



A New Strategy for a Sustainable Metallurgy of the Future

20
24

Integrated Report

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Message from CEO

GRI 2-22



Dear shareholders, colleagues, and partners, The reporting year 2024 was an important period for Severstal in the context of shaping the Company's long-term vision. Not only did we strengthen our market positioning, but we also presented the updated development strategy 2028 that sets the growth vector for the coming years. This fundamental document retains the time-honoured principles, yet is supplemented with the new goals aligned with the current challenges.

The amended strategy not only reflects the Company's business objectives but also emphasises the importance of environmental and social responsibility for Severstal. It encompasses five priorities: safety and environment, employees' quality of life, customer engagement, digital technologies, and cost of production.

Sustainability at Any Market Phase

The reporting year was quite challenging for the metals sector due to the fluctuations in domestic demand, ongoing sanctions pressure, and overcapacity in China that continued to negatively impact steel product prices in many regions of the world. Nevertheless, Severstal still remains one of the most profitable metals companies globally.

In 2024, the Company demonstrated its resilience in the challenging market landscape. We managed to make progress in almost all priority areas, improve the Company's performance, and maintain our strong financial standing. Resultantly, Severstal is back to the practice of quarterly dividend payments in accordance with the dividend policy and accrued 100% of free cash flow to the shareholders in the reporting year.

The flexible sales model and business integration enabled Severstal to maintain sales at a decent level in 2024, despite the falling demand in the Russian market. While cast iron and steel production declined amid the overhauls at the blast furnace and converter sections, we were able to ramp up sales of steel products to 10.85 million tonnes. The consolidated 12M revenue rose by 14% YoY to almost RUB 830 billion triggered by the increased share of HVA products in the sales portfolio.

The Company's investment activity soared in the reporting year, with the capital investments up by 63% to RUB 118.5 billion. The key project is the construction of an iron ore pellet production complex at Cherepovets Steel Mill, which will reduce dependence on sinter and improve environmental performance.

Therefore, despite the external challenges, Severstal retained its leadership position in the industry by combining its strategic investments in the upgrades with the focus on improving the product portfolio quality and financial discipline.

Sustainable Development Management

In the reporting year, Severstal continued delivering its Sustainability Strategy 2030 titled Together Towards Sustainable Metallurgy of the Future. As normal, the Company adhered to the ESG principles and worked on the environmental, social, and governance aspects. Severstal's updated

development strategy also takes account of these principles, thus providing for a close connection between the Company's business processes and sustainability efforts.

Social Aspect

In 2024, Severstal expanded its support for employees and residents of the regions of presence: the social investments almost doubled, with an increase in the expenditures on social security and pension liabilities by 2.4 times. Over the reporting year, we continued implementing the well-being programme for employees and members of their families titled #Dlya Svoikh: With Care for Everyone. Starting 2024, to maintain a decent level of remuneration, the Company increased the average wages by 23%.

The Company's priorities include the production safety. In the reporting year, we kept on boosting the Safety Volunteers movement, where the number of members reached over 400. In addition, the digitalisation of OHS processes and the upgrade of OHS Control SW package modules was proceeding apace, thus enabling us to maintain safe working conditions not only at Severstal's facilities but also at contractor entities. The Company's systemic work resulted in LTIFR of 0.44 among own employees and contractors, which is 24% lower than the 2023 injury frequency rate.

We continued supporting the integrated urban development projects in the regions of presence in 2024. Over the reporting period, Severstal completed the improvement of the historic centre of Cherepovets, commenced the elaboration of the Kostomuksha Master Plan, and, as earlier on, was engaged in landscaping. We take good care of the people in the regions of our operations and, therefore, implemented projects in education, healthcare, culture, sports and rendered support to vulnerable groups. On top of that, to gain a better understanding of how our social projects perform, we assessed the quality of urban environment and identified the key areas for further development for the first time in 2024.

Environmental Aspect

Reducing our climate and environmental footprint remained a focal area for Severstal during the reporting year. We pursued our collaboration with stakeholders on climate change and environmental protection issues and participated in the UN Climate Change Conference (COP29), entered into the cooperation agreement with the Ministry of Natural Resources of the Murmansk Region, and held training programmes and workshops. Moreover, in 2024, we arranged a traditional annual social survey that, inter alia, encompassed questions regarding Severstal's contribution to the Clean Air federal project.

In the reporting year, the Company attained a number of environmental targets and approved new ones for the period up to 2028. Specifically, in 2024, we managed to decrease the weight of pollutants discharged into water bodies, achieve the target values of the Clean Air federal project at Cherepovets Steel Mill and reduce the aggregated air pollutant emissions by 30.7% against the 2017 baseline. The waste recycling rate constituted 98.1%. Also, Severstal continued its biodiversity conservation efforts: in the reporting year, we released our Conserve Biodiversity – Preserve Life Strategy 2036, and the Company's representatives joined the task force on the Kunming-Montreal Global Biodiversity Framework under the Conference of the Parties to the United Nations Convention on Biological Diversity (UNCBD).

The Company continued its climate change adaptation work. In 2024, Severstal commenced the elaboration of a corporate climate change adaptation plan by supporting the implementation of the Vologda Region Adaptation Plan. The active dialogue within the climate agenda continued with the authorities of other regions of presence as well, i.e. the Republic of Karelia and Murmansk Region. The Company implemented an extensive programme for climate-related risks management measures investing over RUB 1.2 billion therein, and, also, expanded the list of green and adaptation products and increased the manufacture thereof.

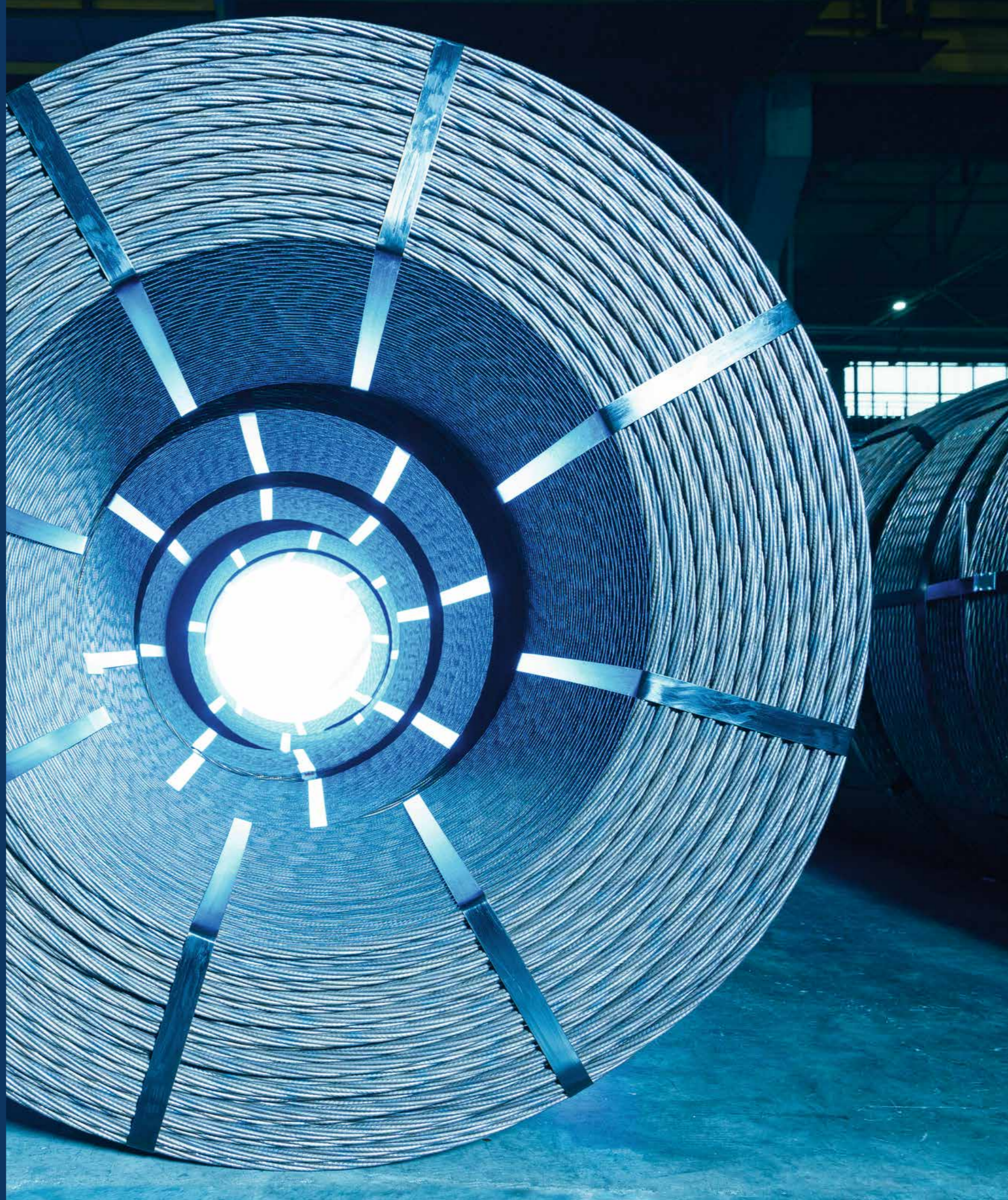
Looking into the Future

As part of our updated strategy, we will continue to create extra opportunities for our customers and partners, ramp up capital expenditures to RUB 169 billion in 2025 by focusing on upgrading our production facilities and introducing pellet technology in the blast furnace process. This will foster our competitiveness and dominant position in the sector. The Strategy 2024–2028 reflects the balance between sustainability and innovation. We maintain our leadership by performance yet strive to become a first-choice company for customers, employees, and partners. I am confident that through joint efforts we will achieve all of our ambitious goals.

Alexander Shevelev,
CEO
AO Severstal Management

01.

About the Report



About the Report

GRI 2-3

The Integrated Report 2024 (hereinafter referred to as the Report) of PAO Severstal (hereinafter referred to as Severstal or Company) contains information on the activities of the enterprises located in and outside the Russian Federation. The reporting period is from 1 January to 31 December 2024. In addition, the Report covers significant events beyond the specified reporting period to adhere to the principle of timely disclosure.

The Report discloses the approach to managing sustainable development, including climate change, energy efficiency and environmental protection, personnel management, occupational health and industrial safety, and community engagement in the regions where we operate, as well as to respecting human rights, ensuring a responsible supply chain and corporate governance.

The information on PAO Severstal's and its subsidiaries' financial and business operations is uncovered in accordance with the disclosed consolidated financial statements derived from the audited consolidated financial statements of PAO Severstal and its subsidiaries for 2024, prepared in conformity with the International Financial Reporting Standards (IFRS). The present Integrated Report also contains alternative performance indicators (APIs) that are omitted from the disclosed

consolidated financial statements and are used by the management to assess business performance and as reference information for dividend payment recommendations.

The Board of Directors makes use of such indicators as the free cash flow and net debt (calculated as the total debt financing less cash and cash equivalents) as guidance for giving dividend recommendations. The free cash flow is defined as the sum of the following items: net cash flow from continuing operations, CAPEX, proceeds from fixed assets disposals, and interest and dividends received.

EBITDA, widely used in the industry, stands for the operating profit plus depreciation expense on production assets (inclusive of the Group's share in depreciation of assets of associated companies' and joint ventures' assets) adjusted for gains/(losses) from sales of fixed assets and intangible assets and for a share of non-operating income/(expenses) of associated companies and joint ventures.

Severstal draws up annual non-financial reporting and publishes sustainability reports on its corporate [website](#). The present Report is the Company's second report containing, inter alia, information on Severstal's financial performance. The Report was published on 9 April 2025.

Approach to the Report Preparation

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

- Global Reporting Initiative (GRI) standards updated as of 2021 (application level – compliant), GRI Mining and Metals Sector Supplement
- Sustainability Accounting Standards Board (SASB) standards for Iron & Steel Producers, Metals & Mining
- International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC)
- Recommendations of the Russian Union of Industrialists and Entrepreneurs (RSPP) on the use of basic performance indicators
- Methodological recommendations of the Ministry of Economic Development of the Russian Federation on the preparation of sustainability reporting
- UN Global Compact principles
- 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 2030 (SDGs) and its contribution to implementing the National Projects of Russia.

GRI 2-14

The Report preparation is supervised by Severstal's Corporate Social Responsibility and Brand Department. Qualitative and quantitative data to be disclosed in the Report is provided by the relevant divisions.

GRI 2-2

Severstal adheres to the principles of clarity and comparability, owing to which the Report is comprehensible to a broad reading audience. The information in the Report is disclosed for a period of five years, with explanations regarding the dynamics of metrics. To maintain the Report's balanced nature, the Company discloses information not only on its achievements but also on the areas for improvement.

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 statements. No material restatements of indicators versus the preceding year were in evidence in 2024, unless stated otherwise.

Boundaries of the Report

GRI 2-2 GRI 3-1

Severstal strives to make sure that the boundaries of the Integrated Report fully match the boundaries of its consolidated financial statements prepared in accordance with IFRS. In the 2024 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, are, in all cases, explained directly in the text of the Report or in the footnotes.

Boundaries of disclosure of material topics

	PAO Severstal	AO Izhora Pipe Mill	AO Severstal SMC-Vsevolozhsk	AO Severstal Distribution	OOO Severstal-Vtorchermet	OOO Aircompany Severstal	AO Severstal Steel Solutions	AO Severstal-Metiz	OOO OSPAZ	AO Severstal Kanaty	OOO UniFence	OOO UniSpring	AO Olcon	AO Karelsky Okatysh	OOO Yakovlevskiy Mine
Air quality	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Occupational health and industrial safety	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Waste and tailings 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	Matches the scope of the IFRS consolidated financial statements														

Identification of Material Topics

GRI 3-1 GRI 3-2

In its operations, Severstal consistently factors in stakeholder interests through extensive interaction, including in determining material topics of the Integrated Report. To this end, the Company performs an annual survey to eventually identify the topics of utmost importance for various stakeholder groups. In preparing the 2024 Report, Severstal remained committed to the previous year's approach to material topics identification.

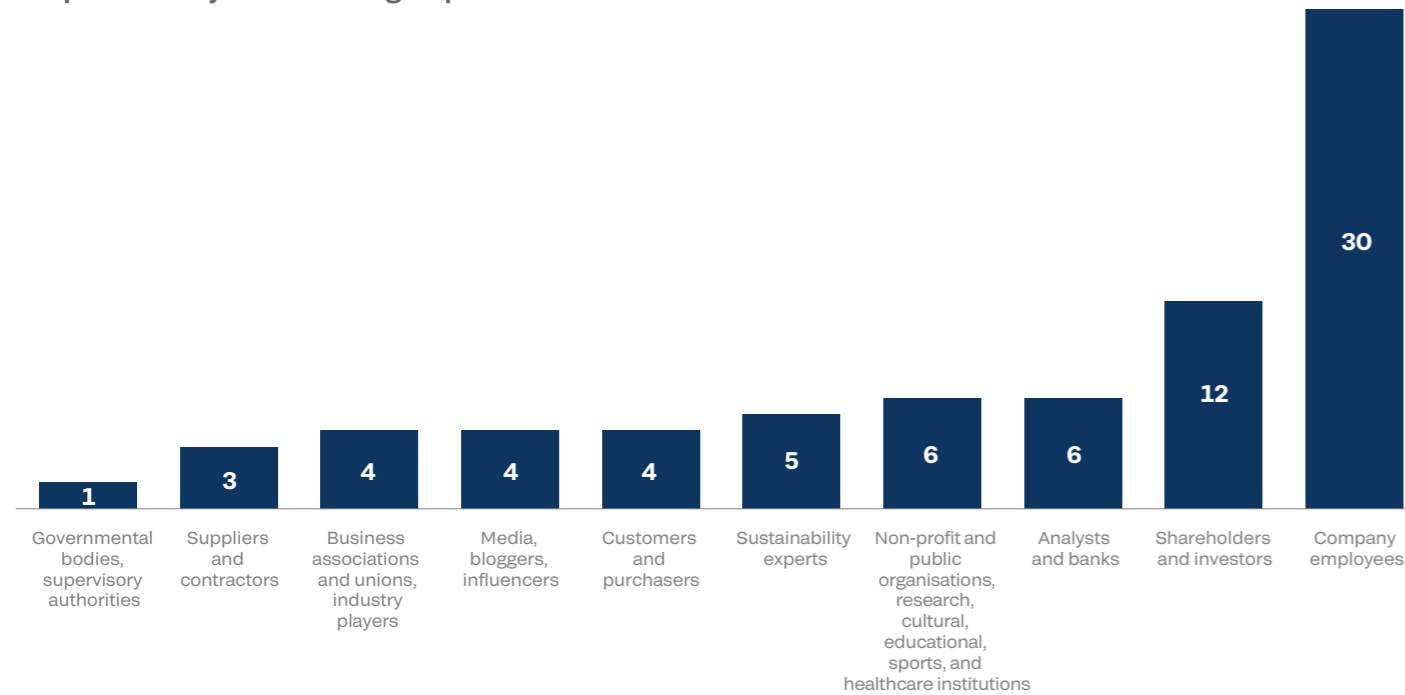
The list compiled by the Company is based on the topics of the Sustainability Report 2023 identified by stakeholders as most material.

For each topic, the Company identified positive and negative impacts (both actual and potential) on the economy, environment and society. With that,

Severstal factored in its long-standing non-financial reporting practices, GRI industry standards, the recommendations of the Ministry of Economic Development of the Russian Federation, and stakeholders' suggestions recorded in drafting the 2024 Report. The resulting list of impacts served the basis for compiling a stakeholder survey questionnaire. Respondents were offered the opportunity to designate additional impacts and topics within each aspect.

In 2024, 75 stakeholder representatives took part in the survey, including 30 Severstal's employees, 12 shareholders and investors, and 33 representatives of other stakeholder groups.

Respondents by stakeholder groups



GRI 3-2

Further to assessing impacts by questionnaires, the respective topics were scored. Such scoring entailed summing up the averages for positive and negative impacts within the topics. Eighteen 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 that were included in Priorities 1 and 2 are regarded as material; there turned out to be 13 such topics in 2024.

Priority 3 topics are also important for Severstal, for which reason the Company discloses them in the relevant sections. The Land Resources and Biodiversity topic was added to the list of material topics as resolved by the Sustainability Working Group in connection with its paramount importance for the Company and preparation of the relevant strategy in 2024.

List of material topics

Priority 1

- Air quality
- Occupational health and industrial safety
- Water use and impact on water resources
- Waste and tailings management
- Product quality and safety for customers

Priority 2

- Economic performance
- Decent working conditions
- Climate change and energy efficiency
- Information security
- Development of the regions of presence
- Innovation and digitalisation
- Risk management
- Responsible supply chain
- Land resources and biodiversity

External Assurance

GRI 2-5

A number of key quantitative data is additionally verified as part of assurance by an independent practitioner to make sure the Report contains accurate and reliable data only. The Company's approach and the external assurance schedule are set out in the Audit and Assurance Policy of PAO Severstal. The assured information is marked in the present Report by a magnifier icon - 🔍.

The Independent Assurance Report is presented in Appendix 6.

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

02.

Severstal Today



Revenue

829,779

2023: 728,314

↑ 14%

EBITDA

237,880

2023: 262,229

↓ 9%

CAPEX

118,460

2023: 72,629

↑ 63%

Free cash flow

96,767

2023: 119,970

↓ 19%

Net profit

149,554

2023: 190,907

↓ 22%

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. Its core assets are based in the European part of Russia.

The Company offers a wide range of goods and regularly expands it on account of new product types, with a focus on HVA items. Severstal takes a rational approach to capital investments by injecting cash in projects directed at the key elements of its strategy, in the first place, that is superior customer experience, cost leadership, implementation of new opportunities in the context of corporate culture, and commitment to sustainable development. The primary goal of investment projects is to enhance profitability, create a maximum value, and increase shareholder returns. Owing to cutting-edge technologies, the Company elaborates innovative solutions, advances HVA products, improves customer service, and reduces negative environmental impacts.

In addition to evolving its core production facilities, the Company dynamically creates innovative products and services, and provides customers with integrated engineering solutions. To date, Severstal captures such promising practice areas as the production of wind turbines and cryogenic steel for liquefied natural gas (LNG) tanks.

Severstal's Business Strategy

Severstal completed another strategic cycle in 2023. The Company grew more resilient and flexible by having attained almost all the goals set, including the key metric – comprehensive shareholder income.

