-4	General R&D expenses	Pages 21, 54
MED-5	Labour productivity	Page 21 The indicator is calculated according to the Company's methodology based on the formula: Volume of produced steel / Headcount
MED-6	Statutory payments accrued (excluding fines and penalties), total, including: taxes and levies, insurance contributions, other statutory payments	The disclosed information stands for the paid amounts of taxes and contributions, including on social security, across the Company in general, as well as tax and non-tax payments across the core regions of presence
MED-7	Statutory payments effected (excluding fines and penalties), total, including: taxes and levies, insurance contributions, other statutory payments	Pages 21, 136, 243
MED-8	Share of purchases of Russian goods, works and services in the total purchases of goods, works and services	Page 90
MED-9	Share of purchases of goods, works and services from SMEs in the total purchases from Russian entities	The share of purchases of goods, works and services from SMEs in the total scope of purchases from Russian entities amounted to 70.7% in 2023
MED-10	Sustainable, including green, investments	Pages 21, 128, 180 Under this indicator, the Company discloses the social investments amount, environmental protection expenditures, and the subsidised loan granted by the Industrial Development Fund for one of the key projects under the comprehensive action plan for pollutants reduction within the framework of the Clean Air federal project. The aggregated expenditure for social and environmental protection projects amounted to RUB 10 billion in 2023
MED-11	Investments in projects related to achieving technological sovereignty and structural adaptation of the economy of the Russian Federation	Confidential information, not subject to disclosure in the Report

No.	Indicator	Section/page in the Report
MED-12	Indicator of economic vulnerability of economic and other activities to climate-related risks	No record-keeping
Environmental indicators		
MED-13	Amount of water used from all water supply sources	Pages 192, 246
MED-14	Amount of recycled and reused water supply	Page 195
MED-15	Amount of contaminated wastewater discharge, total, including untreated wastewater	Page 194
MED-16	Water use efficiency (specific water consumption)	<p>Page 193</p> <p>The indicator is disclosed according to the Company's methodology, i.e., the specific water consumption of Cherepovets Steel Mill from natural sources, m³/tonnes of steel. The water efficiency index (as the ratio of the used water volume from all sources of water supply to the net value added) in 2023 amounted to 0.00019 thousand m³ per RUB one thousand and 0.011 thousand m³ per RUB one thousand, factoring in the volume of recirculated water supply</p>
MED-17	Waste of hazard classes I–V generated, total, including: class I, class II, class III, class IV, and class V	<p>Page 204, 248</p> <p>Disclosed in the break-down by hazardous (hazard classes I–III) and non-hazardous waste (hazard classes IV–V)</p>
MED-18	Waste of hazard classes I–V managed, total, including by category: waste disposed of, waste neutralised, waste buried, waste reused, waste recycled, and waste generation reduced	<p>Page 205, 248</p> <p>The landfilled waste volume is not disclosed separately as it is factored in the waste disposal volume. Reduction of waste generation per unit of the net value added is not disclosed as the waste generation reduction in 2023 against 2022 (by 1.4%) is connected with the technological process of raw materials production</p>
MED-19	Air pollutant emissions from stationary sources	Page 186
MED-20	GHG emissions	Pages 165, 244
MED-21	Expenses on implementing the environmental protection measures, total, including: atmospheric air protection and climate change prevention, wastewater collection and treatment, waste management, biodiversity conservation and protection of natural areas	Page 180
MED-22	Renewable and low-carbon energy consumption	<p>Pages 170, 246</p> <p>The cumulative consumption of fuel from renewable sources and energy purchased from renewable and zero-carbon sources in 2023 amounted to 6,174 TJ (or 1,715 million kWh)</p>
MED-23	Energy efficiency: energy consumption per unit of net value added	<p>Page 171</p> <p>Disclosed in GJ/RUB million</p>

No.	Indicator	Section/page in the Report
Social indicators		
MED-24	Payroll expenses, total	Page 240
MED-25	Average headcount, total, including the number of disabled persons	Page 100 , 239
MED-26	Average salary, total, including: by occupation groups, by gender, and by age groups	Page 241 Not disclosed: average salary broken down by age groups due to no record-keeping
MED-27	Expenses on occupational health and safety events, total, including on average per employee	Page 139
MED-28	Expenses on organising and holding social, fitness, recreational and medical events for employees and their family members	Page 114
MED-29	Number of occupational accident victims with disability for one or more working days and with fatal outcome, including fatalities	Pages 146 , 243
MED-30	Expenses on employees training, total, including on average per employee	Page 116 , 242 Training expenses amounted to RUB 5,942 per employee
MED-31	Average hours of training per year per employee by occupation groups	Page 116 , 241 , 242 Record-keeping in person-courses
MED-32	Percentage of employees covered by collective bargaining agreements in the average headcount	Page 112
MED-33	Staff turnover rate	Pages 107 , 240
MED-34	Expenses on contributing to support for social programmes not aimed at employees and their family members, total, including: charitable in housing, healthcare, education, and support for citizens in need of social assistance	Page 128
Governance indicators		
MED-35	Availability of the sustainability policy and/or other related strategic documents	Pages 36 , 65
MED-36	Number of Board meetings and attendance rate	Page 36
MED-37	Number of Board members, total, including by age groups	Page 36
MED-38	Number of the Audit Committee meetings and attendance rate	Page 38
MED-39	Participation in ESG indices and ratings	Page 22
MED-40	Number of recorded cases of infringing the rights of indigenous minorities of the Russian Federation	No cases recorded
MED-41	Percentage of employees holding positions exposed to high corruption risk	No record-keeping
MED-42	Average hours of anti-corruption training per employee	Page 41 Disclosure of cumulative anti-corruption training load in person-courses
MED-43	Cases of bringing the organisation, its subsidiaries and associates to administrative liability for corrupt practices	Page 40
MED-44	Share of female managers in the total number of managers, total, including on the Board of Directors (Supervisory Board)	Pages 36 , 102

Appendix 5. Additional Data

Personnel

GRI 2-7 **EM-MM-000.B** **MED-25**

Average headcount by key regions of presence, people

	2019	2020	2021	2022	2023
Cherepovets	29,487	30,357	31,057	30,546	29,338
Vorkuta	6,291	6,185	5,943	2,056	-
Kostomuksha	3,857	3,892	3,993	4,083	4,030
St. Petersburg	2,508	2,592	2,716	2,749	2,505
Olenegorsk	1,919	1,955	1,977	1,923	1,927
Belgorod	1,808	2,062	2,300	2,505	2,426
Oryol	1,193	1,247	1,258	1,224	1,155
Volgograd	914	966	1,040	996	903
Moscow	842	1,051	1,267	1,530	1,737
Yaroslavl	663	788	972	1,016	933
Balakovo	362	1	-	-	-
Other	835	1,126	1,309	1,208	1,159