In the reporting year, Severstal presented its restated development strategy for 2024–2028 retaining its fundamental principles but supplementing it with elements that meet the imperatives of our time.

Global challenges and trends underlying the Company's strategic response

Global challenges and trends	Severstal's response
Higher trade barriers and global steel market stagnation	<ul style="list-style-type: none"> Focus on the domestic market of the Russian Federation Focus on customer needs
Higher competition on Russia's steel market	<ul style="list-style-type: none"> Focus on points of growth in the Russian Federation Developing the domestic consumption
Demographic crisis, fight for talent	<ul style="list-style-type: none"> Increasing labour productivity Implementing digitalisation and automation
Restricting access to technologies	<ul style="list-style-type: none"> Import substitution of technologies and competencies
Inflation of costs, more expensive logistics	<ul style="list-style-type: none"> Cost leadership to maintain competitiveness

Severstal's strategy aims to maintain the global leadership in efficiency and strengthen the positions on the Russian market. To achieve the goals set, the Company identified five strategic priorities with transparent metrics.

Severstal's strategic priorities for 2024–2028, and the key metrics

Strategic priorities	Key metric	Financial goal
 <p>Leader in occupational safety and environment Preservation of life and health of employees and local residents, observance of the legislation</p>	<p>Fatalities 0</p> <p>LTIFR among employees <0.45</p> <p>pollutant emissions ↓46%</p>	<p style="font-size: 2em; text-align: center;">150</p> <p>EBITDA as at year-end 2028 against 2023¹</p> <p>Faster EBITDA growth compared to competitors</p>
 <p>Leader in employee life quality We are a reliable employer who values each and every employee and takes good care of them and their family members</p>	<p>Number one employer in the regions of presence</p>	
 <p>Leader in customer engagement We are the first one would think of when it comes to rolled steel</p>	<p>Market share in the Russian Federation in the core segments 20%</p> <p>Market leader in price efficiency</p>	
 <p>Leader in digital technologies Advantage over competitors both in market operations and efficiency improvement</p>	<p>Improving labour productivity, creating an additional source of EBITDA</p>	
 <p>Leader in cost Strengthening global cost leadership in an environmentally friendly manner</p>	<p>Ensuring a 15% gap in the end-to-end cost of converter slab from the nearest competitor</p>	

The Strategy 2024–2028 version in effect is available on the website².

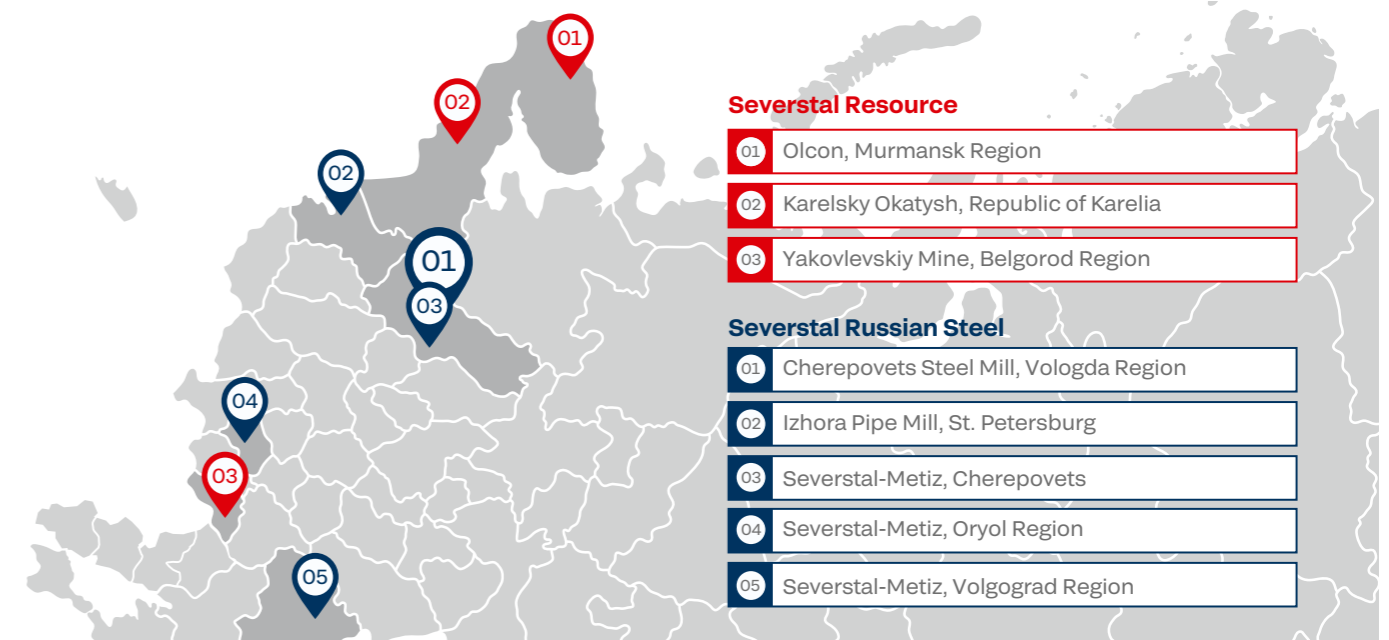
¹ The Company's pre-estimate calculated in macroeconomic conditions and forecasts for H1 2024 is subject to change.

² This document is only available in Russian.

Geography and Key Assets

GRI 2-1 GRI 2-6







Severstal comprises two main industrial divisions: Severstal Resource and Severstal Russian Steel. The Company makes use of a vertically integrated business model, which makes it possible to manage all stages of the operating process – from ore mining and processing to the release of finished rolled steel, its distribution, elaboration of integrated solutions for customers and maintenance.



Severstal Resource

As one of the two key elements of Severstal's business model, Severstal Resource covers all mining assets of the Company in the Belgorod and Murmansk Regions, and in the Republic of Karelia. This segment almost completely supplies Severstal Russian Steel with iron ore and provides external customers with feedstock.

Key assets of Severstal Resource

Region/facility	Products	Operating performance ¹
	Iron ore concentrate	 Iron ore concentrate – 2.2 million tonnes
	Iron ore pellets	 Pellets – 11.0 million tonnes
	Iron ore mining and processing	 Iron ore concentrate – 3.2 million tonnes




¹ Data for 2024 and as at 31.12.2024.

Severstal Russian Steel

Severstal Russian Steel covers the Company's assets involved in manufacturing and selling finished rolled steel. The key asset – Cherepovets Steel Mill – is one of the most cost effective metallurgical enterprises in the world that is well-positioned in terms of its vicinity to Severstal's mining facilities, the Baltic Sea ports, and Russian industrial clusters.

Severstal Russian Steel offers a wide range of products with the largest share of flat rolled steel.

Key assets of Severstal Russian Steel

Region/facility	Products	Operating performance ¹
01	<ul style="list-style-type: none"> High value-added (HVA) flat rolled products Long products (including for the construction industry) Downstream products Galvanised steel Cold rolled steel Hot rolled steel 	 <p>Steel – 10.4 million including:</p> <ul style="list-style-type: none"> Basic Oxygen Furnace (BOF) method – 9.3 million tonnes Electric Arc Furnace (EAF) method – 1.1 million tonnes (~10%)
02	Electric welded pipes	 <p>Large diameter pipes – 0.5 million tonnes</p>
03 04 05	Metalware and secondary products	 <p>Metalware – 0.4 million tonnes</p>



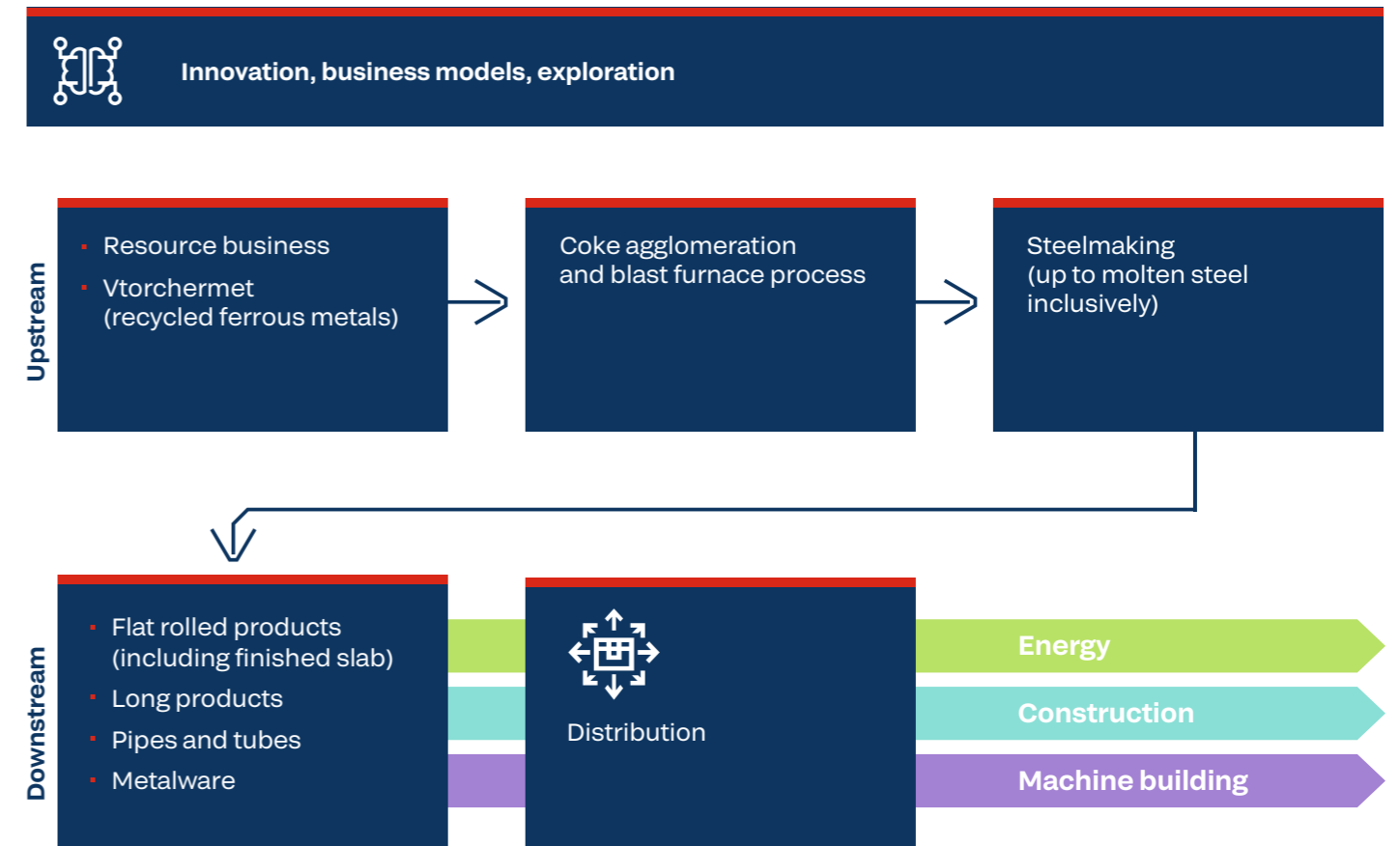
¹ Data for 2024 and as at 31.12.2024.

Business Model

GRI 2-6

Severstal demonstrates stable financial and non-financial performance owing to the reliance on its efficient vertically integrated business model. A combination of mining and metals operations as well as the Company's self-sufficiency in raw materials help maintain high 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.

Severstal's Value Chain



Responsible business practices are integrated into the Company's business model with due regard to the UN Sustainable Development Goals and the national projects' goals. The Company continuously harmonises its processes in accord with best practices and transforms the resources used to stakeholder value.

Severstal adheres to a well-balanced investment policy by injecting capital in projects that are aligned with the key strategic priorities in order to enhance profitability, maximise partner value, and increase shareholder returns.










Business model

Capital	Resources in 2024	Performance in 2024
Human capital Employees, personnel training and development, workplace safety 	<ul style="list-style-type: none"> 50,553 employees – average headcount ✓ RUB 118,852 billion – salaries and social contributions RUB 452 million – investments in personnel development programmes RUB 7.1 billion – investments in OHS activities 	<ul style="list-style-type: none"> Ranks first in the industrial employer IT brand rating (habr.ru) 88% – share of employees covered by training 0.44 – LTIFR among Company employees and contractor ✓
Social capital Stakeholder engagement 	<ul style="list-style-type: none"> 22% – share of purchases from SMEs 33% – share of purchases from local suppliers RUB 7.5 billion – social investments ✓ RUB 35.2 billion – tax and non-tax payments across the key regions of presence in Russia 	<ul style="list-style-type: none"> 97% – overall customer satisfaction 300 charity projects >30 events dedicated to information support of SMEs and promotion of entrepreneurship
Natural capital Environmental footprint reduction solutions 	<ul style="list-style-type: none"> >10 iron ore deposits >10 billion tonnes of iron ore reserves RUB 10 billion allocated for environmental protection activities 	<ul style="list-style-type: none"> 98.4% – share of recycled water 98.1% – share of waste recycling 2.180 tonnes of CO2 / tonne of steel – carbon intensity ✓
Production capital Production capacity, operating performance 	<ul style="list-style-type: none"> 2 segments 46 enterprises 10 million tonnes of cast iron production 10.4 million tonnes of steel production¹ RUB 638 billion – Operational Expenditure (OPEX) 	<ul style="list-style-type: none"> >500 partners involved in improving the operating performance and optimising the production processes 205 tonnes of produced steel / person – labour productivity²
Financial capital Investments in the production activities development 	<ul style="list-style-type: none"> RUB 118.5 billion – investments in production development projects (CAPEX) RUB 25.5 billion – interest paid 	<ul style="list-style-type: none"> RUB 829.8 billion – revenue RUB 228.4 billion – net value added³ 10.85 million tonnes – sales of steel products, including: <ul style="list-style-type: none"> – 5.62 million tonnes – sales of HVA products – 4.76 million tonnes – sales of commercial steel (commercial mill products) – 0.47 million tonnes – sales of semi-finished products – 16.8 million tonnes – sales of iron ore⁴
Knowledge capital Knowledge, skills, and production expertise 	<ul style="list-style-type: none"> RUB 317 million – R&D funding >66 thousand ideas submitted under the Idea Factory initiative 	<ul style="list-style-type: none"> 589 patents in ownership in the Russian Federation 9.2% – share of new product types RUB 1.7 billion – economic effect from inventions

¹ ~90% of steel produced through the basic oxygen furnace (BOF) process, and ~10% – through the electric arc furnace (EAF) process.
² 244.5 tonnes of produced steel / person is the 2023 indicator.
³ RUB 359.9 billion is the value added for 2023.
⁴ Including the ore designated for own use and for sales (2.2 million tonnes – iron ore sales to third parties).

Sustainability Ratings, Rankings and Indices

MED-39

 High ESG index (Level I) among Russian non-financial companies	 Ranked first in the ESG ranking of Russian companies in the ferrous metallurgy sector Ranked ninth in the overall ESG rating ¹ Ranked second and fourth in the ESG rating of Russian companies leading in waste management quality	 Group AA – Very high level
 AA.esg – a very high level of the ESG agenda integration into the Company’s activities, and of the quality of relevant practices observance	 Ranked first in the ferrous metallurgy sector of the ESG Transparency Ranking of Russian companies	 87% (corresponds to the industry average) out of the maximum 100%
 Group A in the Responsibility and Transparency Index – companies with best disclosures Group A in the Sustainability Vector Index – companies with best performance dynamics	 Group AAA – companies with a very high anti-corruption level	 Highest A+ category in the Leaders in Corporate Charity rating

¹ As at December 2024.

Sustainability Awards

Responsible business practices



First-degree laureate of the Leaders of Responsible Business national award

Finalist in two nominations: For the contribution to achieving environment- and climate-oriented objectives, For the contribution to sustainable development of territories



Winner of the Leaders of Business: Dynamics, Responsibility, Sustainability 2023 all-Russian competition in two nominations: For the contribution to sustainable development of territories, For the high quality of sustainability/ESG reporting



Ranked first for the Company's Unified Report in the Best ESG Disclosure nomination

Leader status in the Best Sustainability Report nomination



Ranked second in the competition of annual reports

Highest Quality of Report status for the Company's Unified Report



Gold Winner in the 2023 Rating of Best Russian Employers for the contribution to employees and society (S); Platinum Winner in the E and G nominations



Best employer among industrial companies in the rating of employers



Five Severstal's programmes contributing to the delivery of national projects are finalists in the Award

Partner of National Projects status

Environmental aspect



The Cherepovets Air Environmental Monitoring project wins the Sustainable Development nomination



The Clean Air project wins the Eco-Enterprise nomination of the Komsomolskaya Pravda National Environmental Award

Social aspect



#Dlya Svoikh: With Care for Everyone welfare programme takes the Grand Prix at the 2024 InterComm International Award

Silver Winner in the Territory of Good nomination for the corporate Doing Good Deeds volunteering programme

Bronze Winner in the Work without Danger nomination for the Safety Volunteers project

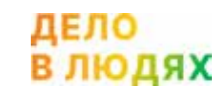


Ranked third for the Severstal Engineering Classes project in the Best Programme (Project) Contributing to the Development of Science and Education in the Russian Federation nomination

Ranked third for the Choose Life project in the Best Programme Contributing to the Achievement of the UN Sustainable Development Goals (UN SDGs) to Ensure Health, Healthy Lifestyle and Well-Being for Sustainable Development nomination



Laureate of the Corporate Donor Culture all-Russian competition (III) in the Best Corporate Donor Day nomination



Ranked first in the Healthy Lifestyle nomination for #Dlya Svoikh: With Care for Everyone programme
Ranked second in the Development of Local Communities nomination for the Cherepovets integrated development project



Ranked first in the Transparency of Activity nomination and ranked fifth in the Appreciation by the Society, and Activities in Social Media and Mass Media nomination among corporate and private NPOs for the Company's Way Home charitable foundation

Other



Winner in the For Business Efficiency Improvement nomination for the Autotemp 2.0 software package

ISAR HONOURS 2024

Winner in the special nomination in the national category of the ISAR Honours 2024 award for the Company's ESG metrics automation project

Diplomas in the Best Electronic Corporate Media nomination of the Best Corporate Media in the Russian and CIS Metallurgical Industry competition for the first metallurgical podcast 'Ne v Lom' and Severstal. News TV programme

The Safety Volunteers film wins in the Best Camerawork nomination of the Metal-Vision'2024 competition for the best video production in the metals sector

03.

Strategic Report



Market Overview

Global Economy and Steel Market

In 2024, the global economy retained resilience despite multiple negative forecasts on its development. Disinflation supported household consumer spending and allowed monetary policy easing in most major economies, which helped offset the uncertainty caused by geopolitical tensions. The OECD estimates the global GDP growth of 3.2% in 2024, with ambiguous results in developing economies. In China, the GDP growth remained unchanged, encouraged by the rising industrial production owing to stronger exports. However, consumer demand remained weak, and the lengthy correction in the property sector continued, impacting the steel market.

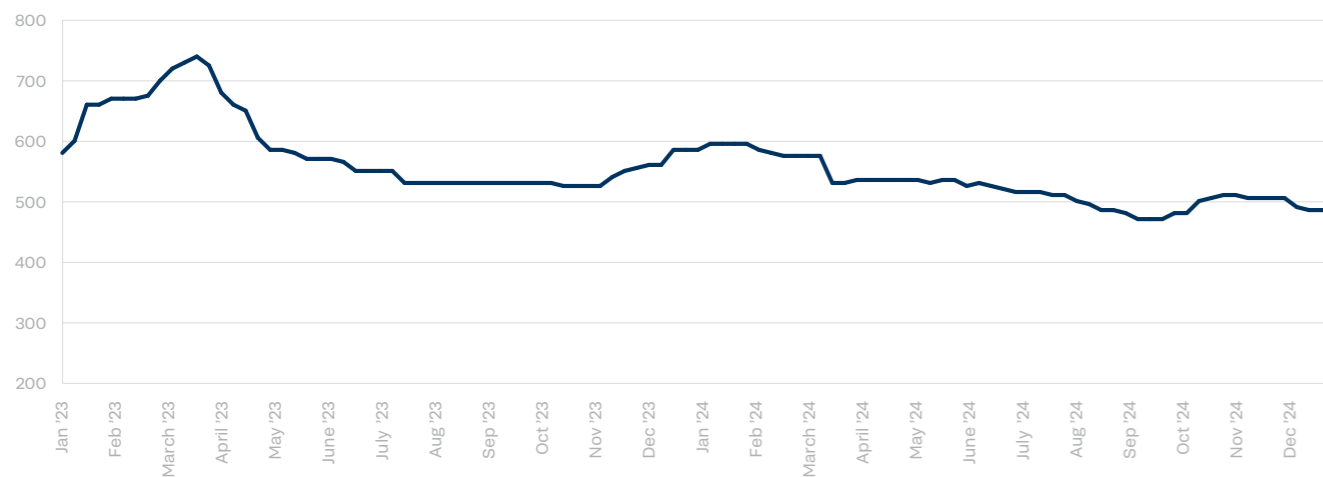
According to the World Steel Association, global steel consumption fell by 0.9% in 2024 to 1.75 billion metric tonnes. Global steel production also declined by 0.9% to 1.83 billion tonnes. Chinese smelting declined by 1.7%, with WorldSteel estimating that China's ongoing property market crisis led to a 3.0% fall in domestic steel demand in 2024. The fall in demand at a rate faster than the decline in smelting resulted in a surge in exports of semi-finished and finished rolled steel from China to a record high of 117 million tonnes, up 25.1% YoY. The increased exports of rolled steel from China impacted prices in many regions of the world.

Steel Prices

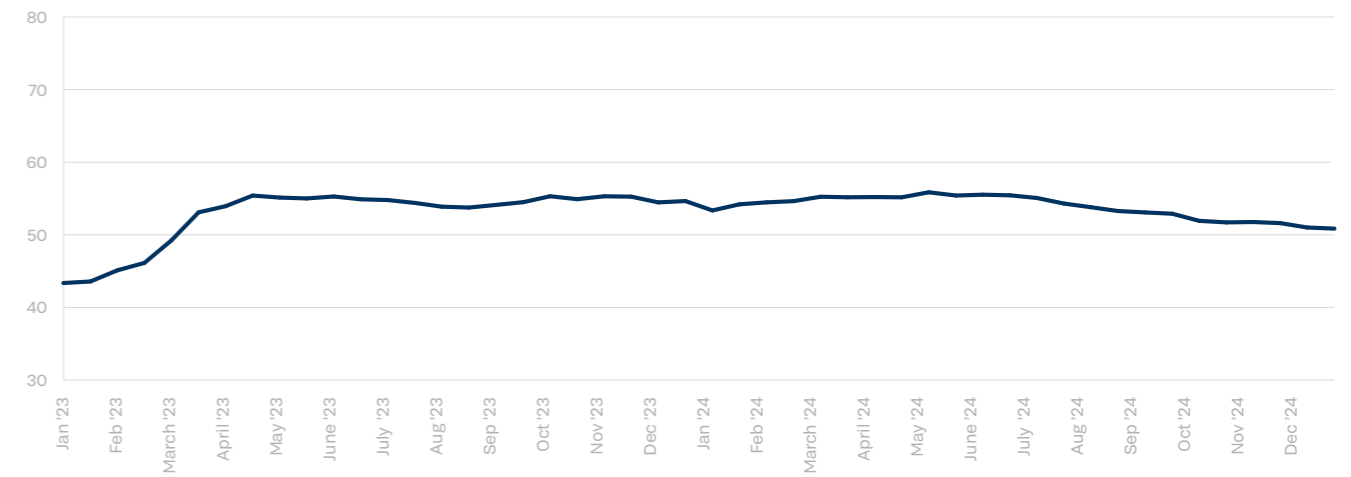
On average, the export prices for Russian hot rolled coil FOB Black Sea in 2024 decreased by 11% year-on-year. The decline was driven by the pressure exerted by Chinese exports.

The prices for hot rolled steel in Russia in 2024 turned out to be more resilient amid the favourable domestic demand for rolled steel in H1, as well as due to higher (vs the global average) inflation rates. However, in H2, the prices moved downwards due to a tighter monetary policy and the resulting weaker demand for rolled steel. Nevertheless, in 2024, the prices increased by an average of 2% YoY.

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

In 2024, the average iron ore prices decreased by 8% to USD 110 per tonne CFR China. In general, the downward trend continued throughout the year. The prices declined from the January 2024 peak of USD 145 per tonne to the low of USD 90 in late September. It was followed by stabilisation at around USD 105 per tonne, which is close to the cost support levels of the least efficient producers.

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



Coking Coal Prices

In 2024, the average coking coal prices decreased by 15% to USD 183 per tonne CFR China. As is the case with iron ore prices, among the key factors affecting the price fluctuations in 2024 were the concerns about the property market activity in China. However, the strong demand for coking coal from India, which significantly increased its steel production, was not the least of the factors either.

Prices for coking coal CFR China, USD/tonne



Russian Economy and Steel Demand

The Russian economy grew by 4.1% in 2024, as in 2023, according to Rosstat. The greatest influence was exerted by the growth of value added in such industries as information and communication (+11.9%), hotels and restaurants (+9.6%), wholesale and retail trade (+6.9%), and manufacturing sectors (+7.6%). According to Rosstat, inflation for 2024 was 9.5%, while unemployment was at a historic low of 2.3%, reflecting a stressful situation in the labour market. In 2024, the Bank of Russia anticipated the Russian economy to grow by 1.0–2.0%, whereas the IMF predicted 1.4%.

As per the Company's estimates, steel consumption in Russia declined by 5.6% to 43.8 million tonnes in 2024 primarily due to lower activity in the construction sector against the backdrop of the rising key rate and the resulting lower purchasing and investment activities.



Operational and Financial Performance

Operational Performance

The cast iron production decreased by 11% year-on-year to 10.03 million tonnes amid the overhaul of blast furnace No. 5, whereas the steel production declined by 8% to 10.38 million tonnes.

The consolidated sales of rolled steel rose by 1% to 10.85 million tonnes despite the large-scale repairs. The commercial steel sales (hot rolled and long products) increased by 5% to 4.76 million tonnes, while the sales of HVA products rose by 7% to

5.62 million tonnes. As at year-end 2024, the share of HVA products increased by 3 p. p. to 52%. The semi-finished products sales decreased to 465 thousand tonnes (-51%) due to several major BOF repairs.

The sales of iron ore to third parties increased by 51% to 2.23 million tonnes due to a decline in demand for iron ore raw materials (IORM) at Cherepovets Steel Mill during the overhaul of blast furnace No. 5.

Financial Performance

Owing to the average selling prices growth on the back of the growing share of finished rolled steel and HVA products, as well as higher sales volumes, the revenue increased by 14% to RUB 829,779 million. However, EBITDA decreased by 9% down to RUB 237,880 million, and EBITDA margin declined by 7 p. p. to 29% on the backdrop of the increased production cost due to higher prices for goods and services of natural monopolies, higher payroll, and the acquisition of the A GROUP.

CAPEX surged by 63% to RUB 118,460 million amid dynamic implementation of projects in tune with the Company's new strategy. The largest projects in the reporting year were the overhaul of blast furnace No. 5 and continued construction of an iron ore pellet production complex at Cherepovets Steel Mill. Severstal will keep on investing in strategically important projects that will enable the Company to

ensure the leadership in costs, expand its customer base, enter new market segments, and reduce its environmental footprint. In 2025, Severstal's investments are expected to reach RUB 169 billion, of which RUB 81 billion will be allocated to maintain the existing capacities, and RUB 70 billion – to invest in development projects. Investments in IT and digital projects, as expected by the Company, will amount to around RUB 13 billion, and the amount of investments in environmental protection, occupational health and safety systems improvement shall total RUB 5 billion.

Lower EBITDA and record-breaking investments resulted in a 19% decrease in free cash flow to RUB 96,767 million for 12M 2024, with Severstal back to paying dividends in the reporting period. Thus, in 2024, the Company accrued dividends for 2023 in the amount of RUB 160.4 billion and interim dividends for Q1-Q3 2024 in the amount of RUB 99.2 billion.

Financial Standing

In 2024, the Company managed to retain its strong financial standing with a low debt burden. Monetary funds and equivalents thereof reduced to RUB 128,571 million (vs RUB 373,568 million as of 31 December 2023) due to payment of dividends in the amount of RUB 242,310. The total debt declined to RUB 108,503 billion (vs RUB 163,105 million as of 31 December 2023). The net cash position was RUB 20,068 million. The Net Debt/EBITDA reached -0.08.

04.

Corporate Governance



Corporate Governance System

2024 Highlights

50%

the share of independent directors in the Board of Directors

100%

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

3,786

persons completed the anti-corruption training course (more than twice as much)¹

0

cases of violation of personal data confidentiality

UN Global Compact Principles

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

UN Sustainable Development Goals



Material Topic

- Risk management

Corporate Governance Standards and Principles

In its operations, Severstal is guided by best Russian and international corporate governance practices. Its corporate governance system aims to efficiently administer the Company's activities and manage sustainability risks and opportunities while respecting the interests of shareholders, investors, and other 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:

- Efficient and transparent mechanisms for ensuring 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



Winner of the Director of the Year Award

On 26 February 2025, Corporate Secretary of PAO Severstal won the XIX National Director of the Year Award in the Corporate Governance Director / Corporate Secretary nomination. The award recognises corporate governance leaders for their individual contribution to creation and promotion of advanced corporate governance standards, and introduction of prospective technologies and practices in the Board proceedings of not only public but also private Russian companies.

The Award was founded by the Association of Professional Directors (APD) and the Russian Union of Industrialists and Entrepreneurs (RSPP) in partnership with the Moscow Exchange, PJSC, Sberbank, PJSC, and Unicon, JSC.

Company's Corporate Governance Structure

GRI 2-9

General Meeting of Shareholders



Board of Directors

Audit Committee

Safety and Sustainability

Nomination and Remuneration



Sole Executive Body
CEO

¹ Against 2023.

The General Meeting of Shareholders (hereinafter referred to as the Meeting) is the supreme governing body of Severstal. The Meeting's authority is determined by Russian laws and the [Charter of PAO Severstal](#)¹. All aspects related with preparing for and conducting the Meeting, including its composition, functions, powers and authority of its working bodies, are governed by the [Regulations on the Procedure of Conducting General Meetings of Shareholders](#).

In conformity with the legislation of the Russian Federation, the Company shall convene the annual General Meeting of Shareholders on an annual basis. Extraordinary meetings may be convened at the initiative of the Board of Directors or as required by the Company's audit firm or by the shareholders (shareholder) holding at least 10% of the Company's voting shares as at the date of the request. In 2024, Severstal conducted the annual General Meeting of Shareholders and two extraordinary meetings by absentee voting.

Board of Directors

GRI 2-12 GRI 2-13 GRI 2-14 MED-37

The Board of Directors is in charge of the overall management of the Company's activities, including actualisation and approval of its strategy and business model, exercises control over the proceedings of its executive bodies, and executes other functions assigned by PAO Severstal's Charter in accord with the legislation of the Russian Federation. Apart from analysing the implementation of the development strategy, situation on stock markets and trends in the main sales markets, the Board of Directors regularly reviews progress reports on PAO Severstal's focal areas and sustainability issues.

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

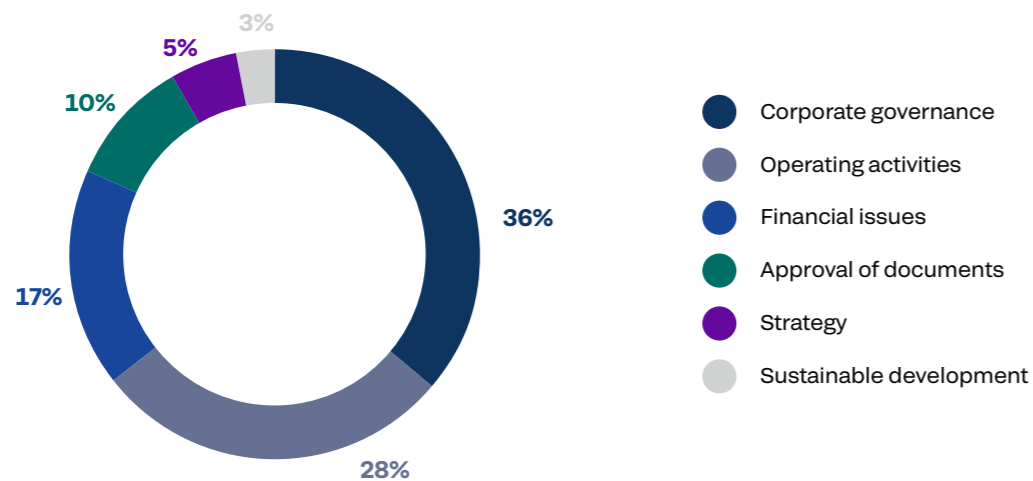
The Board of Directors convenes its meetings as deemed necessary, both in person and by absentee voting. Board meetings may be convened at the initiative of the Chairman of the Board of Directors, a member of the Board, Head of the Internal Audit Department or the Company's audit firm, the executive body as well as shareholders (shareholder) cumulatively holding at least 2% of the Company's voting shares.

[For more details regarding the standard operating procedures of the Board of Directors, see the Regulation on the Board of Directors of PAO Severstal.](#)

MED-36

In 2024, the Board of Directors conducted ten meetings. The attendance rate was 100%. The Board of Directors considered 88 issues, including the reports of the Chairman of the Safety and Sustainability Committee of PAO Severstal and the climate-related risks and opportunities analysis.

Structure of issues considered by the Board of Directors, pieces



GRI 2-10 GRI 2-11

When forming the Board composition, the Company proceeds from professional competencies and experience of applicants in the relevant area. The sitting Board members have vast knowledge and many years of experience in such domains as economics and finance, engineering, technology, law, and personnel management.

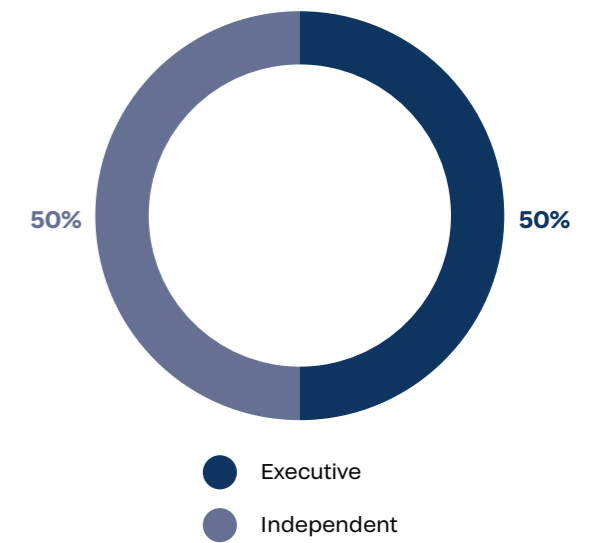
The Board members are elected by the General Meeting of Shareholders for a term until the next annual Meeting. The Chairman of the Board of Directors is elected by the Board members from among themselves by a majority of votes of all members of the Board. The Board of Directors may reelect the Chairman at any time by a respective resolution passed by the majority of votes.

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

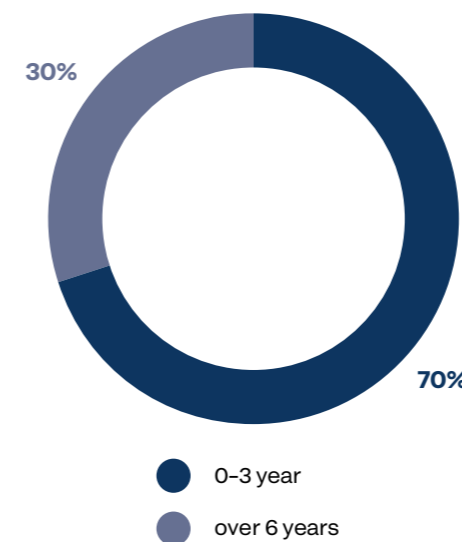
GRI 2-9 MED-37 MED-44

As at 31 December 2024, the Board of Directors was composed of ten members. With that, the share of women increased to 20% against 2023 (10%), and the share of independent directors grew to 50% (20% in 2023).

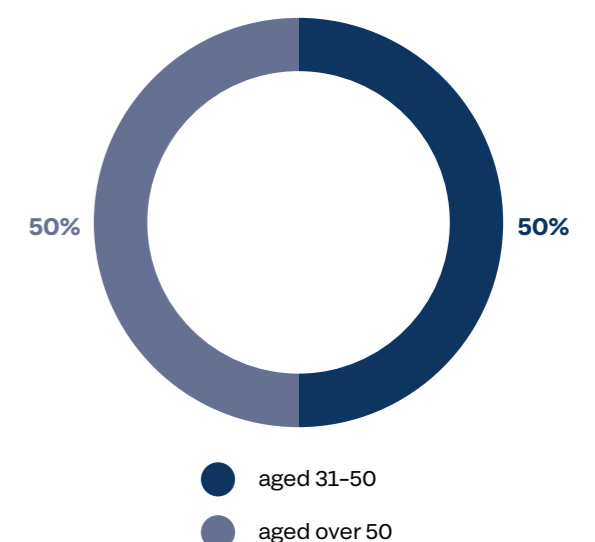
Status of the Board members in 2024



Term of office of the Board members



Age of the Board members



GRI 2-18

The Board of Directors performs a self-assessment on a regular basis. The Board conducts an internal assessment of its performance annually, and an external independent assessment once in three years. In 2024, it was resolved that it would be inappropriate to assess the performance of the Board of Directors and its committees due to the significant renewal of their members and a short-duration term of office.

¹ On 6 December 2024, the General Meeting of Shareholders of PAO Severstal approved the Company's Charter in a new edition so that General Meetings are conducted in conformity with the legislation in effect, with consideration to the amendments introduced by Federal Law dated 08.08.2024 No. 287-FZ On Amendments to the Federal Law on Joint-Stock Companies and Certain Legislative Acts of the Russian Federation. This document is only available in Russian.

Committees of the Board of Directors

GRI 2-13

There are three committees operating under the Board of Directors of PAO Severstal: the Audit Committee, the Nomination and Remuneration Committee, and the Safety and Sustainability Committee. The committees are consultative and advisory bodies in charge of accomplishing the tasks assigned by the Board of Directors.

For more details regarding the election procedure and other aspects of the committees' activities, see the [Regulation on the Committees of the Board of Directors of PAO Severstal](#).



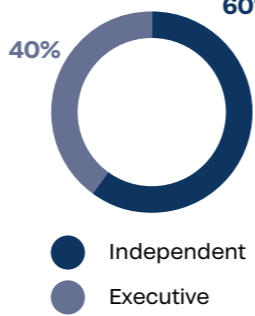
In 2024, the Safety and Sustainability Committee reviewed, inter alia, the following sustainability issues:

- Climate-related risks assessment and environmental metrics;
- Implementation of the decarbonisation strategy, and
- Policy for conservation of biodiversity, ecosystems and ecosystem products.



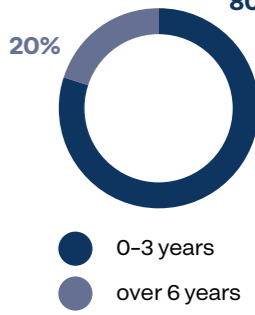

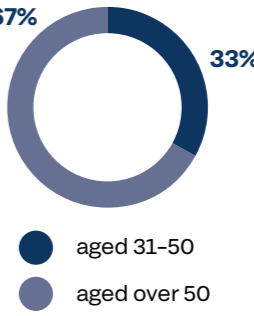
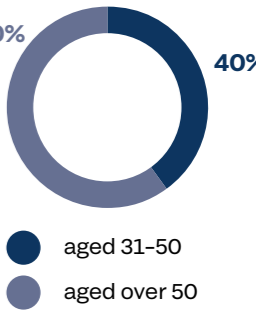
MED-38

In the reporting year, the Audit Committee conducted three meetings. The attendance rate was 100%.

Committees of the Board of Directors of PAO Severstal in 2024¹

Name of Committee	Audit Committee	Nomination and Remuneration Committee	Safety and Sustainability Committee
Committee's objectives	Ensures the participation of the Board of Directors in exercising control over the Company's financial and economic activities, including monitoring the status of risk management, internal control, and corporate governance systems	Facilitates involving qualified specialists in managing the Company and incentivising them to perform efficiently	Renders assistance to the Board of Directors in providing for the appropriate functioning of the safety and sustainability risk management system
Composition	<ul style="list-style-type: none"> ▪ Three directors ▪ Percentage of men - 100% 	<ul style="list-style-type: none"> ▪ Three directors ▪ Percentage of women - 33% 	<ul style="list-style-type: none"> ▪ Five directors ▪ Percentage of women - 40%
Status of Committee members	 <p>100% Independent</p>	 <p>100% Independent</p>	 <p>40% Independent 60% Executive</p>

¹ As at 31 December 2024.