GRI 2-7 **GRI 2-8**

Employees by type of employment contract and by gender regardless of employment in 2023, people

Average headcount in a break-down	Men	Women
Number of employees hired under permanent employment contracts (open-term employment contracts)	33,491	12,703
Number of employees hired under fixed-term employment contracts (fixed-term employment contracts)	701	839
Number of full-time employees (full-time employment)	34,208	13,446
Number of part-time employees (part-time employment)	285	310
Number of non-staff workers whose work is supervised by the organisation (example.g., under civil law contracts)	301	214

GRI 405-1

Employees by category and by age based on headcount as of December of the reporting year, people

	2019	2020	2021	2022	2023
Men					
Managers	6,174	6,458	6,711	5,620	5,910
Engineers and technicians	3,247	3,580	3,839	3,753	4,102
Workers	28,352	29,012	29,308	23,369	23,835
Women					
Managers	1,757	1,924	2,179	1,963	2,222
Engineers and technicians	4,298	4,502	5,065	4,485	4,700
Workers	7,357	7,524	7,476	6,303	6,486

GRI 2-7**Employees by type of employment contract and by region in 2023, people**

	Number of employees hired under permanent employment contracts (open-term employment contracts)	Number of employees hired under fixed-term employment contracts (fixed-term employment contracts)	Number of full-time employees (full-time employment)	Number of part-time employees (part-time employment)
Cherepovets	29,231	886	30,144	245
Kostomuksha	4,090	63	4,156	33
St. Petersburg	2,452	188	2,617	131
Olenegorsk	1,974	28	2,009	15
Belgorod	2,446	74	2,519	4
Oryol	1,200	17	1,216	4
Volgograd	945	10	955	0
Moscow	1,862	95	1,923	77
Yaroslavl	894	90	947	52
Other	1,100	89	1,168	34

GRI 405-1**Employees by age based on headcount as of December of the reporting year, people**

	2019	2020	2021	2022	2023
Aged under 30	9,450	9,612	9,736	7,441	8,011
Aged 31-50 years	33,129	34,661	35,937	30,583	31,116
Aged over 50	8,606	8,727	8,905	7,469	8,128

GRI 401-1**New employee hires, people**

	2019	2020	2021	2022	2023
Total	n/a	6,201	7,338	4,604	6,774
Men	n/a	4,398	4,891	3,338	4,582
Women	n/a	1,803	2,447	1,266	2,192

GRI 401-1 MED-33**Staff turnover rate, %**

	2019	2020	2021	2022	2023
Total	4.7	4.9	6.9	5.6	5.7
Men	n/a	n/a	n/a	n/a	5.7
Women	n/a	n/a	n/a	n/a	5.8

MED-24**Manpower expenditure, RUB million**

	2019	2020	2021	2022	2023
Payroll fund	50,030	54,303	58,772	65,354	64,920
Social security	1,355	1,153	1,390	1,294	1,294
Pension liabilities	492	480	471	506	521
Total	51,877	55,936	60,633	67,154	66,735

Ratio of average salary of Company employees to average salaries across the regions of presence in 2023, RUB

	Average salary across Severstal	Average salary across the region	Ratio
Cherepovets	103,093	57,739	1.8
Kostomuksha	122,144	62,570	2.0
St. Petersburg	145,763	91,476	1.6
Olenegorsk	116,093	94,651	1.2
Belgorod	89,788	52,460	1.7
Oryol	61,524	45,451	1.4
Volgograd	65,060	47,581	1.4
Moscow	393,450	128,734	3.1
Yaroslavl	84,000	52,091	1.6

GRI 405-2

Standard basic salary by gender and by employee category, RUB

	2019		2020		2021		2022		2023	
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
Managers	57,220	65,070	60,520	67,610	62,440	70,350	68,120	77,730	76,050	90,270
Engineers and technicians	42,750	50,000	43,560	52,170	47,360	55,140	52,910	61,170	59,320	71,650
Workers	37,040	41,110	38,090	42,350	40,540	48,490	48,830	57,180	56,160	64,320

MED-26

Average salary in 2023, RUB

Total	117,320
By category (by occupation groups)	
Managers	224,803
Engineers and technicians	124,460
Workers	87,186
By gender	
Women	95,471
Men	125,861
By age	
Aged under 30	n/a
Aged 30–50	n/a
Aged over 50	n/a

MED-31

Employee training

	2019	2020	2021	2022	2023
Share of employees (including managers) covered by the training process, %	59	53	75	80	95
Average duration of training per employee, hours	50	44	56	56	38

Average training hours by gender and by employee category, hours

	2019		2020		2021		2022		2023	
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
Managers	81	40	31	30	26	23	22	20	18	18
Engineers and technicians	30	32	30	31	16	19	26	20	15	19
Workers	78	76	71	53	135	116	37	41	58	59

MED-30

Personnel training and development expenses, RUB million

2019	2020	2021	2022	2023
524.0	405.0	438.3	230.6	274.0

GRI 401-3

Parental leave, people

	2019		2020		2021		2022		2023	
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
Number of employees entitled to maternity/paternity leave in the reporting period, people	1,229	4,517	1,160	4,393	1,212	4,342	1,199	3,976	1,284	3,694
Number of employees who took maternity/paternity leave in the reporting period, people	374	7	347	21	486	15	395	11	456	22
Number of employees who were to return to work in the reporting period after taking maternity/paternity leave, people	411	10	285	13	324	16	324	7	332	8
Total number of employees who returned to work after maternity/paternity leave ended in the previous reporting period, people	509	15	415	13	342	18	340	19	308	7
Number of employees who returned to work after maternity/paternity leave ended and were still employed 12 months after their return to work, people	372	8	284	7	247	8	223	11	254	6
Return-to-work rate (share of employees who returned to work after maternity/paternity leave ended), %	100	100	100	100	100	100	100	100	87	64
Retention rate (share of employees who remained in the Company after maternity/paternity leave ended), %	73	53	68	54	72	44	72	58	82	86