Name of Committee	Audit Committee	Nomination and Remuneration Committee	Safety and Sustainability Committee
Term of office of Committee members	 <p>100% 0-3 years</p>	 <p>100% 0-3 years</p>	 <p>20% 0-3 years 80% over 6 years</p>
Age of Committee members	 <p>100% aged 31-50</p>	 <p>67% aged 31-50 33% aged over 50</p>	 <p>60% aged 31-50 40% aged over 50</p>

Top Management Remuneration

GRI 2-19 GRI 2-20

At the General Meeting of Shareholders, Severstal's shareholders might pass a resolution on payment of remuneration to the Board members for discharging their duties and on compensation of their expenses related to such activities. The amount of the said remuneration and compensation is determined by a respective resolution of the General Meeting of.

In the reporting year, the annual General Meeting of Shareholders passed the resolution on establishing the following types of remuneration from 1 July 2024 in addition to compensation for documented expenses related to the functions discharged by the Board members:

- Monthly remuneration payable to the Board members of PAO Severstal who are recognized as independent directors in accordance with the Regulation on the Board of Directors of PAO Severstal and the Corporate Governance Code of PAO Severstal, in the amount of RUB 1.2 million;
- Monthly remuneration payable to the Chairman of the Board of Directors of PAO Severstal in the amount of RUB 1.2 million, and
- Monthly remuneration payable to an independent director elected by the Board's resolution to chair any of PAO Severstal's Board Committees in the amount of RUB 1.6 million.

The remuneration payable to the members of the Board of Directors of PAO Severstal for contributing to the work of the governing body in 2024 amounted to RUB 62.9 million.

Remuneration of Severstal's top managers is determined by local regulations and provisions of respective employment contracts. Moreover, the Company has the [Regulation on the Reduction of Long-Term Remuneration Elements in AO Severstal Management](#) in place that enables the Nomination and Remuneration Committee to reduce payments under the long-term incentive and bonus system in favour of the key top managers, should any deliberate wrongful behaviour be revealed on their part. The Regulation aims to mitigate the Company's financial, reputational and other risks occurred for reasons attributable to the said behaviour.

Ethical Conduct of Business and Anti-Corruption

Approach to Management

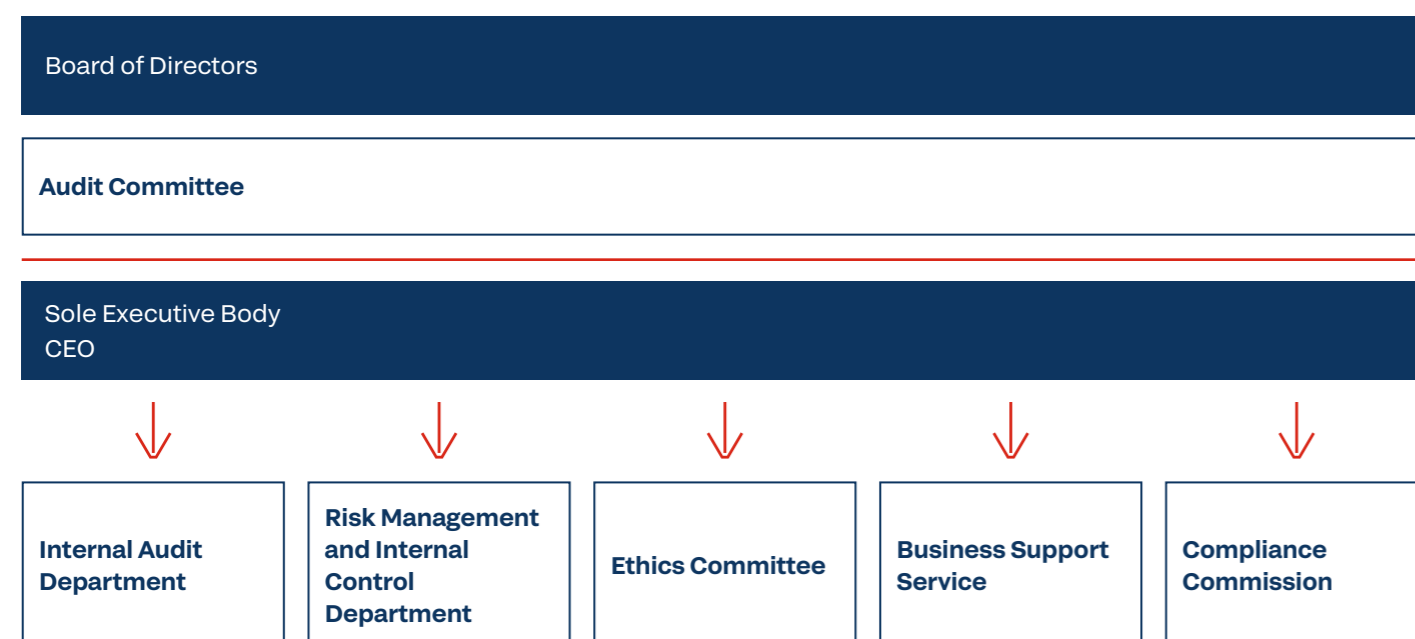
Severstal's corporate governance is based on the principles of business ethics and anti-corruption that contribute to building trust-based relationships both within the Company and with contractors and stakeholders. Not only does the Company follow the principles of responsible business conduct, but it advances the corporate ethical and anti-corruption requirements throughout the entire supply chain.

For more details regarding the stakeholder engagement, see the Sustainability Management section.

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

Key internal business ethics and anti-corruption documents
<ul style="list-style-type: none"> 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 Procedure for Documenting Employment/Civil Law Relationships with Former Public Officials at AO Severstal Management and Managed Companies

Business ethics and anti-corruption system management structure



¹ This document is only available in Russian.

Business unit	Functions
Board of Directors	<ul style="list-style-type: none"> Responsible for approval and implementation of the Anti-Corruption Policy Responsible for monitoring the observance of the Anti-Corruption Policy provisions
Audit Committee	<ul style="list-style-type: none"> Control over the procedures that ensure observance of legislative requirements, and ethical norms, rules and practices of the Company
Management of the Company and operational management	<ul style="list-style-type: none"> Displays commitment to the principle of zero tolerance towards any signs and forms of corruption Ensures formation, implementation and efficient operation of the anti-corruption management system
Risk Management and Internal Control Department	<ul style="list-style-type: none"> Ensures identification and assessment of corruption risks in the business processes Exercises supervision over elaboration and integration of the anti-corruption management system procedures by the Company Conducts regular training, consults the Company's management and employees on anti-corruption issues Forms reporting on anti-corruption risks, outcomes of the anti-corruption management system operation for the Board of Directors and senior executives of the Company
Internal Audit Department	<ul style="list-style-type: none"> Carries out verification of observance of the ethical principles and corporate values of the Company Reviews the Ethics Committee's reports on the outcomes of processing the submissions Informs the Audit Committee, the Board of Directors and the sole executive body about any violations identified, including the outcomes of addressing the submissions on potential business ethics breaches At least once a year, reports the results of monitoring the observance of the Anti-Corruption Policy provisions to the Board of Directors
Ethics Committee	<ul style="list-style-type: none"> Reviews submissions on potential business ethics violations Responsible for explaining the corporate ethics principles (including conflict of interest cases) and investigating the breaches revealed in employees' behaviour Forms reporting on its performance for the Internal Audit Department and provides recommendations on the Employee Code of Conduct enhancement
Business Support Service	<ul style="list-style-type: none"> Carries out the actual and potential counterparties checkup procedures Accepts and processes applications on violations or suspected corrupt practices, carries out internal investigations of corruption incidents Conducts preventive meetings with the heads of structural units and contractor entities to inform them of the consequences of corruption incidents and measures to be taken in the case of revelation thereof Conducts training sessions for business units Liaises with law enforcement agencies
Compliance Commission	<ul style="list-style-type: none"> Reviews cases of employees' non-observance of the internal anti-corruption documents and takes decisions on appropriate measures in the case of revelation thereof

Business Ethics

GRI 2-15 **GRI 2-23** **GRI 408-1** **GRI 409-1**

The Company's key values and principles of ethical behaviour are set forth by Severstal's Employee Code of Conduct, an important pillar of the personnel evaluation, development and motivation system. The Company prioritises employee safety and demonstrates zero tolerance to any forms of discrimination, improper or offensive treatment in its business practices. In this context, the Company's executives undertake to not only follow the high standards of behaviour but also to provide a lead in ethical standards and introduce their respective divisions' staff to Severstal's business ethics principles.

Severstal also expects its employees to avoid conflicts of interest, that is situations when a personal interest may affect appropriate, objective and impartial discharge of their duties. The Company looks into each conflict of interest on an individual basis, following an unbiased and equal approach to all employees and balancing the interests of the Company and its personnel. In 2024, 57 conflicts of interest identified in the course of formal declaration procedure were reviewed by the Compliance Commission. In the reporting period, the Commission conducted a total of three meetings followed by the adoption of measures on the reconciliation of the conflicts of interest cases under review.

[For more details regarding the Company's approach to managing conflicts of interest, see the Conflict of Interest Management Policy.](#)¹

The Code of Business Conduct sets forth the ethical principles Severstal is guided by in its interaction with partners throughout the supply chain. The Company adheres to high standards of integrity and openness, safety, occupational health, and environmental protection. In carrying out its activities, Severstal does not tolerate human rights abuses, forced or child labour and expects its counterparties to take the same approach. The obligations to observe the provisions of the Code of Business Conduct of PAO Severstal are included in the standard wording of procurement contracts.

[For more details regarding the requirements to business partners, see the Responsible Supply Chain section.](#)

Anti-Corruption

GRI 2-23 **GRI 205-2** **GRI 205-3** **MED-43**

Severstal pursues a policy of zero tolerance for any forms of corruption whatsoever. The Company's own-developed anti-bribery management system fully complies with the requirements of Russian legislation and provisions of the international treaties of the Russian Federation and has been successfully certified under ISO 37001:2016. The anti-corruption management system rests on the Anti-Corruption Policy of PAO Severstal and Related Legal Entities that is binding upon all Severstal's employees, members of the governing bodies, and contractors. In the reporting year, in addition to the anti-corruption management documents in effect, the Company approved the Procedure for Documenting Employment/Civil Law Relationships with Former Public Officials at AO Severstal Management and Managed Companies.

The primary goals of the Anti-Corruption Policy of PAO Severstal and Related Legal Entities consist in:

- Mitigation of corruption risks and formation of an efficient anti-corruption mechanism;

- Observance of anti-corruption laws;
- Instilling and fostering an anti-corruption corporate mindset in employees along with a consistent understanding of Severstal's zero tolerance position towards any forms and manifestations of corruption thereby.

Severstal's fundamental anti-corruption principles include:

- Legitimacy;
- Zero tolerance for any forms and manifestations of corruption;
- Tone at the Top;
- Risk assessment and regular monitoring, and
- Informing and training.

At all times, Severstal notifies all its new hires of the requirements of the Anti-Corruption Policy and communicates any actualisation thereof to all employees via email, without exception. The version of the Policy in effect is available to employees on the corporate web portal.

MED-42

In addition, all employees take regular training in anti-corruption management. The frequency and programme of such training depend on employees' job duties and are set out in Severstal's local regulations. In 2024, 3,786 employees were covered by the anti-corruption training, which is twice as much against 2023.

Relationship with Severstal's business partners is governed by the Company's Anti-Corruption Policy for Severstal Counterparties. The obligations to comply with its provisions were added by the Company to the standard wording of procurement contracts. In 2024, Severstal notified over 2,000 suppliers about the Company's anti-corruption policies and procedures in effect. In the event corruption incidents are revealed in the practices of Severstal's business partners, the Company terminates contractual obligations with bad faith counterparties and includes them on the list of non-recommended organisations.

For example, in the reporting period, one corruption incident revealed in the activities of Severstal's business partner led to the Company's refusal to sign a contract therewith.

GRI 205-1

To identify vulnerabilities and enhance its anti-corruption system, Severstal conducts an annual corruption risk assessment. In 2024, the said assessment was performed with regard to all of the Company's functional areas, however, it did not identify any material corruption risks.

In addition, to minimise corruption risks in counterparty engagement, Severstal makes use of the Automated Scoring IT system (prompt obtaining of information on the integrity of a business partner) and Supplier Business Reputation Monitoring (automated check of significant changes in counterparty's activities that could give rise to corruption risks).

Performance of IT systems in 2024

Name of IT system	Number of checks	Outcomes
Automated Scoring	▪ >4,000 supplier checks completed	▪ The acquired data factored in by tender committees in decision-making under tendering procedures
Supplier Business Reputation Monitoring	▪ >6,000 actual counterparty checks completed	▪ The monitoring outcomes factored in during decision-making on interaction with business partners and in taking measures for mitigating respective risks

In the reporting year, the Business Support Service designed a special course for all Severstal's business units on risk assessment in counterparty engagement, counterparty checks, and risk mitigation in interaction with business partners. More than 100 employees of the procurement function completed training as part of the course.



Severstal's anti-corruption awards in 2024

Severstal once again became one of the leaders in the RSPP's Anti-Corruption Rating of Russian Business: following the assessment of the anti-corruption system performance, the Company was assigned the highest class of the A category – AAA class (companies with a very high level of anti-corruption). The jury pointed out that Severstal strictly observes the standards of procurement practices, payment process, building relationships with partners and suppliers, and personnel engagement.

¹ This document is only available in Russian.

Feedback Mechanisms

GRI 2-25 **GRI 2-26**

Any stakeholder is welcome to submit a grievance through Severstal's feedback mechanisms in order to obtain clarifications on the corporate ethics principles and to potentially enhance these, as well as to report any potential fraud and corruption cases. The Company guarantees an independent and unbiased review of all submissions, full confidentiality of information and protection from retaliation against good faith reporters of potential violations.

Unified Hotline communication channels	<ul style="list-style-type: none"> Confidential telephone call line Messenger (WhatsApp) E-mail address vopros@severstal.com Corporate web portal
Ethics Committee	<ul style="list-style-type: none"> E-mail address komitet@severstal.com Postal address
Company's Business Support Service	<ul style="list-style-type: none"> E-mail address security@severstal.com

Ethics Committee

GRI 2-25

Ensuring the observance of the Employee Code of Conduct, the Anti-Corruption Policy and such other local business ethics regulations, prevention and non-admittance of respective violations thereof, and enhancement of the Company's ethical principles and approaches is the responsibility of the Ethics Committee.

In 2024, the Committee reviewed 31 submissions. Most of those referred to violations of the standards of behaviour in effect on the part of the Company's employees. The internal investigations carried out on the basis of the applicants' submissions evidenced that 48% of these were well-grounded. Following the consideration of the verified violations, the Ethics Committee elaborated remedial measures listing the actual measures against violators.

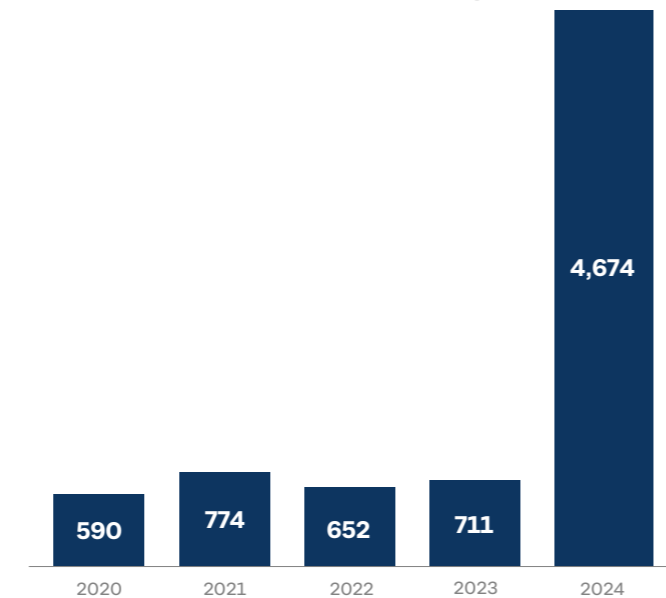
Unified Hotline

GRI 2-26 **GRI 406-1**

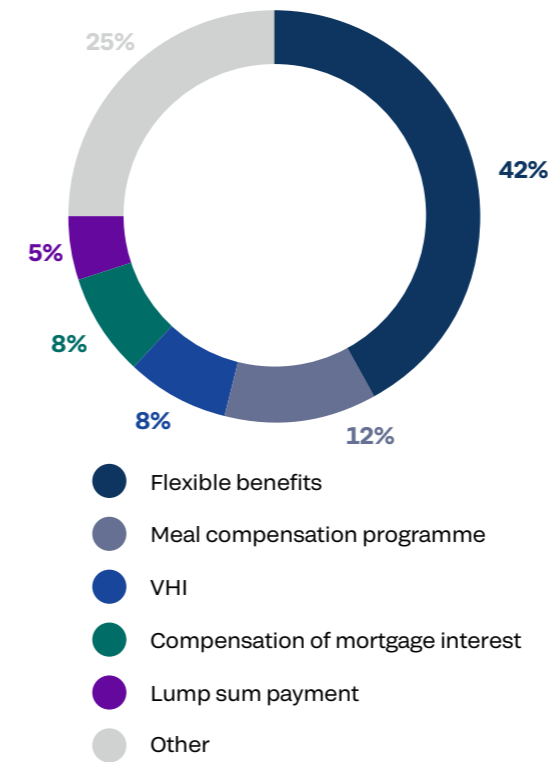
To promptly respond to ethics-related violations and for question or suggestion submissions, Severstal operates its Unified Hotline for employees and stakeholders.

Over the reporting year, due to the increased workload driven by the launch of #Dlya Svoikh: With Care for Everyone corporate welfare programme and introduction of newer employee financial support measures, the Company embedded new solutions to maintain high quality and prompt responses. In particular, it significantly expanded the Q&A practice on recurring topics and the pool of experts involved in preparing answers. Professionals from the HR, occupational health and safety, administrative support, social, welfare and other departments took on the role of experts. The measures taken provided for high performance of the Unified Hotline service without increasing the support team size.

Submissions to the Unified Hotline, pcs



Submissions structure by topic in 2024¹



Upon reviewing the submissions received by the Ethics Committee and via the Unified Hotline, the Company did not identify any cases of discrimination on racial, gender or other grounds in the reporting year.

Business Support Service

GRI 205-3

The Business Support Service (BSS) is in place to examine and check reports on potential or committed fraud, corruption and theft. Its main goals and objectives are to combat threats and risks of causation of unlawful damage to the Company and to implement economic, information and personnel security measures.

In the reporting year, BSS received and addressed 35 reports of attempted commercial bribery towards the Company employees and identified three confirmed cases of corruption that led to criminal proceedings.

Goals and Plans of Development

Severstal is committed to continuous development and enhancement of its anti-corruption management system. In 2025, the Company intends to update its approaches to the gifts and hospitality practices, conduct in-person anti-corruption training courses for employees, draw up and implement procedures for monitoring the regulations approved



¹ The Other category covers the preferential lending programme, clean-up events, industrial safety, PPE, working, social and living conditions, non-financial motivation, etc.

Effective Risk Management

Approach to Risk Management

GRI 2-12 GRI 3-3

Severstal's risk management system is a crucial tool of the Company's business practices that enables it to boost business performance, find most appropriate solutions, and transform potential threats into development opportunities. Owing to its balanced approach to managing risks and opportunities, Severstal steadily attains its strategic goals.

Key internal risk management documents
<ul style="list-style-type: none"> ▪ Risk Management and Internal Control System Policy ▪ Regulation on Internal Audit

Risk management and internal control structure

Business unit	Functions
Board of Directors	<ul style="list-style-type: none"> ▪ Determines the principles and approaches to setting up the risk management and internal control system (RM&ICS) ▪ Determines the level of the Company's risk appetite ▪ Exercises control over the efficient operation of the risk management system, including regular reviews of the sole executive body's risk management status reports
Audit Committee	<ul style="list-style-type: none"> ▪ Exercises control over the reliability and efficiency of the risk management and internal control system, including the assessment of the procedures' efficiency and preparation of suggestions on the enhancement thereof ▪ Analyses and evaluates the execution of the Risk Management and Internal Control Policy ▪ Assesses the efficiency of the internal audit function
The management of the Company and operational management	<ul style="list-style-type: none"> ▪ Responsible for the risk management system formation and operation ▪ Inform the Audit Committee and the Board of Directors of the RM&ICS status assessment
Risk Management and Internal Control Department	<ul style="list-style-type: none"> ▪ Carries out the overall coordination of the RM&ICS formation and operation ▪ Elaborates, implements and updates the corporate standards governing the risk management and internal control process ▪ Arranges for employee training on risk management and internal control issues ▪ Analyses the key risks portfolio and works out proposals on the response strategy and resource reallocation for administering the relevant risks ▪ Coordinates the drafting of reporting on the risk management process efficiency for the Audit Committee and the Board of Directors



Business unit	Functions
Internal Audit Department (IAD)	<ul style="list-style-type: none"> ▪ Renders assistance to the sole executive body and employees in elaborating and monitoring compliance with the RM&ICS enhancement procedures and activities ▪ Assesses the internal control system performance ▪ Draws up and submits to the Board of Directors and the sole executive body reports on the Department's performance, including information on material risks, deficiencies, results and efficiency of actions that aim to eliminate the deficiencies identified, results of implementing the internal audit plan, results of assessing the actual state, reliability and efficiency of the risk management and internal control system

The Company's key approaches in this area are governed by the Risk Management and Internal Control Policy elaborated in accord with Russian laws, the recommendations of the Corporate Governance Code of the Bank of Russia, and the recommendations of international professional organisations. Severstal incorporated the risk management and control functions and responsibilities into employee job descriptions and established risk management KPIs for dedicated personnel.

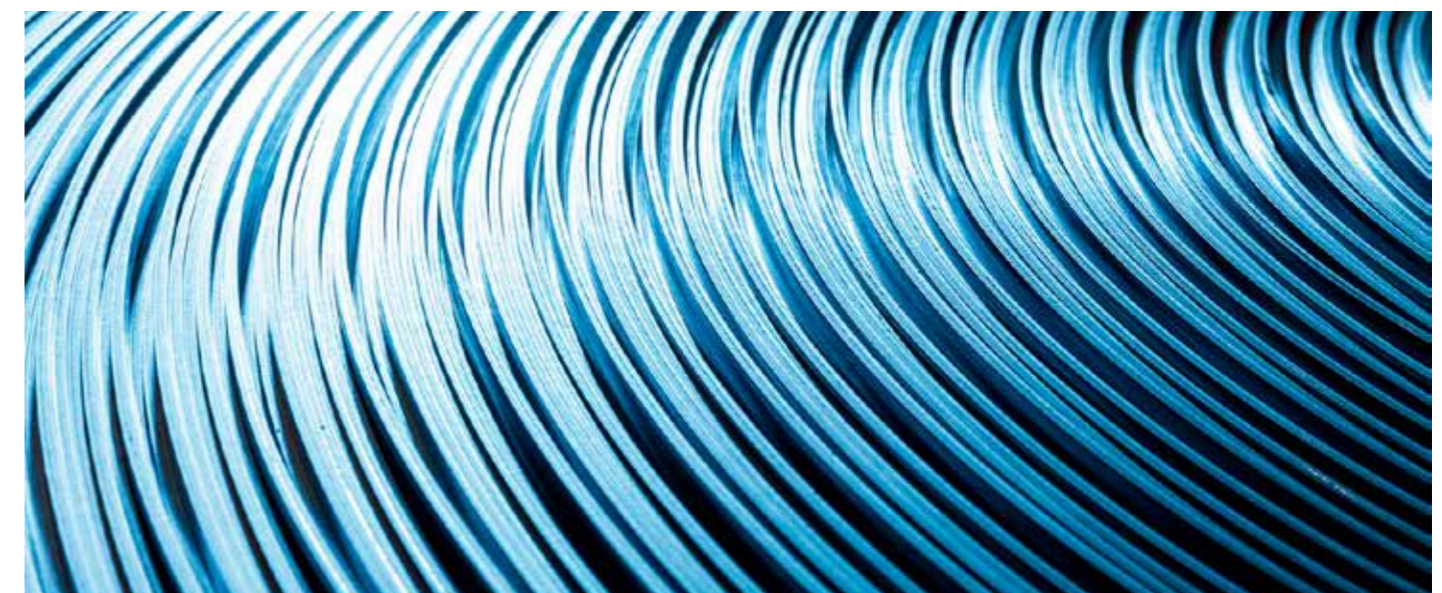
The Company identifies and analyses risks and elaborates risk management measures on an ongoing basis. The ESG risks identification, assessment and management processes are embedded into the overall risk management system. In this context, Severstal assesses its risk tolerance over three time horizons as follows:

- Short-term tolerance (12 months from the date of approving the financial statements);
- Medium-term tolerance (one to three years), and
- Long-term tolerance (three to 15 years).

The Board of Directors factors in the final outcomes of the risk analysis when revising the Company's strategy and approving the budget.

To improve the employees' risk culture, Severstal conducts training on a systemic approach to risk management and internal control issues, as well as practical training on specific risk categories.

The Internal Audit Department conducts an annual assessment of the RM&ICS performance. In 2024, the Department performed 28 audits across Severstal's key business processes: product sales and logistics, capital projects and repairs, procurement of materials and equipment, contracting, occupational health and safety, operating processes, inventory management, personnel management and IT. Based on the assessment results, it was pointed out that Severstal's risk management and internal control system was by and large efficient in all material aspects and sufficient for achieving the goals of Severstal's business activities.



The Company's key risks and risk management measures in 2024

Risk factors	Risk mitigation measures	Outcomes in 2024
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Occupational health and industrial safety risks

For more details, see the [Occupational Health and Industrial Safety Risk Management section](#)

<p>Workplace hazards (danger of material collapse, metal structures, electric current, railway and motor vehicles, moving mechanisms, metal melts, poisonous gases, when moving cargo and working at height), accidents at hazardous production sites</p> <p>● ✓ ✓ ✓ ← →</p>	<ul style="list-style-type: none"> Observance of occupational health and industrial safety laws, regulations, and relevant corporate documents Implementation of the integrated Occupational Health and Safety Strategy adopted in 2021 Thorough control over with the observance of comprehensive health and safety policies Regular screening of all employees for awareness of health and safety risks using a polygraph Thorough 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 	<ul style="list-style-type: none"> The main activity was the formation of self-organising teams for the core areas of fatality risks with the participation of representatives of the OHS function, production and maintenance departments. It resulted in a 14% reduction in potential fatalities for the top 10 fatality risks, a 17% reduction in severe injuries, and a 39% reduction in total injuries against 2023 In 2024, there were 140 registered potential fatalities, with the top 10 fatal risks occurrence (eight of them with the injured). In addition, two fatalities occurred in the Material Collapse risk category at Yakovlevskiy Mine
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Environmental risks

For more details, see the [Environmental Management System section](#)

<p>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</p> <p>● ✓ ✓ ✓ ← →</p>	<ul style="list-style-type: none"> Observance of environmental laws, regulations, and relevant corporate documents Industrial environmental control across the enterprises Monitoring the engineering condition of the environmentally protected sites Investing in environmental protection activities, enhancement of industrial equipment and technological processes 	<ul style="list-style-type: none"> Early achievement of the 2026 targets under the Clean Air project: <ul style="list-style-type: none"> Reduction of Cherepovets Steel Mill's gross pollutant emissions by 30.7% against the 2017 baseline Reduction of Cherepovets Still Mill's emissions of hazardous (priority) pollutants by 27.6% through the implementation of major pollutant emissions reduction projects Avoidance of any major environmental incidents
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Risk factors	Risk mitigation measures	Outcomes in 2024
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Climate-related risks

For more details, see the [Climate-related Risks and Opportunities Management section](#)

<ul style="list-style-type: none"> Climate-related physical risks: acute (associated with certain dangerous hydrometeorological and other climate-related phenomena) and chronic (associated with long-term global and macroregional climate changes) Climate-related transition risks associated with the transition to a low GHG emission economy and the measures implemented thereupon <p>● ✓ ✓ ✓ ← →</p>	<ul style="list-style-type: none"> Implementation of 346 adaptation, climatic and climate-related risk management measures totalling RUB 1.21 billion, including RUB 0.78 billion for resource (extraction) assets and RUB 0.43 billion for production (refining) assets Extensive audit of the condition of buildings and structures, including the creation of digital databases Commencement of elaboration of a climate change adaptation plan for Cherepovets Steel Mill Consistent implementation of the Decarbonisation Strategy approved in 2023, including major investment activities aimed at improving the overall production efficiency and reducing the carbon footprint of products Consistent diversification of the product range and expansion of green and adaptation products 	<ul style="list-style-type: none"> Identification, accounting and organisation of efficient management of 300 buildings and structures Formation of a list of climate-related key risk factors for Cherepovets Steel Mill, execution of other works under the Climate Risk Management Standard approved in 2023 Preparation of an annual Climate Report detailing the climate risk management system and activities in progress Reduction of specific CO₂ emissions from production by 3.4% YoY Increasing the share of green and adaptation products in the revenue from 2.36% in 2023 to 3.37% in 2024
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Supply chain risks

For more details, see the [Responsible Supply Chain](#)

<p>Supply disruptions supply</p> <p>● ✓ ✓ ✓ ← →</p>	<ul style="list-style-type: none"> Reliable supply channels, solution-minded search for substitutes of the items under restriction Import substitution, switch to alternative markets IT systems development to enhance the procurement process efficiency 	<ul style="list-style-type: none"> Timeliness of catering for customer needs constituted 97% Equivalents found for 58% of imported risky need-based items for 2024 Launch of a procurement automation improvement project
<p>ESG risks on the part of suppliers and contractors</p> <p>● ✓ ✓ ✓ ← →</p>	<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 	<ul style="list-style-type: none"> Significant reduction of ESG risks on the part of suppliers and contractors



Risk factors	Risk mitigation measures	Outcomes in 2024
Social risks		
For more details, see the Personnel Management section		
<ul style="list-style-type: none"> Potential growth of social tension in the workplace related to payroll, potential human rights abuse, scope of work and working conditions or with manpower displacement in the course of ongoing technological enhancement and digital transformation <p>● ✓ ✓ ✓ ← →</p>	<ul style="list-style-type: none"> Efficient 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 for employees and their family members Implementation of the personnel reallocation system at other enterprises Analysis of the wage level in the labour markets of the regions of presence, indexation, extra payments Support to employees and their family members residing in border areas 	<ul style="list-style-type: none"> In 2024, the Company's average salary growth constituted 23% Launch of #Dlya Svoikh: With Care for Everyone programme aimed to improve the living standards of employees and their family members Implementation of extra measures to support employees and their family members working and residing in border areas
<ul style="list-style-type: none"> Potential growth of social tension among local communities related to unfavourable trends in the labour market or changes in socioeconomic conditions Formation of an unfavourable social climate for the Company's enterprises' operation <p>● ✓ ✓ ✓ ← →</p>	<ul style="list-style-type: none"> Affirmative interaction with local authorities and the public Investments in building the territories' social capacity Involvement in addressing specific social issues of the communities Development programmes for SMEs, local workforce capacity, improvement and creation of a high-quality urban environment Support to employees and their family members residing in border areas 	<ul style="list-style-type: none"> In 2024, the social investments totalled RUB 7.5 billion; 300 social and charity projects aimed to support culture, sports, education, and SMEs implemented Integrated development projects implemented in Cherepovets and Kostomuksha in partnership with local authorities and non-profit organisations Support measures for employees and their family members residing in the Belgorod Region elaborated and implemented
Strategic risk		
<p>High uncertainty in the global political stage and potential actions of governmental authorities (new taxes, export duties), risk of imposing additional sanctions</p> <p>● ✓ ✓ ✓ ← →</p>	<ul style="list-style-type: none"> Response plans to address the obstacles to ensuring the Company's business resilience Regulatory compliance procedures 	<ul style="list-style-type: none"> The Board of Directors approved the main response plans in terms of addressing the obstacles to ensuring the Company's business resilience



Risk factors	Risk mitigation measures	Outcomes in 2024
Market risks		
<p>Change in steel demand</p> <p>● ✓ ✓ ✓ ← →</p>	<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 	<ul style="list-style-type: none"> Despite the lower demand for steel in the Russian Federation in 2024, the Company managed to ramp up the rolled steel sales to 10.85 million tonnes The percentage of HVA products in total sales increased by 3 p. p. YoY to 52%
<p>Steel price fluctuations</p> <p>● ✓ ✓ ✓ ← →</p>	<ul style="list-style-type: none"> Customer focus Use of long-term contracts Liaison with anti-dumping and tariff regulation authorities 	<ul style="list-style-type: none"> Due to the implementation of a new strategy focusing on the Russian market and HVA products, as well as other measures listed above, the volatility of the average selling prices decreased
<p>Fluctuations in prices for feedstock, fuel, and services</p> <p>● ✓ ✓ ← →</p>	<ul style="list-style-type: none"> Optimal planning of feedstock purchases, including scrap Feedstock use efficiency improvement 	<ul style="list-style-type: none"> In 2024, raw materials were purchased in sufficient amounts and at optimal prices. Despite this fact, the cost of production per tonne of slab, with account taken of the vertical integration effect, increased by 22% due to the execution of major repair works
<p>Competition risks</p> <p>● ✓ ✓ ← →</p>	<ul style="list-style-type: none"> Cost-saving and product quality improvement activities 	<ul style="list-style-type: none"> In 2024, the cost-saving and product quality improvement activities were carried out as scheduled
Regulatory risks		
<p>Changes in the legislation of the Russian Federation on taxes and levies</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 legislation Constructive dialogue with regulatory authorities on the interpretation of rules of law and the Company's standpoint (as and where necessary) 	<ul style="list-style-type: none"> In 2024, the Company continued its constructive dialogue with tax, customs and other regulatory authorities





Risk factors	Risk mitigation measures	Outcomes in 2024
Cyber security risks For more details, see the Information Security section		
External cyber attacks    	<ul style="list-style-type: none"> Elaboration of IT service continuity and cyber attack emergency response plans Implementation of measures for strengthening the cyber defence of IT assets Enhancement of the processes for monitoring attacks on an external IT perimeter and automatic blocking of unwanted activities External independent security audit Increased cyber security awareness among personnel 	<ul style="list-style-type: none"> 34,000 Company employees covered by the information security training Independent cyber security assessment reaffirming the high level of ISMS performance Absence of incidents that might result in disruption or termination of the operation of critical facilities or critical information infrastructure facilities
Vulnerability of an internal landscape of IT systems    	<ul style="list-style-type: none"> Automated control and record of all corporate devices and software Regular security tests, account security audits, restricted areas access testing Centralised continuous monitoring of security events and network traffic analysis Updates and configuration management 	<ul style="list-style-type: none"> Application of best practices in building secure software code development processes Elaboration of requirements and scoring model for external IT service providers Improved control environment for software update installation processes Enhanced segmentation of critical IT services and minimised access from external resources Implementation of enhanced monitoring of anomalies, automation of cyber incident handling Launch of a programme for involving employees in the detection of ISMS vulnerabilities



Risk factors	Risk mitigation measures	Outcomes in 2024
Cyber attacks on users who are the Company employees	<ul style="list-style-type: none"> Information security training, briefings and workshops Simulation of phishing attacks to test vigilance Incident response drills and exercises Gamification of training 	<ul style="list-style-type: none"> Implementation of a programme to nurture a culture of cyber security and personal digital immunity for employees Introduction of mandatory two-factor authentication and compliance check of devices when remotely accessing corporate systems from the web Implementation of targeted notification of users within the comprehensive cyber threat reporting process and monitoring data leaks from external public services

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

General variation against 2023:

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

Plans for 2025 and Mid-Term

Severstal's risk management plans cover:

- Assessing the risks of the data quality management process;
- Assessing the risks of critical information systems access, and
- Elaborating the measures to assess and manage production risks under the insurance programme development.

Information Security

2024 Highlights

96%

of employees covered by the information security training

100%

of cyber attacks successfully repelled

0

personal data leaks

Material Topic

- Information security

Cyber Security

GRI 3-3

Severstal places special emphasis on the information security issues by constantly enhancing the measures for the critically important infrastructure protection, hence ensures the integrity of the Company's business processes and confidentiality of information of employees and business partners.

Key internal information security documents

- Information Security Policy
- Password Protection Policy of Severstal's Corporate Information System
- Personal Data Processing and Protection Policy
- Regulation on Trade Secret Mode
- Regulation on Control of Access to Information Resources of the Severstal Group of Companies
- User Manual for the Corporate Information System¹
- User Agreement on the Use of Access to the Internet¹

¹ This document is only available in Russian.

Information security management structure

Board of Directors

Audit Committee

Sole Executive Body
CEO











Information Security Department

Structure of managing information security issues

Business unit	Functions
Board of Directors	<ul style="list-style-type: none"> Determines the focal areas of the information security (IS) strategy Supervises the efficiency of the IS management system (ISMS), reviews reports on the assessment of ISMS performance on an annual basis
Audit Committee	<ul style="list-style-type: none"> Exercises control over the procedures for ensuring observance of legislative requirements to IS Reviews the ISMS performance reports on a quarterly basis
Management of the Company and operational management	<ul style="list-style-type: none"> Responsible for the approval and implementation of the Information Security Policy and local IS regulations Ensures the ISMS formation, coordination, and robust operation
Information Security Department	<ul style="list-style-type: none"> Identifies and analyses threats to IS Determines the procedure and control over the observance of the confidentiality regime of protected information Responsible for implementation of information protection tools and systems and control thereof Manages access to information resources Ensures the detection and elimination of the consequences of computer attacks, responds to cyber incidents

The key principles, objectives and focus areas of Severstal's ISMS are set out in the Information Security Policy. The Company aims to prevent and minimise losses from leaks of confidential information, use of inaccurate or distorted data, and disruption of information processing.

Principles underlying Severstal's information security management system

-  Business focus
-  Consistency
-  Integrity
-  Timeliness
-  Continuous improvement
-  Economic expedience
-  Authority minimisation
-  Control
-  Legitimacy

To provide for cyber security, Severstal consistently implements measures in the following areas:

- Maintaining and streamlining an ISMS that complies with the business requirements, legislation, and global best practices;
- Preventing, detecting, countering, and neutralising external and internal IS threats;
- Minimising the damage from their impact;
- Implementing measures to secure information systems, personnel, infrastructure, data transmission networks, and data carriers, and
- Raising employee awareness of the IS issues.

To minimise the damage from external cyber attacks, malicious activity, and network anomalies, the Company has its incident response system in place. Severstal regularly elaborates IT disaster recovery plans to address the consequences of IT system disruptions. Based on the corporate response and monitoring centre, the Company embedded standard scenarios of responding to cyber threats and IS incidents, as well as a system for robotically detecting and auto-blocking typical cyber attacks.

To improve the efficiency of its activities and identify areas of growth, Severstal sets IS key performance indicators (KPIs) for the Information Security Management staff and IT managers in such ISMS categories as:

- Asset management;
- Operation of information protection systems (IPS);
- Vulnerability management;
- IS monitoring;
- Backup copying, and
- Infrastructure security, etc.

Severstal regularly monitors the efficiency of its IS control systems through independent audits. For example, at the premises of OOO Severstal – Shared Service Centre, Severstal's information security management system was certified to ISO 27001 and is recertified every three years for compliance with the requirements of this standard, thus reaffirming the operability of data leakage prevention mechanisms, the relevance of measures against unauthorised access, and a high level of the IS risk management performance.

Severstal assesses cyber risks associated with external cyber attacks, internal vulnerabilities in IT systems, and attacks on users as material to its operations and elaborates and implements mitigation measures on an annual basis.

Severstal achieves the IS risk mitigation through, inter alia, nurturing the corporate cyber security culture that it considers to be a critical element for digitalisation, it being the Company's strategic priority. Severstal notifies all employees about the content of internal IS documents and holds regular training on various aspects of information security – from recognising phishing emails to handling confidential data, including password protection, device protection, use of cloud services, etc. In addition, the Company has a practice of cyber training for production personnel on the action plan in case of the occurrence of IS threats.

In 2024, Severstal successfully delivered a number of key projects aimed at improving cyber threat protection, in particular, by upgrading the authentication system for corporate IT services and the network traffic analysis system for automatic detection of IS threats for data processing centres' services. These projects resulted in a two-fold reduction in the number of critical vulnerabilities in the IT infrastructure, mitigation of risks of undeclared network communication and improved security of software products being developed.