Development of the regions of presence

GRI 207-4 MED-7


Tax and non-tax payments by key regions of presence, RUB million

Constituent entity of the Russian Federation	Type of payment	2019	2020	2021	2022	2023
Vologda Region	total payments	18,008	13,625	38,256	16,279	43,425
	taxes	17,959	13,513	38,170	16,173	43,351
	non-tax payments	49	112	86	106	74
The Republic of Karelia	total payments	3,397	2,571	6,449	3,633	5,149
	taxes	3,323	2,501	6,365	3,513	5,035
	non-tax payments	74	70	84	120	114
Murmansk Region	total payments	1,337	1,084	2,607	1,407	1,059
	taxes	1,263	1,049	2,529	1,299	877
	non-tax payments	74	35	78	108	182
Oryol Region	total payments	445.2	304	1,042.2	409	362
	taxes	445	304	1,042	409	362
	non-tax payments	0.2	0	0.2	0	0
Volgograd Region	total payments	426.6	303	950	346.5	736
	taxes	425	301	949	346	735.5
	non-tax payments	1.6	2	1	0.5	0.5
Belgorod Region	total payments	896.7	1,069	3,640	1,792	1,409
	taxes	893	1,059	3,594	1,780	1,400
	non-tax payments	3.7	10	46	12	9
Total across the key regions		28,712.5	21,967	60,179.2	23,866.5	52,140

OHS

GRI 403-9 MED-29

Number of injuries, pcs

	2019		2020 ¹		2021		2022		2023	
	Employees	Contractor ²	Employees	Contractors	Employees	Contractors	Employees ³	Contractors	Employees	Contractors
Fatalities 	2	-	4	10	3	2	1	2	0	2
Severe injuries	7	-	9	9	8	5	7	6	7	4
Minor injuries	46	-	46	20	53	26	54	11	39	11
Micro traumas	216	-	177	66	176	54	169	47	126	37
Total injuries	271	-	236	105	240	87	230	66	172	54
Near misses	52,244	122	514	132	560	152	637	153	600	182
Unsafe behaviours	681	9,288	125,138	9,288	209,726	7,887	301,004	8,730	376,443	9,473

¹ The 2020 values were adjusted (recalculated).

² In 2019, contractors were not covered by accounting.

³ Data for 2022 was adjusted during the audit process, 1 minor injury was added.

Training by OHS programmes, person-courses

	2019	2020	2021	2022	2023
Occupational health	4,372	4,846	7,191	7,888	49,340
Industrial safety	5,180	7,279	8,396	6,815	7,960
Occupational health for office employees	-	2,439	2,158	2,260	1,661
See and Act course for workers	-	-	2,995	23,402	1,371
See in a New Way course	-	-	-	4,905	529
Leader's VZOR programme	-	-	-	-	2,909

GHG emissions

GRI 305-1 GRI 305-2 EM-MM-110a.1 EM-IS-110a.1 MED-20




Severstal's Scope 1 and Scope 2 GHG emissions, million tonnes of CO₂e

Emissions indicator	2019	2020	2021	2022	2023
Scope 1 emissions, total 	26.47	26.40	28.80	26.01	24.85
- including by category:					
stationary fuel combustion	13.18	13.58	13.38	12.78	12.67
mobile fuel combustion	0.51	0.49	0.52	0.48	0.48
industrial processes	9.45	9.56	11.96	11.69	11.61
fugitive emissions	3.33	2.76	2.94	1.06	0.09
CO ₂ emissions from biofuel combustion ¹	-	-	0.01	0.01	0.01
Scope 2 emissions, total 	1.64	1.46	1.47	1.07	0.93
- including by estimate ² :					
market-based	1.64	1.46	1.47	1.07	0.93
location-based	1.64	1.46	1.47	1.07	0.93
Scope 1 and Scope 2 emissions, total 	28.11	27.86	30.27	27.08	25.78
- including by greenhouse gas:					
CO ₂	24.77	25.11	27.35	26.05	25.62
CH ₄	3.30	2.71	2.88	1.00	0.12
N ₂ O	0.04	0.04	0.04	0.03	0.04
PFC, HFC, SF ₆ , NF ₃	n/a, neg.	n/a, neg.	n/a, neg.	n/a, neg.	n/a, neg.

¹ CO₂ emissions from biofuel combustion are not included in the total Scope 1 emissions in accordance with the GHG Protocol Guidance Direct Emissions from Stationary Combustion recommendations.

² The values of Scope 2 GHG emissions estimated by location-based and market-based methods are identical due to the fact that electricity supply contracts did not contain the GHG emissions attributes, hence GHG emissions were estimated by using the emissions factors corresponding to the residual mix.

GRI 305-3
Severstal's Scope 3 GHG emissions, million tonnes of CO₂e

Emissions category	2019	2020	2021	2022	2023
Scope 3 emissions, total 	15.45	16.10	14.08	12.47	13.17
- including by Upstream category: 	5.29	5.56	7.04	8.40	10.12
purchased goods and services	3.21	3.47	4.68	5.89	7.73
capital goods	0.26	0.27	0.30	0.42	0.24
fuel- and energy-related activities (not included in Scope 1 or Scope 2)	1.44	1.44	1.60	1.66	1.70
Upstream transportation and distribution	0.34	0.34	0.42	0.40	0.41
waste generated in operations	0.01	0.01	0.01	0.01	0.01
business travel	neg.	neg.	neg.	neg.	neg.
employee commuting	0.03	0.03	0.03	0.02	0.03
Upstream leased assets	neg.	neg.	neg.	neg.	neg.
- including by Downstream category: 	10.16	10.54	7.04	4.07	3.05
Downstream transportation and distribution	0.23	0.22	0.20	0.26	0.18
processing of sold products	7.10	6.73	5.14	3.23	2.01
use of sold products	2.76	3.51	1.62	0.51	0.78
end-of-life treatment of sold products	0.04	0.05	0.05	0.04	0.05
Downstream leased assets	0.03	0.03	0.03	0.03	0.03
franchises	n/a	n/a	n/a	n/a	n/a
Investments	n/a	n/a	n/a	n/a	n/a
- including by greenhouse gas:					
CO ₂	13.83	14.53	11.73	10.45	8.51
CH ₄	1.57	1.52	2.31	1.98	4.62
N ₂ O	0.05	0.05	0.04	0.04	0.04
PFC, HFC, SF ₆ , NF ₃	n/a, neg.	n/a, neg.	n/a, neg.	n/a, neg.	n/a, neg.

neg. - negligible, n/a- not applicable


Severstal's GHG emissions, million tonnes of CO₂e

Indicator	2019	2020	2021	2022	2023
Scope 1	26.47	26.40	28.80	26.01	24.85
Scope 2	1.64	1.46	1.47	1.07	0.93
Scope 1 and 2 emissions, total	28.11	27.86	30.27	27.08	25.78
Scope 3	15.45	16.10	14.08	12.47	13.17
Scope 1, 2 and 3 emissions, total	43.56	43.96	44.35	39.55	38.95

Energy consumption


EM-MM-130a.1 EM-IS-130a.1 MED-22

Severstal's energy consumption, TJ

Indicator	2019	2020	2021	2022	2023
Total electricity consumption, including	32,295	31,951	34,131	31,194	31,132
Own generation, including	15,803	16,809	16,488	16,836	17,456
from fossil fuel	14,736	15,850	15,791	15,813	16,177
from secondary carbon-free sources (TRT, dump steam)	1,067	958	697	1,023	1,278
% of secondary carbon-free sources	6.8%	5.7%	4.2%	6.1%	7.3%
Purchased energy, including	16,492	15,143	17,643	14,357	13,676
from fossil fuel	9,242	7,910	9,586	7,915	7,641
from renewable and carbon-free sources ¹ 	7,250	7,232	8,058	6,442	6,036
% of renewable and carbon-free sources	44.0%	47.8%	45.7%	44.9%	44.1%

EM-MM-130a.1 EM-IS-130a.1

Severstal's heat consumption, TJ

Indicator	2019	2020	2021	2022	2023
Total heat consumption, including	25,259	25,844	28,521	26,307	26,561
Own generation	23,812	24,665	27,256	25,207	25,724
from fossil fuel	14,371	15,522	16,806	15,721	16,247
from renewable sources (biofuel) 	39	52	33	35	26
from secondary carbon-free sources (dump steam)	9,402	9,091	10,417	9,451	9,451
% of renewable and secondary carbon-free sources	39.6%	37.1%	38.3%	37.6%	36.8%
Purchased energy, including	1,447	1,179	1,265	1,100	836
from fossil fuel	1,447	1,179	1,265	1,100	836

Water resources

GRI 303-3 GRI 303-4 GRI 303-5 EM-MM-140a.1 MED-13

Water consumption and discharge of Cherepovets Steel Mill, thousand m³




	Cherepovets Steel Mill				
	2019	2020	2021	2022	2023
(1) Total water consumption from natural sources:	63,441	59,056	63,086	59,343	66,038
from surface sources, including for:	50,539	45,967	50,787	48,613	54,120
production needs	50,523	45,949	50,768	48,590	54,098
household needs	16	18	19	23	22
from underground sources (wells), including for:	38	34	41	20	20
production needs	8	9	10	2	0
household needs	30	25	31	18	20
from alternative sources for production needs	7,834	8,120	6,746	4,710	5,270
from Vodokanal municipal utilities, including for:	5,030	4,935	5,512	6,000	6,628
production needs	917	573	647	667	729
household needs	4,113	4,362	4,865	5,333	5,899
(2) Water discharges to natural sources after use	28,231	28,903	28,399	24,893	26,446
Irrevocable water consumption (1) - (2)	35,210	30,153	34,687	34,450	39,592
Share of water from alternative sources for production needs	13.2%	14.9%	11.3%	8.7%	8.5%

¹ RES - solar, wind, water (small HPPs), biofuel; carbon-free RES - HPPs and NPPs. The information is based on the data of the System Operator of the Unified Energy System.

Water consumption and discharge of Severstal Resources, thousand m³

	Severstal Resources				
	2019	2020	2021	2022	2023
(1) Total water consumption from natural sources:	7,128	6,966	7,126	4,689	3,525
from surface sources, including for:	1,121	1,303	1,313	1,302	883
production needs	1,121	1,303	1,313	1,302	883
household needs	0	0	0	0	0
from underground sources (wells), including for:	38	1,874	1,898	739	286
production needs	1,698	1,693	1,733	697	286
household needs	256	181	165	42	0
from alternative sources for production needs	294	413	386	322	418
from Vodokanal municipal utilities, including for:	3,758	3,376	3,529	2,326	1,938
production needs	2,309	1,963	2,085	968	724
household needs	1,449	1,413	1,444	1,358	1,214
(2) Water discharges to natural sources after use	347	367	308	314	393
Irrevocable water consumption (1) - (2)	6,780	6,599	6,818	4,374	3,132
Share of water from alternative sources for production needs	5.4%	7.7%	7.0%	9.8%	15.5%

Water consumption and discharge of Severstal, thousand m³

	Severstal				
	2019	2020	2021	2022	2023
(1) Total water consumption from natural sources: 	70,569	66,022	70,212	64,032	69,563
from surface sources, including for:	51,662	47,270	52,100	49,915	55,003
production needs	51,644	47,252	52,081	49,892	54,981
household needs	16	18	19	23	22
from underground sources (wells), including for:	1,992	1,908	1,939	759	306
production needs	1,706	1,702	1,743	699	286
household needs	286	206	196	60	20
from alternative sources for production needs	8,128	8,533	7,132	5,032	5,688
from Vodokanal municipal utilities, including for:	8,788	8,311	9,041	8,326	8,566
production needs	3,226	2,536	2,732	1,635	1,453
household needs	5,562	5,775	6,309	6,691	7,113
(2) Water discharges to natural sources after use 	28,578	29,270	28,707	25,207	26,839
Irrevocable water consumption (1) - (2) 	41,990	36,752	41,505	38,825	42,724
Share of water from alternative sources for production needs	12.6%	14.2%	11.2%	8.8%	8.8%

Waste

GRI 306-3 GRI 306-4 GRI 306-5 MED-17 MED-18

Severstal's generated waste by hazard class, % 

Type of waste	Share in total waste generation				
	2019	2020	2021	2022	2023
Hazardous (hazard classes I-III)	0.03	0.03	0.03	0.04	0.04
Low-hazard (hazard class IV)	2.6	2.4	2.7	2.9	3.3
Non-hazardous (hazard class V)	97.4	97.6	97.3	97.1	96.7

Waste recovery into the economy at Cherepovets Steel Mill, %

Indicator	2019	2020	2021	2022	2023
Processing into products, recovery and neutralisation	75.4	79.1	80.7	81.2	81.8
Reuse as raw materials	11.5	14.9	14.1	15.1	14.4
Forwarding to third parties for recovery, neutralisation, and treatment	0.3	1.1	3.0 ¹	3.0	1.9
Total recovery	87.2	95.1	97.8	99.3	98.1

Severstal's waste management indicators for 2021, tonnes

Indicator	For Severstal's waste generated, net of overburden and tailings					Overburden and tailings
	Class I	Class II	Class III	Class IV	Class V	
Reused and recycled in-house	0	3,091	7,604	5,476,230	1,260,760	10,318,411
Forwarded to third parties for reuse and recycling	0	16	9,638	122,049	173,716	506
Neutralised in-house	0	1,737	36,162	0	0	0
Disposed of in-house	0	0	3,649	129,231	127,281	198,295,897
Forwarded to third parties for disposal	0	0	86	9,620	3,857	0
MSW transferred to a regional operator	0	0	0	3,138	303	-
Delivered to third parties for treatment	0	68	256	1,734	1,783	0
Delivered to third parties for neutralisation	117	1	15,531	3,045	680	0

¹ Previously accumulated waste factored in.