Severstal also performed a series of activities under the Cyber Security Culture project and launched an internal programme to engage employees in identifying the ISMS compromises. The Cyber Security Culture project was successfully scaled to all business units of the Severstal Group to encompass 100% of employees working with information systems. In the reporting year, over 9,000 employees contributed to regular knowledge sharing regarding the current threats and changes in the IS requirements. Those activities significantly improved the level of employee cyber literacy in terms of recognising and properly responding to cyber fraudsters.

34,000

employees of Severstal (96% of the Company's headcount) Completed the IS training in 2024

Over the reporting period, the Company conducted an independent cyber security assessment as part of a comprehensive simulation of real attacks. The assessment reaffirmed the high level of Severstal's ISMS performance.

The Company's IT staff automatically detected and blocked more than 26,000 cyber attacks, and recorded about 200 minor violations of the IS rules. To prevent the occurrence of similar incidents in the future, the Company carried out compensatory training activities and scheduled the introduction of extra digital controls.

Owing to the ISMS robust operation, there were no incidents that might lead to disruption or termination of the operation of critical facilities or critical information infrastructure facilities in 2024.

Personal Data Confidentiality

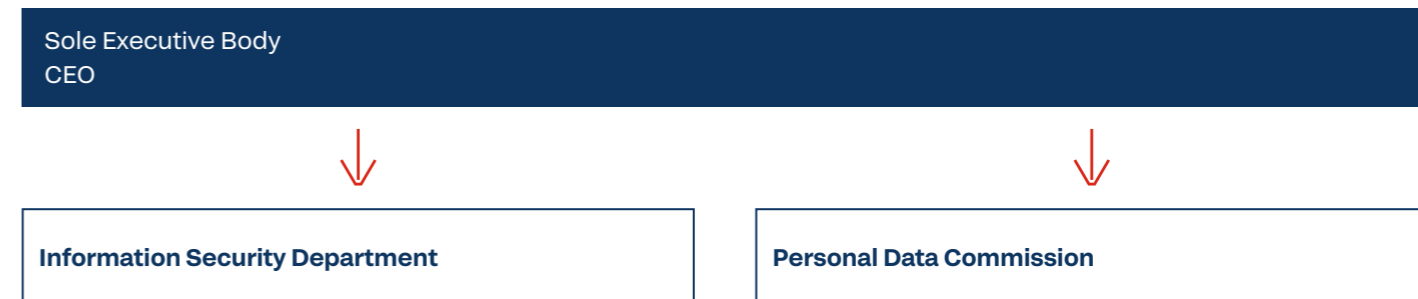
GRI 418-1

Observing the Russian legislation on personal data processing and protection and following global best practices, Severstal respects the privacy and is committed to safeguarding the personal information of its employees, suppliers, customers, and other business partners.

Key internal documents on personal data protection

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

Personal data security management structure



Structure for managing personal data security issues

Business unit	Functions
Management of the Company and operational management	<ul style="list-style-type: none"> Responsible for approving and implementing the Personal Data Processing and Protection Policy Exercises control over the personal data protection performance
Information Security Department	<ul style="list-style-type: none"> Responsible for taking measures to prevent unauthorised access and/or transfer of personal data to persons with no rights to access such information Performs timely detection of unauthorised access to personal data Ensures prevention of any impact on technical means of automated personal data processing, which may result in disturbing their operation Exercises continuous control over maintaining the appropriate level of personal data protection
Personal Data Commission	<ul style="list-style-type: none"> Exercises control over the compliance with the personal data protection requirements Works out recommendations on the personal data protection system improvement

To ensure reliable protection, Severstal incorporates an integrated system of organisational and technical measures to safeguard personal data. In this context, all transactions involving personal information in information systems are subject to mandatory record keeping. Access to work resources used for data processing and to the premises with personal databases is strictly regulated and limited. In its relationship with customers and partners, the Company makes use of statutory personal data protection mechanisms and tools.

Severstal-Infocom, an internal licensee, regularly verifies the Company's observance of personal data protection laws and gives recommendations on handling any defects identified.

To minimise the risks of compromising the confidentiality of personal information, Severstal

regularly trains employees to enhance their digital competencies through the Digital Steel IT platform and with the help of special training courses on the corporate portal.

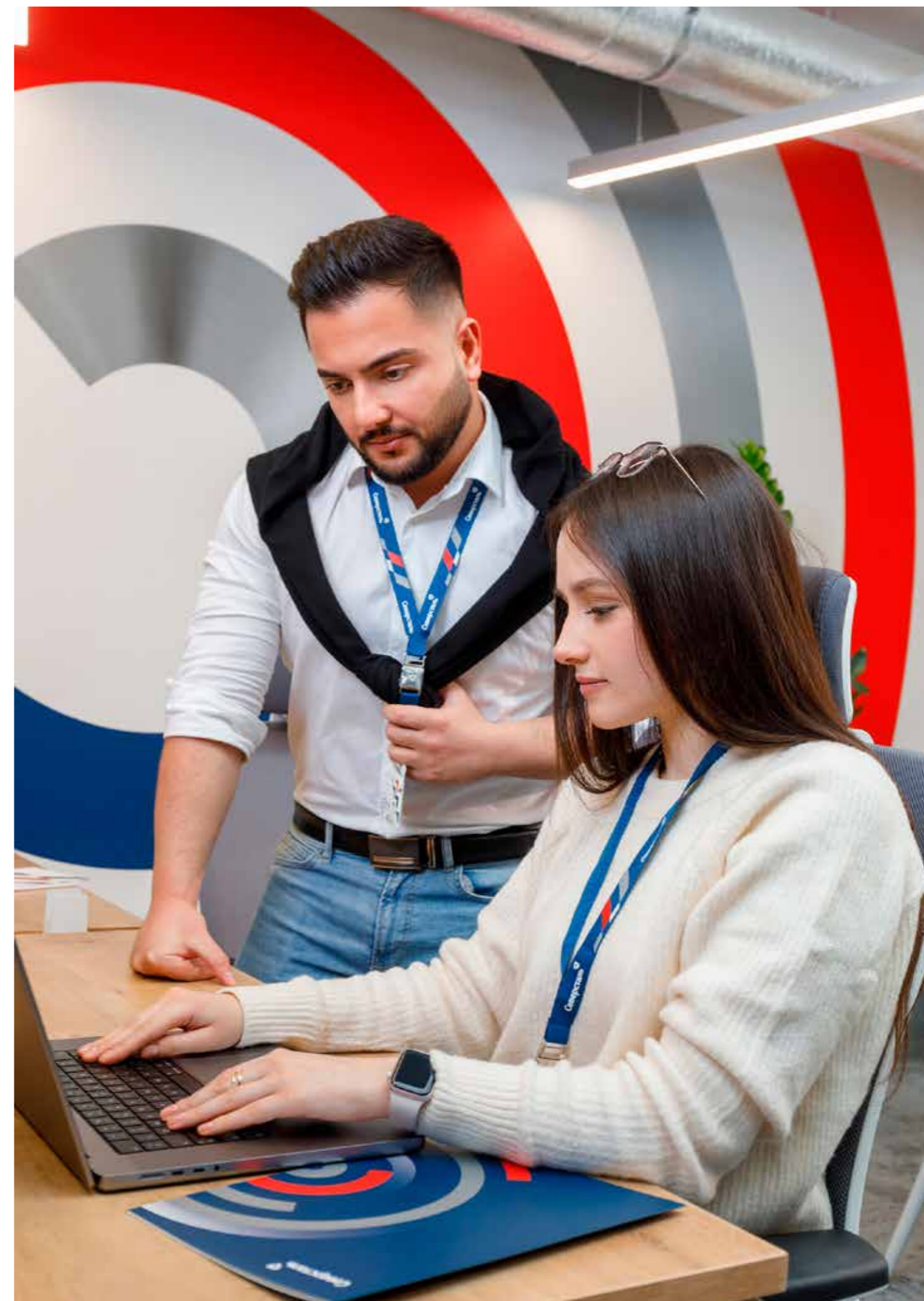
In 2024, Severstal continued streamlining its personal data processing processes, adapting them to changes in internal regulations. For instance, the Company launched an updated training course on personal data protection completed by more than four thousand people. On top of that, Severstal held over 400 separate training sessions with employees on how to safeguard confidential data.

In the reporting year, there were no cases of compromising the personal data confidentiality or of illegal transfer of personal data to third parties.

Plans for 2025 and Mid-Term

Severstal's objectives for 2025 in cyber security include the following:

- Continuing with the implementation of the cyber security improvement integrated programme;
- Enhancing the maturity of supporting processes;
- Expanding the use of domestic IT solutions;
- Improving the cyber security culture among personnel;
- Fostering the data security, including the access control processes improvement and limiting off-system processing of information;
- Scaling the best practices to all business units, and
- Updating the internal documents that govern the IS issues.



Innovation Management and Digitalisation of Production

2024 Highlights

589

patents in ownership in the Russian Federation (↑ 6%)

RUB 1.7 billion RUB

economic effect from innovation

UN Global Compact Principle

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

Material Topic

- Innovation and digitalisation

UN Sustainable Development Goals



As one of Severstal's strategic customer focus areas, development of innovation enables the Company to design products that are unique to the market and best cater to the needs of Severstal's customers. In turn, the automation of routine and time-consuming tasks – digital transformation – makes it possible to optimise production, cut costs and increase productivity.

Internal Innovations and Products

GRI 3-3

Severstal successfully implements innovative solutions through a systemic approach. The Company's ecosystem is designed to monitor the current market trends and build robust cooperation with the relevant educational institutions, leading industrial companies, and academic experts to attain the Company's strategic objectives. Severstal's strategy in this domain is implemented in four practice areas:

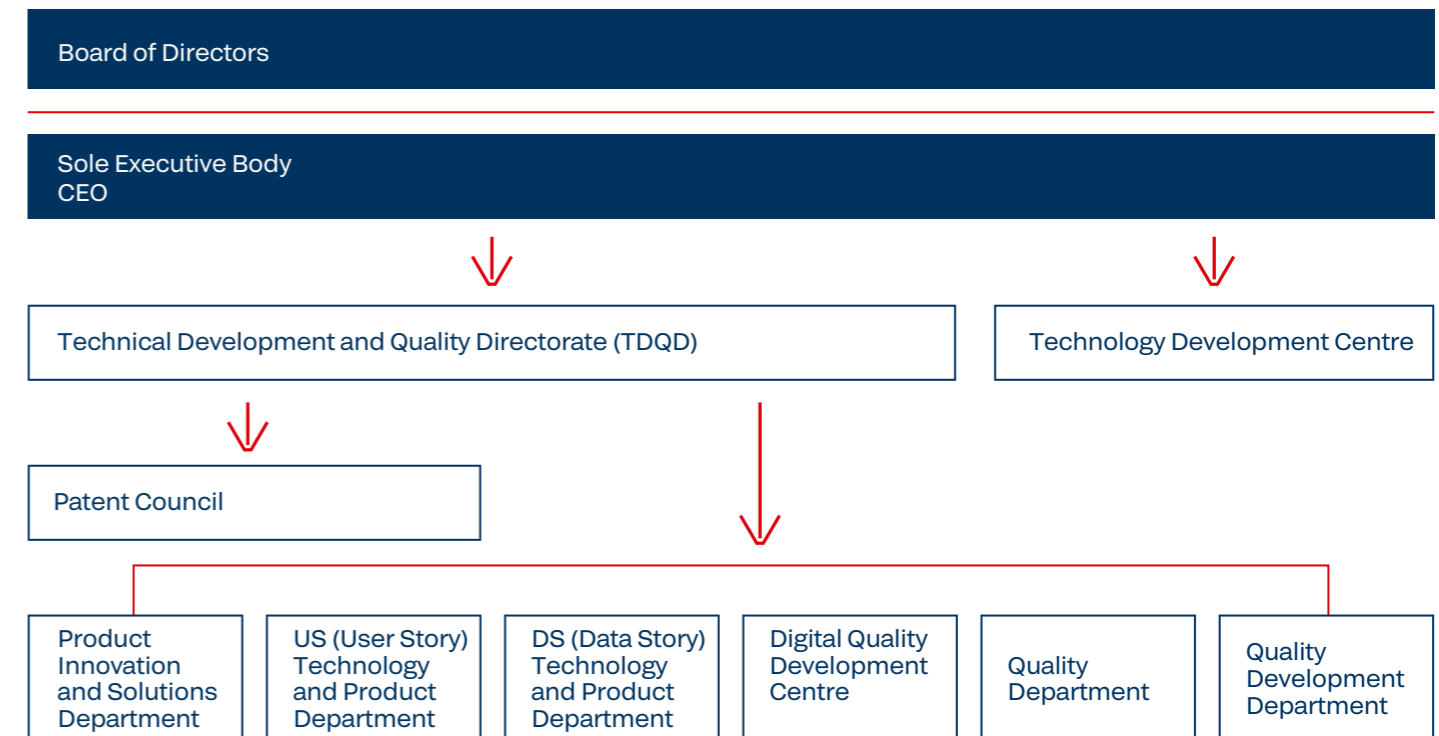
- Product innovation;
- Process innovation;
- Business model innovation and
- Drastic innovation.

Key internal innovation management documents

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

In 2024, Severstal amended the internal standards governing its innovation activities: the Organisation of the Patent Council Operation Proprietary Standard and the Management of Scientific and Scientific and Technical Activities Proprietary Standard. The amendments, inter alia, referred to the approach to calculating remuneration for the authors of inventions and to harmonising the document flow, which helped reduce the number of reporting forms and optimise their structure for further digitalisation.

Innovation development management structure



Innovation development management structure

Business unit	Functions
Board of Directors	<ul style="list-style-type: none"> Responsible for setting and approving the Company's long-term innovative development priorities Monitoring of the efficiency of innovative projects
Management of the Company and operational management	<ul style="list-style-type: none"> Implementation of the Company's innovative strategy
Technical Development and Quality Directorate (TDQD)	
Product Innovation and Solutions Department	<ul style="list-style-type: none"> Carries out a search for new product types, advanced engineering, implementation of technical development projects
US (User Story) Technology and Product Department	<ul style="list-style-type: none"> Exercises control over the quality of raw materials and supplies; supplier development Ensures steel quality improvement Elaborates new technologies
DS (Data Story) Technology and Product Department	<ul style="list-style-type: none"> Performs technical expert review of orders Elaborates new DS technologies and products, including through the use of mathematical modelling Elaborates technologies for producing new types of rolled steel, composite metals
Digital Quality Development Centre	<ul style="list-style-type: none"> Responsible for developing the use of digital technologies in product quality management
Quality Department	<ul style="list-style-type: none"> Exercises product technical control and carries out testing of product, raw materials and supplies
Quality Development Department	<ul style="list-style-type: none"> Responsible for development of the quality management system, certification, standardisation
Patent Council	<ul style="list-style-type: none"> Ensures consideration of engineering solutions and their approval for further patenting
Technology Development Centre	<ul style="list-style-type: none"> Carries out a search for and implementation of engineering solutions for the Company's resource assets Carries out implementation of projects to integrate new waste recycling technologies

To support the innovation activities, Severstal operates the Scientific Footprint platform that provides for a quick search and analysis of information, including patents and academic papers, and helps R&D employees promptly find the required information and subject matter experts to uphold the development of new solutions. This approach significantly accelerates the introduction of new products to the market and optimises development costs. The platform's database currently covers 20 million patents and 60 million metadata of academic publications collected on various topics from open sources.

In its research and development (R&D) efforts, Severstal pursues a balanced strategy that brings together innovative development and robust management of potential risks across all R&D stages.

Risk management measures

Project risk assessment	<ul style="list-style-type: none"> Potential project risk assessment Project ranking based on project performance and potential risk assessment Selection of projects with minimal potential risks
Partner selection	<ul style="list-style-type: none"> Conducting regular meetings with the relevant universities and R&D centres
Project implementation	<ul style="list-style-type: none"> Dividing projects into short implementation stages Regular assessment of the relevance and feasibility of continued work on each project in reliance on 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 proprietary designs Identification and prevention of third-party infringements of the Company's intellectual property rights
Assessment of R&D project performance (launched in 2024)	<ul style="list-style-type: none"> Scoring of project performance as per the most important success factors: <ul style="list-style-type: none"> Budget planning Project schedule fulfilment Achievement of economic effects Patenting of results Compliance with implementation deadlines

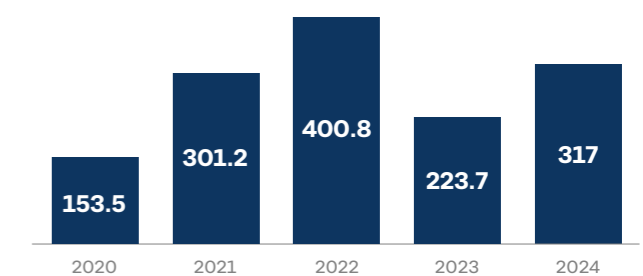
The accumulation of R&D project performance assessment statistics introduced in 2024 will enable the Company to further decide on launching new projects with account taken of the accumulated knowledge, which will resultantly mitigate the risks associated with the innovation activities. Based on the assessment results, in 2024, Severstal discontinued 10 R&D projects at early stages, saving the Company RUB 67.4 million.

2024 R&D Performance

In 2024, 108 Company employees and over 500 partners were engaged in the R&D efforts. R&D financing totalled RUB 317 million, up 42% YoY. As per the Company's estimates, the economic effect from R&D implementation in 2024 exceeded RUB 1.7 billion

MED-4

R&D financing, RUB million



In 2024, the number of Severstal's proprietary patents in Russia increased from 554 to 589 (up 6%).

In addition to bolstering own innovative products, Severstal contributes to R&D projects involving government funding.

R&D projects involving government funding

Project	Project value	2024 results
Fire-resistant steel S390P	The use of fire-resistant steel S390P to replace steel types S255 and S345 cuts the time and cost of erecting a building by reducing the weight of the building steel structure and the thickness of the fire protection layer	In 2024, the project moved to the stage of finished product sales
Combined metals	Technological effectiveness, cost efficiency, high reliability and versatility of combined metals make these Severstal's products particularly valuable for industries that require a combination of strength, corrosion resistance and cost savings	The Company developed new types of rolled products for customers in the oil refining, metals and mining sectors
Development and implementation of technology for smelting cast iron from iron ore with high iron content and lower specific coke consumption	The technology improves economic performance, enhances product quality, and reduces environmental impact	Research carried out to examine the viscosity features of slags with a variable composition. R&D successfully completed in 2024. The project moved to the implementation stage
Import substitution of bearings for submersible equipment	The project is aimed at drafting technical documentation, designing a batch of bearings (equivalents of FOEN that quit the market), and pilot testing	The project left the R&D stage. Technical documentation was drawn up, the first batch was produced, and pilot tests are underway

In 2024, Severstal became the key industrial partner in offsetting up the Advanced Engineering School at the Cherepovets State University. Co-financing from Severstal will amount to RUB 210 million (RUB 93 million in 2024). The programme of the Advanced Engineering School encompasses three metallurgy-related areas: production of sheet rolled steel for cryogenic temperatures, development and use of economically alloyed steels for storage and transportation LNG tanks, and enhancement of competencies of designers who, based on material science characteristics, will be able to incorporate innovative cryogenic steels into Russian projects for the construction of LNG storage systems and infrastructure. In 2024, 12 R&D contracts were signed within the framework of the Advanced Engineering School (AES).

Successful Patent 2024

Severstal won the Successful Patent 2024 competition under the Promotion of Science and Technology federal project. The winners were marked for the inventions of proved relevance and commercial viability that by this time ensure the country's technological sovereignty.

The Company was awarded for its blast furnace smelting method that reduces coke consumption, the need for expensive coking coal types and, accordingly, cuts the CO₂ emissions.

Idea Factory Corporate Programme

Severstal employees are extensively involved in fostering innovation and enhancing Severstal's operating processes. Severstal operates the effective system for collecting and implementing employee suggestions – the Idea Factory that allows each employee to unlock their creative potential, propose ideas to improve production, and receive recognition for their contribution. For their approved initiatives, employees get the points exchangeable for prizes in the gift shop or charity donations. Once the ideas are successfully implemented, their authors receive a monetary reward. Employees are in a position to make use of the full functionality of the Idea Factory in the HR Personal Profile: submit ideas, track their status, and order prizes in the gift shop.