Severstal's waste management indicators for 2022, tonnes

Indicator	For Severstal's waste generated, net of overburden and tailings					Overburden and tailings
	Class I	Class II	Class III	Class IV	Class V	
Reused and recycled in-house	0	3,204	7,236	5,290,703	1,243,136	9,501,220
Forwarded to third parties for reuse and recycling	0	38	6,186	64,477	198,748	0
Neutralised in-house	0	2,000	37,569	0	0	0
Disposed of in-house	0	0	7,584	81,138	13,454	169,735,254
Forwarded to third parties for disposal	0	0	87	6,765	2,794	0
MSW transferred to a regional operator	0	0	0	3,092	291	-
Forwarded to third parties for treatment	0	15	737	1,286	2,441	0
Forwarded to third parties for neutralisation	10	0	14,937	3,513	977	0

Management of hazard classes I-V waste across Severstal in 2023, tonnes

Indicator	For Severstal's waste generated, net of overburden and tailings					Overburden and tailings
	Class I	Class II	Class III	Class IV	Class V	
Reused and recycled, including:	0	3,819	11,956	5,899,820	1,468,498	8,777,100
reused and recycled in-house	0	3,780	7,340	5,819,051	1,332,977	8,763,900
forwarded to third parties for reuse and recycling	0	39	4,617	80,770	135,521	13,200
Forwarded to third parties for treatment	0	0	1,159	2,489	5,248	0
Neutralised, including:	92	1,495	66,072	2,633	392	0
neutralised in-house	0	1,494	50,503	0	0	0
forwarded to third parties for neutralisation	92	1	15,569	2,633	392	0
Disposed of, including:	0	0	5,321	143,582	9,038	167,234,832
disposed of in-house	0	0	5,273	138,788	7,678	167,234,832
forwarded to third parties for disposal	0	0	48	4,794	1,360	0
MSW transferred to a regional operator	0	0	0	3,065	311	-

Appendix 6. Independent Practitioner's Assurance Report

Independent practitioner's assurance report **Translation of the original Russian version**

To the Board of Directors of Severstal, PJSC

Subject matter

We have been engaged by Severstal, PJSC (hereinafter "the Company") to perform a limited assurance engagement, as defined by International Standards on Assurance Engagements, (herein "the Engagement"), to report on the Biodiversity section and material sustainability performance indicators included in Severstal, PJSC Unified Report (hereinafter "the Report") and identified there by the "☒" symbol (hereinafter "the Indicators"), as of 31 December 2023 or for 2023 (hereinafter "the reporting period"):

- ▶ Scope 1 greenhouse gas emissions of the Company, million tonnes CO₂e;
- ▶ Scope 2 greenhouse gas emissions of the Company, million tonnes CO₂e;
- ▶ Scope 3 greenhouse gas emissions of the Company, million tonnes CO₂e;
- ▶ GHG emissions intensity in accordance with the methodology of the World Steel Association, tonnes of CO₂/tonnes of steel;
- ▶ Air pollutant emissions produced by the Company (in total), thousand tonnes;
- ▶ Air pollutant emissions produced by the Company (by type of pollutants), thousand tonnes;
- ▶ Total water consumption from natural sources of the Company, thousand m³;
- ▶ Total water discharge into water bodies by the Company, thousand m³;
- ▶ Irrevocable water consumption by the Company, thousand m³;
- ▶ Pollutant discharges into water bodies by the Company, thousand tonnes;
- ▶ Waste generation by the Company, million tonnes;
- ▶ Waste generation structure by hazard classes of the Company, %;
- ▶ Waste reuse and recycling (net of overburden and tailings), million tonnes;
- ▶ Waste disposal (net of overburden and tailings), million tonnes;
- ▶ Total energy consumption by the Company, TJ;
- ▶ Fuel consumption from non-renewable sources (broken down by fuel type), TJ;
- ▶ Fuel and energy consumption from renewable sources (broken down by fuel type), TJ;
- ▶ Energy purchased (from third parties) for consumption (electricity and heat), TJ;
- ▶ Sales of energy generated (to third parties), TJ;
- ▶ Frequency rate of occupational injuries by employees and contractors;
- ▶ Number of fatal injuries among employees and contractors, pcs;
- ▶ Employee turnover, average number and structure of personnel;
- ▶ Volume of social investments by category, RUB billion.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Translation of the original Russian version

Under this engagement, we did not perform any procedures with regard to the forward-looking statements on performance, events or planned activities of the Company.

Applicable criteria

In preparing the Report and the Indicators the Company applied Global Reporting Initiative Sustainability Reporting Standards, including GRI Mining and Metals Sector Supplement; Sustainability Accounting Standards Board standards for iron and steel producers, steel and mining companies; recommendations of the Russian Union of Industrialists and Entrepreneurs (RUIE) on the use of basic performance indicators; methodology of the World Steel Association for GHG emissions intensity calculation; the GHG Protocol Corporate Accounting and Reporting Standard and other criteria described in section "Approach to the Preparation of the Report" of the Report (hereinafter "the Criteria").

The Company's management responsibilities

The Company's management is responsible for selecting the Criteria, and for preparation of the Report and Indicators in accordance with the Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Report and the Indicators, such that it is free from material misstatement, whether due to fraud or error. In addition, the Company's management is responsible for ensuring that the documentation provided to the practitioner is complete and accurate.

Practitioner's responsibilities

We conducted our assurance engagement in accordance with International Standard for Assurance Engagements (revised) *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* (hereinafter "ISAE 3000").

ISAE 3000 requires that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Biodiversity section and the Indicators are prepared in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Our independence and quality control

We apply International Standard on Quality Management 1, Quality Management for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, which requires our firm to develop, implement and ensure operation of quality management system that includes policies or procedures with regard to compliance with ethical requirements, professional standards and applicable laws and regulations.

Translation of the original Russian version

We comply with the professional ethical and independence requirements of the Code of professional ethics for auditors and the Independence rules of auditors and audit organizations and also the IESBA Code of Ethics for Professional Accountants (including international independence standards), which establishes the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Summary of work performed

The assurance engagement performed represents a limited assurance engagement. The nature, timing and extent of procedures performed in a limited assurance engagement is limited compared with that necessary in a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is lower.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within information technology systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Biodiversity section and the Indicators and related information, and applying analytical and other appropriate procedures.

Our procedures included:

- ▶ Inquiries of the representatives of the Company management and specialists responsible for its sustainability policies, activities, performance and relevant reporting;
- ▶ Analysis of key documents related to the Company sustainability policies, activities, performance and relevant reporting;
- ▶ Obtaining understanding of the process used to prepare the information on the Indicators;
- ▶ Review of data samples regarding the Biodiversity section and the Indicators for the reporting period, to assess whether these data have been collected, prepared, collated and reported appropriately;
- ▶ Visit to the Company in order to interview executives responsible for preparing of the Indicators and gather evidence supporting the assertions on the Company's sustainability policies, activities, events, and performance made in the Report;

We also performed such other procedures as we considered necessary in the circumstances.

Translation of the original Russian version

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Biodiversity section and the Indicators are not prepared fairly, in all material respects, according to the Criteria.

Other matters to be reported

Our observations and areas for improvement will be reflected in a separate report to the Company management.

E. LEZHANKOVA
Partner
TSATR – Audit Services Limited Liability Company

12 April 2024

Details of the independent practitioner

Name: TSATR – Audit Services Limited Liability Company
Record made in the State Register of Legal Entities on 5 December 2002, State Registration Number 1027739707203.
Address: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1.
TSATR – Audit Services Limited Liability Company is a member of Self-regulatory organization of auditors Association "Sodruzhestvo". TSATR – Audit Services Limited Liability Company is included in the control copy of the register of auditors and audit organizations, main registration number 12006020327.

Details of the entity

Name: Severstal, PJSC
Record made in the State Register of Legal Entities on 31 July 2002, State Registration Number 1023501236901.
Address: Russia 162608, Vologda region, Cherepovets, 30 Mira Street.

Appendix 7. RSPF Independent Assurance Report

Opinion of the RSPF Council on Non-Financial Reporting, ESG Indices and Sustainability Ratings on the results of reviewing the 2023 Unified Report of PAO Severstal for the purpose of public assurance

The Council on Non-Financial Reporting, ESG Indices and Sustainability Ratings (hereinafter referred to as the Council) of the Russian Union of Industrialists and Entrepreneurs (hereinafter referred to as the RSPF) has reviewed, at the request of PAO Severstal (hereinafter referred to as Severstal or the Company), the 2023 Unified Report (hereinafter referred to as the Report) of Severstal.

The Company applied to the RSPF for the Report's public assurance by the RSPF Council.

The Council provides its opinion on the materiality and completeness of the information on the Company's performance disclosed in the Report in conformity with the principles of responsible business conduct set out in the Social Charter of Russian Business, in compliance with the provisions of the UN Global Compact and Russian and international social responsibility and sustainability standards and guidelines.

The public assurance (endorsement) procedure was carried out from 29 March through to 17 April 2024 in accordance with the Public Assurance of Corporate Non-Financial Reporting Procedure adopted by the Council. The present Opinion is based on the expertise and assessment performed by the RSPF Expert Council for Non-Financial Reporting, the Report's analysis and assessment results' review by the members of the Council for Non-Financial Reporting, ESG Indices and Sustainability Ratings.

The Council members possess the required competencies in corporate responsibility, sustainable development and non-financial reporting, observe the ethical requirements of independence and impartiality of assessments, and express their personal expert opinion rather than that of the organisations they represent.

The Report was assessed on the basis of the following criteria for materiality and completeness of the information contained therein:

- Information is deemed material if it reflects the Company's activities on the implementation of the principles of responsible business conduct set out in [the Social Charter of Russian Business](#).
- Completeness implies that the Company provides a comprehensive overview of its activities in the Report, including the underlying values and strategic benchmarks, governance systems and structures, stakeholder engagement, achievements and key results, and performance indicators.

The Company's use of international reporting systems is taken into account within the framework of the procedure of public assurance of the Report. However, certifying the level of the Report's compliance with international reporting systems is outside the scope of the present Opinion.

Responsibility for the information and statements contained in the Report lies with PAO Severstal. Reliability of the factual data contained in the Report is not subject to public assurance.

The present Opinion has been prepared for PAO Severstal. The Company may use this Opinion both for corporate and stakeholder communication purposes by publishing it without any alterations.

Findings

Based on the analysis of the Report as well as on the information publicly available on the Company's official corporate website and collective discussion of the results of the independent assessment of the Report performed by the members of the RSPF Expert Council on Non-Financial Reporting, the Council confirms as follows:

- The Unified Report of PAO Severstal for 2023 covers the key areas of responsible business practice in accordance with the principles of the Social Charter of Russian Business, and discloses information on the Company's activities therein with sufficient completeness.**
- The recommendations formed by the RSPF Council following the public assurance of Severstal's Report for 2022 have been reflected in the 2023 Report. In particular, the range of quantitative targets by lines of business has been expanded. Specific indicators reflecting the Company's contribution to the national projects of Russia and the UN SDGs of priority to the Company are presented. Information on the actual results of interaction with each stakeholder group for the reporting year and on the measures to minimise the risks caused by the current geopolitical situation is provided.**

The Company's 2023 Report contains significant information on the below-listed aspects of responsible business practice.