In 2024, the Company updated the Idea Factory unified regulations. The document standardised the methodologies of all divisions, aligned the systems and mechanisms for submitting and reviewing ideas as well as for incentivising programme participants. The reward for the ideas was doubled, with the maximum value reaching RUB 30,000 per each.



As at the year-end, the number of ideas with a confirmed economic effect rose by 11% YoY. The almost twofold increase in the number of rewarded authors YoY (up to 24,000 people) and the total amount of remuneration (over RUB 95 million) were driven by the introduction of a new tool for non-financial incentivisation for various employee activities and the increased value of the ideas themselves in all categories. Priority was given to the ideas aimed to increase the business processes' efficiency through improving the productivity, reducing the downtime, strengthening the staff qualifications, and enhancing the quality of steel produced.

Engineer of the Year and the Metal-Expo exhibition

In 2024, Severstal employees were awarded in two categories of the national Engineer of the Year 2023 competition: Professional Engineers and Young Engineers.

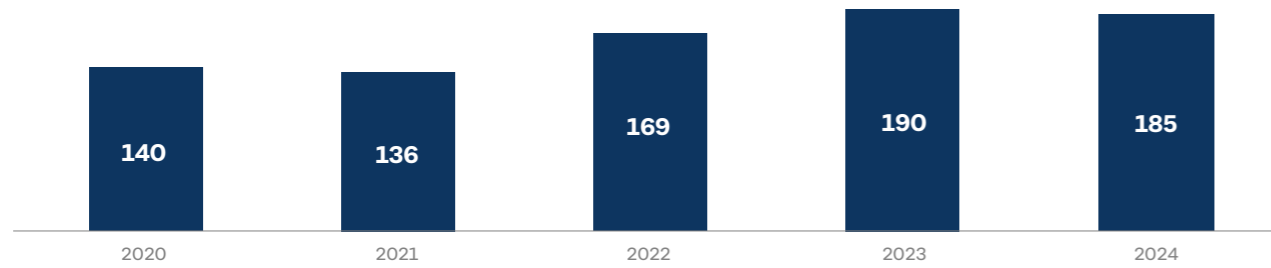
In addition, Severstal products received the gold and silver medals at the international Metal-Expo exhibition.

Development of new product types

In 2024, the Company brought to a new level the pillar of advanced engineering as an element of promoting new products and creating new customer solutions. The Technical Development and Quality Directorate, together with the production divisions' and workshops' teams, developed 185 new product types (NPTs).

In the reporting year, Severstal introduced 26 new products to the market. In particular, the product range of such brands as GRANI, Powers, Rooftop and Cordis was expanded along with the introduction of wear-resistant combined metals, liners for dump truck bodies, and other product types. The share of NPTs in the overall sales constituted 9.2%.

New product types developed, pcs



During the reporting period, Severstal designed a new grade of corrosion-resistant steel – Cordis – for the production of petrochemical equipment. The new grade outperforms foreign equivalents and allows the equipment made therefrom to operate in an environment containing hydrogen sulphide.

In addition, in 2024, Severstal introduced its cutting-edge developments meeting the needs of infrastructure project operators in the challenging geographical and climate conditions of the Arctic zone – Grani (cold-formed trough-type sheet piling) and Grani Pro (patented solution for infrastructure projects). The Company is the sole manufacturer of this type of product.

Also, Severstal commissioned a new unit for the production of water-sprayed stainless and low-alloy powders for the manufacture of parts by compaction. Low-alloy powders enable the production of parts that are capable of withstanding high mechanical and heat loads.

External Innovations

Severstal is open to partnerships and invites industrial enterprises, technology companies and startups to cooperate for a joint development of business, exploration of new practice areas, innovative solutions and investments attraction. To find new partners, the Company operates the [Severstal. Open Innovations](#) website¹.

Severstal's Technopark

Severstal's Technopark is a high-performance platform for implementing innovative metals projects. It offers not only its infrastructure and expert support but also intellectual property protection. Owing to its location on the territory of the operating metals enterprises, Technopark grants access to all the necessary resources, including laboratories, computer modelling centres, production prototyping centres, and comfortable workspaces. Enterprises and industrial companies, startups, research and educational institutions may participate in Technopark's projects by placing their application on the [website](#)¹.

Severstal Digital Business

Severstal Digital Business constitutes a driver for creating new business areas directed both at the metals industry and end users of Severstal's

products. The programme encompasses online distribution, development of digital platforms designed to transform the metals industry, and the creation of digital products to render extra services to customers and efficiently address their tasks. To date, the four companies involved in this practice area employ almost 300 people, and the aggregate turnover on the platforms is estimated at several billions roubles.

Severstal Ventures

Severstal Ventures is a venture division of Severstal formed to support and foster innovative projects in new production technologies and materials. The Company invests both directly in projects and through special-purpose venture funds, enabling it to attract the most high-impact technologies and products. In addition, Severstal Ventures dynamically advances its technology expertise across the Company and applies the best global practices. One of the most active areas of practice is cooperation with Chinese partners. For example, in 2024, more than ten high-tech companies from China were engaged in dealing with Severstal's requests. The work is carried out both directly with the companies and through venture funds and industrial partners.

Digitalisation

Continuous actualisation and development of digital technologies across all levels in order to improve performance, product quality, service levels, industrial and information security is Severstal's strategic priority stipulated in the new Strategy 2024–2028.

The Company's key areas of development in digitalisation include:

- Artificial intelligence (AI): digital twins in Upstream, integrated quality and production volume management, reduction of equipment downtime and predictive repairs, and customer service;
- Generative AI for labour productivity improvement;
- Superior customer experience through the synergy of online and offline interaction with customers, partners and employees;
- Selling industrial software and digital services to the external market;
- Advanced digitalisation of the OHS processes;
- New technologies search and implementation;
- Cyber security and import substitution, and
- Prioritising the ERP and production management systems.

[For more details regarding cyber security, see the Information Security section.](#)

Severstal extensively introduces digital tools into its product quality control system. Digital tools are used in manufacturing products and collecting feedback from customers. In 2024, the Company launched a new Automated Quality Management System project, with its implementation scheduled for 2025–2028. The system will formalise the process of continuous product quality improvement. The system will be supplemented, inter alia, with advanced IT solutions, that is large language models.

The main targets of the Automated Quality Management System are:

- Standardisation of the quality management process within a single IT system, identification, reporting and elimination of quality-affecting events, and
- Use of an expert system based on AI/simple algorithms to assist employees.

[For more details regarding the product quality and safety management, see the Responsible Supply Chain.](#)

Digitalisation projects delivery status in 2024

Project	Project value	2024 Progress
Quality Management System Transformation	The project helps employees improve the working conditions and product quality through introduction of specialised digital tools	The project was launched in seven workshops An overall 27% reduction in technology violations across transformation shops in flat rolled steel production recorded The product coverage by additional inspection increased to 23% (up 7% against 2023)
Digital Attestation	Optical inspection system for detecting strip surface defects with a colour image using AI capabilities and incorporating a patented technology of two types of illumination – direct and diffusion	Auto-attestation, metal tracking, and sheet geometry measurement systems were put into operation R&D was performed to recognise surface defects in products
Customer Problem Solving	Transformation of the process of solving customer problems using the 8D methodology	The Company finds solutions to an average of 65 customer problems per month The level of customer satisfaction with quality increased to 4.76 points (out of the maximum five)

¹ This website is only available in Russian.

Digital productivity tools

Automated platform for cooperation and supply chain organisation - COMETAL	The platform enables production cooperation of industrial supplies as per customer drawings, automates outsourcing of product sales and supply functions to contractors
Production process management platform - Metallurgy	The platform analyses, synchronises and coordinates production output across all stages of metallurgical production from steelmaking to shipment, provides operations accounting, rolled products movement, and quality management
Integrated planning system - Production Planning	The system optimises planning at facilities that operate diverse management systems and extensive supply chains, providing demand, sales, operations and production management In 2024, the Ministry of Digital Development, Communications and Mass Media accomplished its inspection, whereupon the software was included in the Unified Register of Russian Software

In 2024, the economic effect from Severstal's projects in machine learning, computer vision, and creation of digital twins exceeded RUB 1.0 billion. Industrial safety was one of the most important digitalisation pillars in the reporting period. The Company launched the Occupational Health and Safety Control software package and commenced the implementation of the SOVA computer vision-based video surveillance system to mitigate and prevent risks of employee injuries and accidents.

For more information regarding the digitalisation of the OHS business processes, see the [OHS Risk Management section](#).



Severstal included in the Digitalisation of Industry 2024 market map for the first time

In 2024, Severstal appeared on the new map of product developers for the digitalisation of industrial processes compiled by TAdviser. The Company's IT team was represented in the following five functional blocks of the map:

- Planning/management of production and enterprise resources
- Production asset management/equipment maintenance and repair
- Quality control
- Production monitoring by means of computer vision, video analytics and artificial intelligence, and
- Digital modelling, predictive analytics.



Severstal won the CIPR Digital award

The air pressure control model for the Cherepovets Steel Mill network won the CIPR Digital award in the Digitalisation of Energy nomination. The model allows for optimal allocation of unit utilisation and dynamic setting of process limits in terms of energy consumption allocation. The economic effect during the model piloting exceeded RUB 3 million.

Plans for 2025 and Mid-Term

The Company's development strategy up to 2028 provides for an extensive implementation of innovations reliant both on the in-house R&D achievements and the advanced solutions available on the external market. Severstal's innovation-related plans include:

- Expanding the range of products offered through developing the new types of steel to cater for customers' specific needs;
- Improving the waste recycling technologies to minimise the environmental impacts and increase the resource efficiency;
- Arranging in-house production of import-substituting fire-resistance steel, and
- Implementing projects aimed to optimise the production processes and cut the production costs.

In 2025, Severstal intends to invest RUB 13 billion in information and digital technology projects, namely:

- Enhancement of import-independent industry-specific systems;
- Joint elaboration of an open automated process control system;
- Elaboration of digital solutions to streamline the production and improve the industrial safety, and
- Uninterrupted operation of all systems supporting the core value chain.

On top of that, Severstal is to commence an industrial robotisation programme in 2025. Eleven pilot projects shall be launched in 2025.



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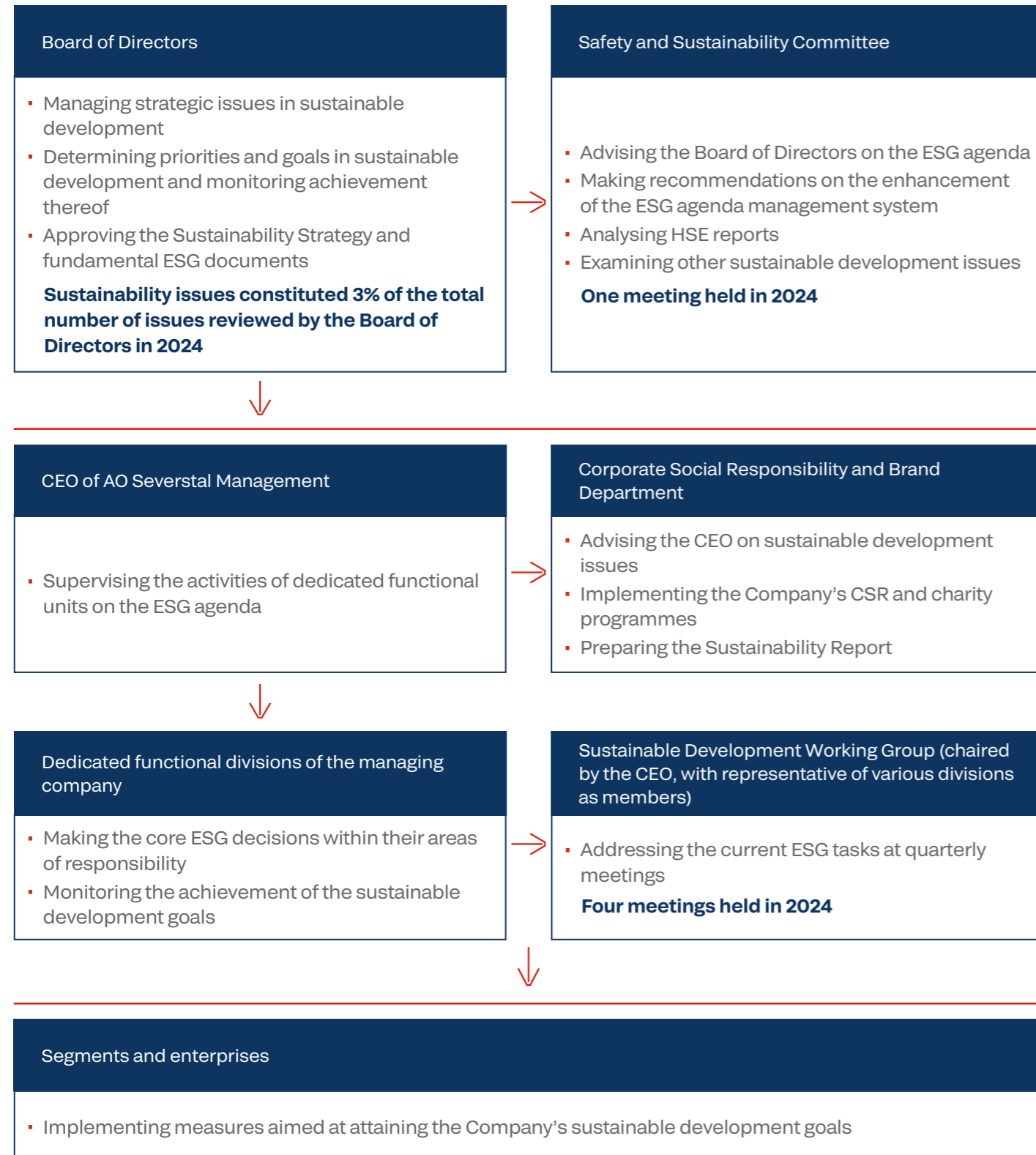
Sustainability Management



Sustainable Development Management Structure

GRI 2-12

Severstal considers sustainable development to be a strategic area of top priority. Sustainability aspects constitute an integral part of Severstal's corporate culture and are embedded into all organisational levels and business processes of the Company.



Severstal's Sustainability Strategy

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Severstal maintains the [Sustainability Strategy 2030](#) approved by the Board of Directors under the motto 'Together Towards Sustainable Metallurgy of the Future'. It rests on the best global practices and international initiatives, sectoral specifics, stakeholder expectations, and ESG ratings requirements.

The Strategy identifies seven priority areas where the Company has set targets and formed a specific action plan. The document takes account of Severstal's impact on the society and environment and is tightly bound to the Company's business strategy. Each practice area outlined in the Strategy is interlinked with the priority UN Sustainable Development Goals (SDGs).

Severstal revises the Strategy on an annual basis to keep up with global best practices and stakeholder expectations. In 2024, the revision included updating the environmental goals: Severstal plans to accomplish this task in 2025. In addition, due to achieving a number of goals for 2025, the Company intends to approve interim goals for the period up to 2028. Severstal supplemented the Strategy with biodiversity goals and related activities.

[The Strategy's version in effect is available on the website.](#)

The key performance indicators (KPIs) constitute the criteria to assess the achievement of the strategy goals by managers of Severstal's facilities and functional units. To improve employee performance in terms of occupational health and industrial safety, the Company supplemented their annual KPIs with new indicators in 2024 and intends to expand the OHS and environmental KPIs in 2025.

In addition, the Company follows the Decarbonisation Strategy 2030 approved by the Board of Directors in 2023, and in the reporting year elaborated and approved the Conserve Biodiversity – Preserve Life Strategy. It outlines a set of measures to conserve biodiversity and reduce the Company's spatial and environmental footprint.

[For more details regarding the Biodiversity Strategy, see the Biodiversity section.](#)



[A wide spectrum of internal corporate documents](#) governs the Company's activities in various sustainability aspects. They factor in best international and Russian ESG initiatives and rest upon Russian laws and international management system standards (ISO standards).



	Focus area	Goal	Progress in 2024
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 13.8% against 2017
	Climate action	<ul style="list-style-type: none"> Reduce GHG emissions intensity by 10% in 2030 (against 2020) 	<ul style="list-style-type: none"> ↓ by 3.4% 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"> ■ 98.1%
	Water conservation	<ul style="list-style-type: none"> Reduce effluent discharges exceeding the maximum allowable discharge rates into water bodies by 12% by 2025 across PAO Severstal and Cherepovets Steel Mill (against 2017) 	<ul style="list-style-type: none"> ↓ by 12.04% against 2017
S   	Occupational health and industrial safety	<ul style="list-style-type: none"> Certify 100% of production facilities under ISO 45001 by 2025 	<ul style="list-style-type: none"> ■ 100% as at year-end³
	Working conditions	<ul style="list-style-type: none"> Reduce occupational injuries LTIFR) among employees down to 0.45 by 2028⁴ 	<ul style="list-style-type: none"> ■ 0.44 ✓
		<ul style="list-style-type: none"> Zero fatalities by 2028⁴ 	<ul style="list-style-type: none"> ■ 4 fatalities ✓
G  	Enhancing the corporate governance system	Quantitative goal was not set	

¹ The 3% 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.
³ Net of assets acquired in 2024.
⁴ Target values of the updated business strategy 2024–2028.

Contribution to the Focal UN SDGs

UN SDGs	The Company's core areas	Key results in 2024
 SDG 3 Ensure healthy lives and promote well-being for all at all ages	<ul style="list-style-type: none"> Voluntary health insurance (VHI), well-being programme, discounted vouchers for employees and their family members to health resorts for rehabilitation and recreation, page 120 Corporate sports events, page 124 Enhancement of healthcare institutions in the regions of presence, page 134 	<ul style="list-style-type: none"> 3,625 employees with children benefited from health resort treatment and recreation under the VHI programme RUB 96.4 million – purchase of equipment for the municipal hospital of Kostomuksha RUB 21 million – for Vologda regional children's hospital No. 2
<ul style="list-style-type: none"> 3.4. Reduce mortality from non-communicable diseases 3.8. Achieve access to quality health-care services 	<ul style="list-style-type: none"> The Course on Parenthood project for pregnancy services and preconception care The Mlada project aimed to prevent and avoid newborns abandonment, 	<ul style="list-style-type: none"> Psychological and legal counselling to >500 women as part of preparing pregnant women for childbirth and parenthood
 SDG 4 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	<ul style="list-style-type: none"> Cooperation with educational institutions, career guidance programmes, attracting students of universities and vocational schools¹ for internship, employment of graduates, page 116 	<ul style="list-style-type: none"> 2,633 students completed internships at the Company's facilities 2,068 graduates in the relevant fields of study employed by Severstal Expansion of the network of partner educational institutions encompassing 50 schools, universities, and vocational schools to date
<ul style="list-style-type: none"> 4.3. Ensure equal access to technical, vocational and tertiary education, including university 	<ul style="list-style-type: none"> Training events for entrepreneurs in the context of cooperation with the Urban Development Agency of Cherepovets (UDA), page 131 Free of charge training as part of pro bono corporate volunteering, page 124 	<ul style="list-style-type: none"> 14 educational events for entrepreneurs Mobile literacy course for >100 Company veterans as part of pro bono corporate volunteering
<ul style="list-style-type: none"> 4.4. Increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship 		

¹ Higher educational institution and secondary vocational educational institution.

8 DECENT WORK AND ECONOMIC GROWTH **SDG 8**
Promote sustainable economic growth, full and productive employment and decent work

8.2. Achieve higher levels of economic productivity	<ul style="list-style-type: none"> Development of new product types, technology upgrade, and innovations, page 58 	<ul style="list-style-type: none"> Development of 185 new product types 882 thousand tonnes of new grade products shipped
8.3. Development-oriented policies	<ul style="list-style-type: none"> Projects for regional economic development in cooperation with the Cherepovets Urban Development Agency; investments in enhancing the regions of presence; annual indexation of employee salaries; competitive remuneration in the regions; additional financial incentives for employees, page 131 	<ul style="list-style-type: none"> RUB 90.1 billion – personnel expenses RUB 21 billion – investments in the economy of Cherepovets under the Urban Development Agency's activities, with Severstal being a co-founder
8.4. Improve global resource efficiency	<ul style="list-style-type: none"> Programme to optimise energy consumption and enhance own generation, recycled water use, pages 184, 211 	<ul style="list-style-type: none"> Upgrade of steam turbines, construction of the boiler plant with boiler unit No. 11, installation of top-pressure recovery turbines 98.4% – the share of recycled water
8.8. Protect labour rights and promote safe and secure working environments	<ul style="list-style-type: none"> Enhancement of the occupational health management system, provision of safe working conditions, page 143 	<ul style="list-style-type: none"> RUB 7.1 billion – expenses on OHS activities 83% – assessment of the Company's safe behaviour culture, according to the Severstal Pulse survey
8.9. Devise and implement policies to promote sustainable tourism	<ul style="list-style-type: none"> Advancement of industrial, domestic, and inbound tourism in the regions of presence, funding of the Museums of the Russian North programme, page 139 	<ul style="list-style-type: none"> >16 thousand visitors to the Metallurgical Industry Centre

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE **SDG 9**
Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation

9.3. Increasing the access of SMEs ¹ to financial services, and their integration into value chains and markets	<ul style="list-style-type: none"> Purchases from SMEs, training, information support, SME investment projects follow-up, assistance in expanding the target markets for SME representatives as part of the UDA activities, pages 93, 131 	<ul style="list-style-type: none"> >one thousand events and consultations held for SMEs
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¹ Small and medium-sized enterprises.