Economic freedom and responsibility:

The Report covers the main areas and geography of the Company's operations and provides

information on its core assets. In the context of current trends in the global economy and the situation in the Russian market, Severstal presents its business model and business strategy, and the main priorities thereof. The competitiveness factors that allow the Company to hold its leading positions in the world among metals and mining companies are identified. The Report covers the value chain and discloses the indicators that characterise the resources used and the production and financial results achieved, as well as the plans for 2024 and the medium term. The achievements in the key areas of sustainable development, including its social and environmental aspects, are presented. The Report shows forth the measures aimed to ensure resilience of the business in the light of contemporary challenges. The data on the growth of the Company's capital investments, financing and innovation activities' results, new high-tech production and the creation of new types of products is disclosed. The information on the digitalisation of production, the use of digital technologies to ensure the product quality, and on occupational health, industrial safety and information security is included. The integration of sustainability issues into Severstal's business strategy and corporate governance is laid out. The Company states that in 2023 the Board of Directors adopted the Sustainability Strategy up to 2030, and presents its main areas, targets and achievements as at year-end 2023. The Company's contribution to the implementation of the national projects and its eight priority UN Sustainable Development Goals is disclosed. Severstal's corporate governance system, the role of the Board of Directors in managing sustainable development, and the organisational structure of management in this area are shown forth. The ESG risk management system is described. The Report indicates the development of climate-related and professional risk assessment practices and contains information on certification of the Company's enterprises for compliance with ISO 9001:2015 and ISO 45001. The anti-corruption system, feedback mechanism for prompt response to complaints, statistics and submissions' structure are covered. The highest class in the RSPP's annual Anti-Corruption Rating of Russian Business is confirmed. The information on the Company's positioning in the ESG ratings is provided.

Partnership in business: The Report describes the Company's main stakeholders and the principles and forms of interaction therewith. *Shareholders and investors:* PAO Severstal's dividend policy is disclosed, channels of communication with the investment community are presented. *Suppliers, contractors:* The procurement arrangement and supplier interaction are described. The Report

dwells on the actualisation of the procurement standard and standard contract with counterparties that includes the requirements on the observance of human rights and the provisions of the Code of Business Partnership and Anti-Corruption Policy for counterparties. The counterparty interaction on the carbon footprint minimisation is covered. The Company discloses the information on the implementation of digital tools in supplier relationship management and describes the feedback system. The data on the share of purchases from local suppliers, small and medium-sized businesses is provided. The information on the supplier assessment system, including the ESG criteria, is disclosed. The Report indicates the introduction, in 2023, of the automated voluntary qualification procedure for all existing and new counterparties for compliance with the principles of the ESG agenda, as well as the number of suppliers covered by the pre-qualification. *Customers and consumers:* The Report contains information on the measures aimed at improving the product quality, expanding the product line with improved consumer attributes. The quality management system development is stated. The indicators reflecting the level of product quality and customer satisfaction are disclosed. The Plus loyalty bonus programme development with a set of privileges and services for clients and manufacturers of the SME sector is indicated. The information on the measures aimed at creating a client-centric mindset among employees is provided. The customer communication channels system for quality and claims response is covered, including via the Checksteel application. *Employees:* The data reflecting the main areas of development of the Company's workforce capacity and provision of social guarantees to employees is presented. The occupational safety approaches and results are covered, the new program aimed at improving the safety culture is presented. The Report describes the program launched in 2023 to strengthen the well-being of employees and their family members titled #Dlya Svoikh: With Care for Everyone focused on protection of employee health, social well-being and professional growth. The information on employee training and development programmes by type of events and priority areas is provided. The Report indicates the creation of an internal and external talent pool for key positions in the Company. The professional skill competitions and contests held by the Company with a focus on various professions are listed. The results of Severstal's annual staff satisfaction and engagement survey are presented. The Report contains information on corporate volunteering singled out by the Company as a separate area of HR activity. The information on the coverage of employees by

sectoral and collective agreements is provided.

Authorities: The Report contains information on interaction with the authorities at the federal and regional levels, including the participation of the Company's representatives in the work of the state advisory bodies; implementation of projects under social and economic partnership agreements with the regions of presence, cooperation on climate change adaptation and environmental issues. The landscaping programmes implementation in the regions of presence is described. Other business partners: The Report shows forth the Company's participation in business associations, cooperation with Russian industry-specific research institutes and universities, non-profit organisations and local communities.

Human rights: The Report states the compliance of Severstal's activities with Russian and international standards on human rights. The corporate regulatory documents reflecting the Company's obligations in this area and the human rights management are presented. The zero tolerance towards discrimination in all its forms, equal working conditions for all employees, support to maintaining the staff diversity, and respect for human rights in the supply chain are indicated. This includes the information on compliance with statutory quotas for recruiting people with disabilities, as well as on implementation of Severstal's own rehabilitation and employment assistance programme. The information on how the Company respects employees' rights to freedom of association, membership in professional unions and participation in collective bargaining is provided. The participation in the initiatives to promote gender equality is shown forth. The information on human rights initiatives in the Company's relationship with local communities, including the indigenous minorities, is provided. The principles of an open and direct dialogue with stakeholders is reported to be followed, including through public hearings. The data on employee coverage with training in human rights breach prevention is disclosed. The information on feedback channels and on addressing the submissions on human rights issues in 2023 is provided.

Environmental protection and climate agenda:

The Report shows forth the Company's approaches to negative environmental impact minimisation, rational use of energy, water and material resources and efficient waste management, including corporate policies and standards in this. The Company outlines the continuation of its work on increasing the coverage of enterprises certified under ISO 14001:2015. The strategic goals and KPIs in environmental protection are disclosed, including the organisational management structure and employee training system in this sphere. The implementation

of the corporate Targeted Environmental Program in 2023 is covered. Over the five-year period, the indicators of air emissions, including greenhouse gases, water use and waste management, and environmental expenditures are presented across the segments and certain enterprises. The measures aimed at biodiversity conservation in the territories of the Company's enterprises operation are described, including the metrics the Company uses to assess the measures' efficiency. The stakeholder engagement in the key areas of environmental protection is covered. The Company continues to contribute to the implementation of the Clean Air federal project. The Report contains information on the inclusion of environmental requirements in the documents governing counterparty interaction as well as in the counterparty pre-qualification procedure according to the ESG criteria. The climate management approaches and the identified risks and opportunities in this area are covered. The Decarbonisation Strategy up to 2030 was approved in 2023 and the Climate Risk Management Standard was introduced. The activities aimed at achieving the goals in that area are listed. The publication on the corporate website of the third annual Climate Report for 2023 in accordance with the TCFD recommendations is indicated. The information about cooperation on climate change and energy transition with the authorities is disclosed, including the cooperation agreement on climate-related issues concluded in 2023 with the government of Vologda Region. The data on the share of green products in the total production (by value) is presented. The approaches to energy efficiency improvement are disclosed, the measures for energy saving, energy efficiency, and energy generation development are covered. The data on Severstal's energy consumption and energy intensity of steel production are presented over time. The Report outlines the environmental education for students and schoolchildren and participation of Severstal's volunteers in ecology events and clean-up days.

Contribution to the development of local communities and territory:

The data provided in the Report reflects the Company's role in the development of the regions of presence as a major employer and taxpayer, and its contribution to the development of entrepreneurship. The Company discloses the information on the amount and main areas of social investments in the regions of presence, support to small and medium-sized businesses, promotion of social entrepreneurship, investments in social infrastructure, urban improvement, development of cultural, educational and sports institutions, support to families and childhood, and socially vulnerable groups of the population. The regulatory framework and arrangement of the social programmes and projects management along with the mechanisms

of interaction with local communities are presented. The projects for preserving the national traditions, cultural and spiritual heritage of indigenous minorities in the territories of the Company's presence are indicated. The information on the Company's contribution to the comprehensive development of the territories as part of the activities of the Road to Home Charitable Foundation and the Kindness of the North Charitable Foundation under the cooperation agreements with the government of Vologda Region, Urban Development Agency (Cherepovets) and the city's major industrial enterprises is presented. The Report dwells on the implementation of the Company's first pilot projects for improving the quality of the urban environment in Cherepovets, the Way to Success programme for supporting gifted schoolchildren, and promoting the volunteer movement in the reporting year. The information on the fourth grant competition titled Cherepovets, Turn on! held by the Company and aimed to support socially oriented projects is included. The stakeholder feedback formats on the content of projects and their further development are covered.

Final Provisions

Generally, the Report attests to the Company's compliance with the key principles of responsible business conduct and sustainable development. The Report contains the information on the Company's strategy, key financial, social and environmental performance indicators presented over time, and corporate sustainability management system. The target and reporting indicators reflecting Severstal's contribution to the achievement of the 2030 SDGs and implementation of the national projects of the Russian Federation are disclosed. Severstal's contribution to achieving the 2030 SDGs, as well as implementing Russia's national projects is covered.

In preparing the Report, the Company applied the GRI Standards, GRI Guidelines for Mining and Metallurgical Companies, SASB Standards, the TCFD Recommendations, and Methodological Recommendations on the Preparation of Sustainability Reporting by the Ministry of Economic Development of Russia, which makes it possible to ensure that information requests from a wide range of stakeholders are factored in and that information is comparable with other companies' data. The Report describes the procedure for selecting the material topics to be disclosed in the Report, considering the results of stakeholder surveys.

The Company provides information on the use of key performance indicators recommended by the Ministry of Economic Development of Russia in preparing the Report (respective table is included in the Report).

The Unified Report for 2023 is the 16th corporate non-financial report of PAO Severstal covering the sustainability issues, which speaks for the consistency in the public reporting development, and the progress towards information transparency. The Report is supplemented by topic-specific reports on a number of areas, which allows to factor in the interests of various audiences in a more accomplished manner.

The Company uses a variety of formats for independent assurance of the reporting information, including public assurance and endorsement by an external auditor of the consolidated financial reporting.

Recommendations

While pointing out the strengths of the Report, the Council calls attention to a number of aspects essential for stakeholders in terms of materiality and completeness of the disclosed information that are recommended to be taken into account in the upcoming reporting cycles.

The Council notes that the recommendations formed on the basis of the analysis of the Company's previous reports shall be regarded as feasible for use in future reporting practice.

The Report contains the significant amount of data that makes it possible to see the dynamics of the economic, social and environmental indicators, which determines the informational and analytical value of the Report. However, in the following reports, it would be advisable to include the data on labour productivity in the range of indicators disclosed over time.

The Report indicates the factors that affected the metrics trend for a number of indicators. With that, it is recommended to more consistently adhere to this approach, inclusive of disclosing the impact of changes in the reporting perimeter on the metrics trends. In particular, the exclusion of Vorkutaugol from the reporting perimeter obviously affected such indicators as the structure of social expenses on the personnel, injury rates, and environmental indicators. The explanations of the extent of this influence and the impact of other factors would make it possible to more objectively assess the dynamics of the said data.

Attention should also be paid to the quality of comments on the metrics trends. For instance, the commentary on the dynamics of the occupational health and industrial safety measures' expenditures relates to the changes during the reporting period only, whereas the five-year period was marked by more significant fluctuations.

The Report discloses the role of the Board of Directors in managing the sustainability issues. In future reporting, it would be advisable to expand

the coverage of this topic by supplementing it with a specific description of sustainability issues on the agenda of the Board of Directors and its committees, primarily the Safety and Sustainability Committee.

The information provided in the Report reflects the Company's comprehensive impact on the development of the territories of presence and its contribution to the economic and social development of local communities. In the following reports, it is recommended that the coverage of the arrangement of social investment management and its results be supplemented with a description of approaches to assessing the efficiency of these investments.

This Report has been declared as the Unified Report covering the entire range of aspects of the Company's activities. In this regard, it would be advisable to supplement the information on ESG risks with a description of the entire range of the Company's risks, which would make it possible to consider the ESG opportunities and risks in a broader context and as part of the comprehensive assessment of the risk system.

Within the implementation framework of the Company's Climate Strategy, it is advisable to also indicate the objectives in balance change in the use of energy from fossil fuels and renewable energy.

The Report reflects the Company's strive for the disclosure of information not only on the success of its activities but also on the areas for development, which makes it possible to ensure the well-balanced reporting information. It is recommended to follow this approach in future and to advance it into all areas of responsible business practice.

The use of key performance indicators recommended by the Ministry of Economic Development of the Russian Federation in the preparation of the Report should be noted as a positive step in the development of the Company's reporting practice. With that, it would be advisable, for completeness of information, to also note in future reporting whether the indicators on the methodology are disclosed in accordance with the Methodological recommendations of the Ministry of Economic Development or in another way, explaining exactly how.

The recommendation on the inclusion in the Report of the feedback from representatives of the core stakeholder groups on the social, economic and environmental impact of Severstal's enterprises and the quality of communication with the Company on these issues remains relevant.

The RSPP Council for Non-Financial Reporting, ESG Indices and Sustainability Ratings, while taking a positive view of the Report, supporting Severstal's commitment to the principles of responsible business practices, and noting the consistency in developing the reporting process, confirms that the 2023 Unified Report of Severstal has passed the public assurance procedure.

RSPP Council for Non-Financial Reporting, ESG Indices and Sustainability Ratings

Appendix 8. Disclosed Consolidated Financial Statements

The disclosed consolidated financial statements is only available in Russian on [the corporate website](#).



Contact Details

GRI 2-1 **GRI 2-3**

For more details about the present Report or for your any suggestions on the enhancement of Severstal's non-financial reporting, please contact the Corporate Social Responsibility and Brand Department.

Contacts:

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