11 SUSTAINABLE CITIES AND COMMUNITIES **SDG 11**
Make cities and human settlements inclusive, safe, resilient and sustainable

11.4. Protect and safeguard the world's cultural and natural heritage	<ul style="list-style-type: none"> Programme for the integrated development of Cherepovets, projects to support the cultural and historical heritage of the Russian North, page 134 	<ul style="list-style-type: none"> Total costs for the integrated development of Cherepovets – RUB 690 million Creation of the first cultural and tourist guide to the Russian North Launch of the national project for the development of mentoring in the museum sphere
11.6. Reduce the adverse environmental impact of cities	<ul style="list-style-type: none"> Reduction of pollutant emissions into the air, wastewater treatment, pages 200, 205 	<ul style="list-style-type: none"> Completion of the electric filter reconstruction at the dust-free coke pushing unit at coke batteries Nos. 5 and 6 of Cherepovets Steel Mill Replacement of the outworn aspiration systems at Olcon's crushing and preparation factory

12 RESPONSIBLE CONSUMPTION AND PRODUCTION **SDG 12**
Ensure sustainable consumption and production patterns

12.5. Substantially reduce waste generation	<ul style="list-style-type: none"> Waste disposal reduction, waste recycling share growth, page 212 	<ul style="list-style-type: none"> Installation of over 345 containers and 30 specialised places for accumulation of plastic and paper at Cherepovets Steel Mill 500 tonnes of plastic and 350 tonnes of paper sent for recycling Severstal is among the top five waste management companies, according to RAEX rating agency
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13 CLIMATE ACTION **SDG 13**
Take urgent action to combat climate change and its impacts

13.1. Strengthen resilience and adaptive capacity to climate-related hazards	<ul style="list-style-type: none"> Climate-related risks assessment, reduction of greenhouse gas emissions, implementation of enterprise adaptation plans, release of the annual Climate Report, page 169 	<ul style="list-style-type: none"> > RUB 1.2 billion – total expenditures on the climate change adaptation events Construction of an advanced iron ore pellet production complex
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17 PARTNERSHIPS FOR THE GOALS **SDG 17**
Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development

17.17. Encourage and promote effective public, public-private and civil society partnerships	<ul style="list-style-type: none"> Cooperation with other enterprises on sustainability issues, partnerships with NPOs and other public organisations, memberships in business associations and business unions, participation in the events dedicated to topical ESG issues, pages 79, 82 	<ul style="list-style-type: none"> Participation in the 29th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP29) Over 4.5 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 activities and programmes in multiple sustainability areas contribute to the delivery of national projects.



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. The Company holds the National Projects Partner status awarded by the National Priorities Association ¹.

Project	Programme ²	Key results in 2024
	PAO Severstal's comprehensive programme for reducing cumulative pollutant emissions and priority pollutant emissions (under the Clean Air federal project), page 198	<ul style="list-style-type: none"> All 26 activities scheduled in the Comprehensive Plan under the Clean Air federal project accomplished Project of the air quality monitoring system for Cherepovets named the best ESG project by the professional community and following the results of popular vote under the Company of the Future 2024 award
	Joint project of Severstal and the Darwin Nature Reserve – Cooperation for the Sake of the Russian North Eagles' Future, page 234	<ul style="list-style-type: none"> The Birds and Steel book about unique bird fauna research published by the Darwin Nature Reserve and Severstal won the national award in the nature nature photography and eco-education
	Biodiversity conservation in Severstal's regions of presence – the city of Cherepovets and Republic of Karelia, page 236	<ul style="list-style-type: none"> Implementation of the project titled 'Where Are You Rushing to, Forest Reindeer?!' aimed to study the current state, distribution, and relocations of the Kukhmo-Kamennoozerskaya group of forest reindeer in the Republic of Karelia.
	The International Cooperation and Export programme aimed to increase the share of purchases from SMEs of Cherepovets and Vologda Regions among large businesses: providing enterprises with a unified platform for interaction, training for SME representatives, cooperation-building meetings, work on import substitution issues, page 93	<ul style="list-style-type: none"> Ensuring the operation of the Electronic Business Cooperation platform to enable small, medium-sized and large companies to make purchases: for SME representatives to place their goods and services to be potentially supplied to large businesses Severstal's share of purchases from SMEs amounted to 22%

¹ Following the results of the Our Contribution National Award 2023–2024.

² Including Severstal's projects that hit the finals of the Our Contribution National Award 2023–2024..

Project	Programme ²	Key results in 2024
	#Dlya Svoikh: With Care for Everyone – employee welfare programme, page 119	<ul style="list-style-type: none"> 46,500 employees connected to the Flexible Benefits platform (virtual wallet with the option of spending money on sports, health, recreation, etc.) 65% of employees benefited from compensation for healthy meals 4,500 children of Severstal's employees vacated in children's health camps
	Steel Energy is a programme to promote a healthy lifestyle among employees and organise their leisure time through sports and cultural events and opportunities to go in for sports; No Limits corporate sports movement, page 124	<ul style="list-style-type: none"> >30,000 people took part in active training sessions in various sports organised by the Company Conducting the third Metallurgical Run in four cities of the Company's presence, with 1,500 attendants
	Supporting and conducting federal competitions in the regions of presence, page 139	<ul style="list-style-type: none"> Conducting federal boxing and triathlon competitions in Cherepovets with a total of >1,300 participants Supporting children's interregional biathlon competitions in Kostomuksha with 320 participating athletes from 19 regions of Russia
	Severstal's engineering classes: development of the educational environment in metals and IT for school students, reduction of the youth outflow, and beautification of the cities of presence, page 138	<ul style="list-style-type: none"> Severstal is the key industrial partner in setting up the Advanced Engineering School at the Cherepovets State University
	Co-financing of the Professionalitet (Professional Training) programme, page 117	<ul style="list-style-type: none"> >RUB 80 million – co-financing of the training programmes
	Cherepovets territory development programme – setting up the Cherepovets Industrial Park to support SMEs, page 134	<ul style="list-style-type: none"> RUB 1.8 billion of tax remitted to the Vologda Region budget by the residents of the Industrial Park
	The Digital Transformation programme aimed at digitalising production, developing IT, and embedding integrated IT platforms into Severstal's operations, page 65	<ul style="list-style-type: none"> Launching the quality management system transformation project in seven workshops Commissioning four digital attestation systems to identify defects through the use of artificial intelligence

Project	Programme	Key results in 2024
	Projects to improve the Cherepovets urban environment quality aimed at searching and incorporating the best practices in urban planning and mechanisms for managing the urban environment to enhance its quality, ease of manufacturing, and convenience for citizens, page 134	<ul style="list-style-type: none"> RUB 690 million – expenditures on the integrated development of Cherepovets RUB 209.4 million – financing of the project for the integrated development of Kostomuksha
	<p>Museums of the Russian North is a programme to promote the historical and cultural heritage of the Russian North, identify the best project initiatives of regional museums, and improve the professional skills of museum attendants, page 139</p> <p>The Metallurgical Industry Centre in Cherepovets is a cultural and educational complex dedicated to the history and modern age of the metals sector</p> <p>For more details regarding the centre's activity, follow the link</p>	<ul style="list-style-type: none"> Launch of a pilot museum digitalisation project in partnership with IT company Mobius Technologies Implementation of six socio-cultural projects focused on the museum interaction with the local community Organisation of two full-time internships for the museum teams at the Totem Museum Association and the Kolomensky Posad museum and creative cluster <ul style="list-style-type: none"> >600 activities as part of the Centre's operation



Participation in Organisations and Initiatives

GRI 2-28

Severstal places strong emphasis on strengthening partnerships and consolidating efforts with other organisations in achieving the UN SDGs and Russia's national development goals. The Company maintains memberships in business associations and unions and, in cooperation with partners, contributes to a sustainable metallurgy.

Since 2018, the Company has been a member of the UN Global Compact Russia observing its ten principles and disclosing information in the annual Sustainability Report on the progress achieved.

Membership in business associations and unions

Industry-specific organisations	Sustainability organisations
<ul style="list-style-type: none"> NP Market Council Association World Steel Association Russian Steel Association of Ferrous Metals Enterprises Steel Construction Development Association 	<ul style="list-style-type: none"> 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
<ul style="list-style-type: none"> 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

Cooperation with scientific and educational institutions

Research institutes

Moscow and Moscow Region

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

St. Petersburg

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

Yaroslavl Region

- Papanin Institute for Biology of Inland Waters, 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
- National University of Science and Technology MISIS
- 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

Secondary vocational educational institutions

Vologda Region

- Bardin Cherepovets Metallurgical College
- Cherepovets Technological College
- Lepekhin Cherepovets Construction College
- Cherepovets Multidisciplinary College
- Chkalov 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

Republic of Karelia

- Kostomuksha Polytechnic College



Key Stakeholder Engagement

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

Severstal takes account of expectations and interests of its stakeholders and, striving to build long-term relationships with them, maintains efficient communications. The Company conducts stakeholder surveys as one of the main communication channels. Their outcomes make it possible to identify material topics for disclosure in the Report, and collect feedback to improve the quality and transparency of reporting.

For more details regarding stakeholder surveys and their outcomes, see the About the Report section.

Key stakeholders and forms of engagement

Group	Forms of engagement	Engagement outcomes in 2024
Shareholders and investors	<ul style="list-style-type: none"> Conducting the General Meeting of Shareholders Celebrating the Investor Day ESG disclosures Composing responses to queries, promoting a special section on the Company's website Consultations 	<ul style="list-style-type: none"> >100 meetings held with investors
Suppliers and contractors	<ul style="list-style-type: none"> Counterparty due diligence Cooperation in developing and mastering new technologies Supplier surveys for feedback collection Support for the Industrial Market online procurement platform Streamlining contractor engagement 	<ul style="list-style-type: none"> Pilot project for an IT module launch for requesting remedial measures plans from suppliers on the watch list and monitoring their implementation Introduction and development of a chatbot for suppliers to assist with online registration on ETP SRM and other issues
Customers and consumers	<ul style="list-style-type: none"> Studying 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"> Annual customer satisfaction survey held (overall satisfaction reached 97%) Launch of the Plus loyalty programme, a pioneer in the steel market >150 joint meetings with customers at different levels to identify new requests and elaborate efficient solutions
Governmental authorities, supervisory organisations	<ul style="list-style-type: none"> Participation in the activities of the governmental advisory bodies 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"> Discussion of aspects of regulation and implementation of climate projects as part of participation in industry-specific associations and working groups Agreement between Olcon and the Ministry of Natural Resources and Environment of the Murmansk Region on the collaboration in the environmental load reduction



Group	Forms of engagement	Engagement outcomes in 2024
Employees	<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 boards corporate TV broadcasting system, 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"> 88% - the share of employees covered by training Enhancement of the #Dlya Svoikh: With Care for Everyone welfare programme for employees and their family members Percentage of respondents of the Severstal Pulse engagement and satisfaction survey rose to 92% >3,500 employees from 18 cities contributed to volunteering campaigns in the regions of presence
Representatives of local communities and separate groups in the Company's regions of presence	<ul style="list-style-type: none"> Integrated urban improvement SME support Support for education, culture and sports Orphanage prevention and support for gifted kids Participation in the national projects Public debates Notifying local residents of environmental measures and takeaways Dealing with residents' submissions and complaints 	<ul style="list-style-type: none"> RUB 4.8 billion - total expenditures on integrated urban improvement, charity and sponsorship projects 52 new businesses started up in Cherepovets as part of the UDA activities 29 social projects implemented under the auspices of the Way Home foundation Activities to preserve the national traditions of indigenous minorities of the North
Business organisations and associations	<ul style="list-style-type: none"> Participation in industry-specific and other business associations' activities 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"> Cooperation as part of the Achieving a Low Carbon Future Together Climate Memorandum
Non-profit and public organisations, 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 enhance culture, arts and sports 	<ul style="list-style-type: none"> > RUB 210 million - co-financing of the experimental educational programme of the Advanced Engineering School in Cherepovets Rendering assistance to >18,000 people within the framework of the Way Home foundation activities Co-financing of construction and renovation maintenance of sports facilities, financial support to children's sports

06.

Responsible Supply Chain



2024 Highlights

33%

the share of purchases from local suppliers (↓6 p. p.)¹

22%

the share of purchases from SMEs (↑ 7 p. p.)¹

97%

overall customer satisfaction with direct rolled steel supplies (↑ 6 p. p.)

UN Global Compact Principles

The topic covers all the ten principles

Material Topics

- Responsible supply chain
- Product quality and safety for customers

UN Sustainable Development Goals



Supplier and Contractor Engagement

Approach to Management

GRI 3-3 GRI 2-23

Severstal builds a sustainable and transparent supply chain by adhering to the principles of responsible procurement. The Company develops long-term mutually beneficial relationship with its counterparties in accordance with PAO Severstal's Code of Business Conduct. The Code sets forth the Company's principles, commitments, and expectations towards partners. The Ethics Committee monitors compliance with the same.

Key documents in building a responsible supply chain

- The Code of Business Conduct stipulates the principles for building a responsible supply chain
- The Procurement Development Strategy 2028 defines the core priorities and areas of procurement activities
- The Anti-Corruption Policy for Severstal Counterparties establishes the core anti-corruption requirements for counterparties
- The Quality Manual establishes the requirements to suppliers and quality of purchased products
- The SRM Regulations¹ contain the rules for performing procurement procedures and basic requirements to suppliers
- Regulations on Organisation of Audits and Inspection Acceptances of Suppliers' Products Quality define the processes of conducting audits and inspection control procedures - new
- The standards setting forth the approach to supplier evaluation and procurement procedures:
 - Procurement Arrangements (updated in 2024 - amended matrices of approving tender protocols)
 - Inventory Management
 - Purchasing, Supplier Evaluation and Development
- Regulations on Comprehensive Assessment and Incentive Tools for Contractors define the methodology for the three-stage evaluation of contractors during the tender process and the system for rewarding best contractors - new
- A standard contract determines contractors' obligations on the observance of human rights and provisions of the Anti-Corruption Policy for Severstal Counterparties and the Code of Business Conduct

GRI 2-24

In accord with the above-listed documents, Severstal formalised all procurement procedures. In supplier selection, the Company gives preference to responsible partners that incorporate the principles of sustainable development into their activities.

Before contracting, the Company performs counterparty due diligence to verify their business reputation, financial standing, ability to discharge obligations, and compliance with Severstal's ESG requirements. Some of those, i.e. the respect for human rights, observance of the provisions of the Code of Business Code, were included by the Company in its standard contract with suppliers and contractors.

Along with that, Severstal attends to reducing the climate-related impacts across the supply chain through counterparty engagement in calculating Scope 3 Upstream emissions. To minimise the carbon footprint in the supply chain, the Company involves its partners in delivering joint initiatives in the context of the Climate Memorandum titled Achieving a Low Carbon Future Together.

For more details regarding the climate impact management, including across the supply chain, see the Climate Change section.

¹ The 2022 value was altered and differs from the one disclosed in the Unified Report 2023 due to changes in the methodology of calculating the number of counterparties.

¹ An electronic platform of the supplier relationship management system.

Counterparty Assessment

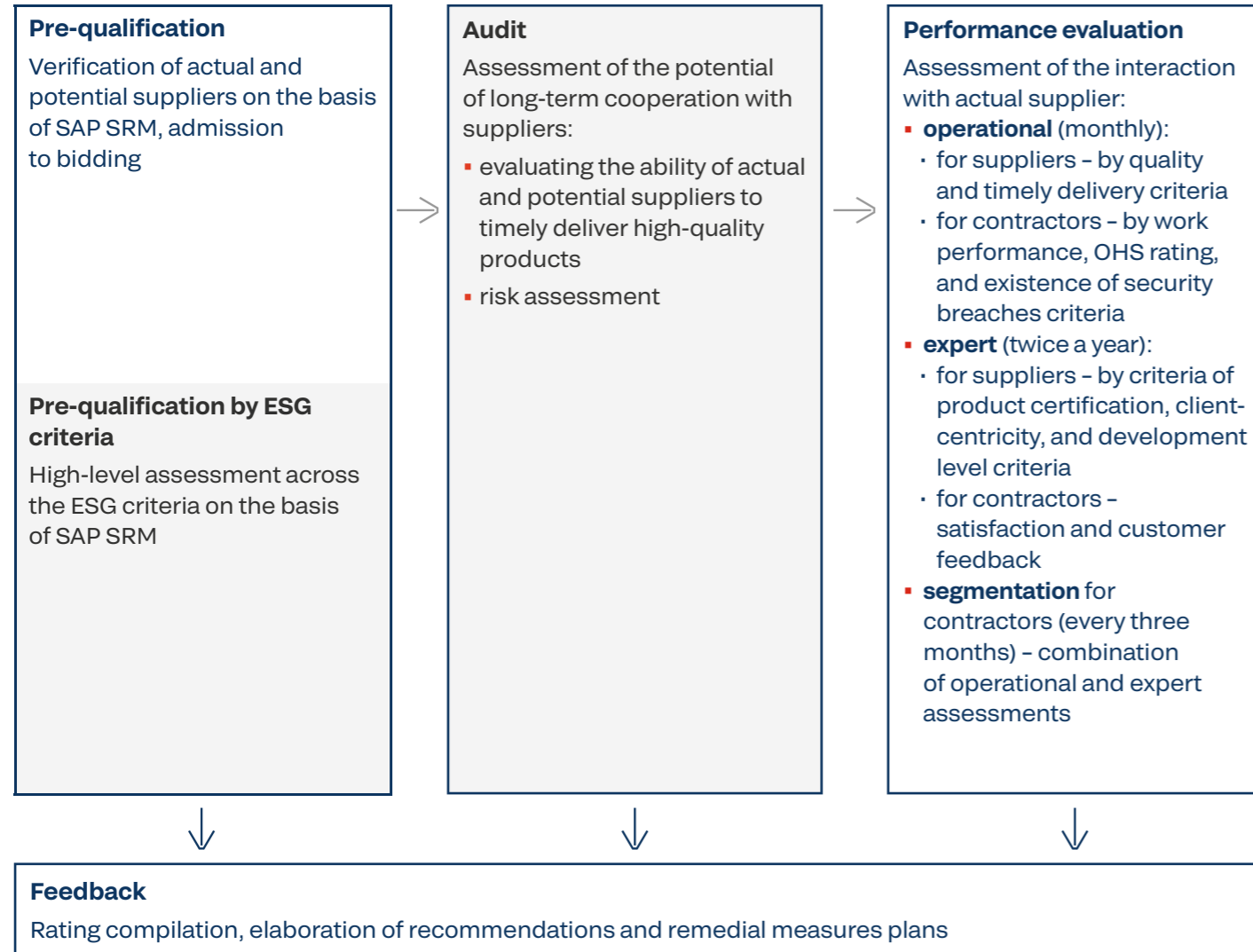
The Company operates a counterparty assessment system that helps it select responsible and reliable business partners – suppliers and contractors. When screening suppliers, Severstal assesses their potential for a long-term cooperation with a guarantee of high-quality products and compliance with the supply discipline. In addition, the Company checks suppliers for conformance with its requirements, including ESG criteria.

The supplier assessment involves several stages: pre-qualification, audit, and performance evaluation. The assessment procedure is automated, which enables the Company to promptly analyse the data, compile a rating of counterparties, and elaborate recommendations and remedial action plans to eliminate non-conformances. In 2024, Severstal automated its work with remedial action plans, allowing employees to promptly generate requests

for plans to suppliers using a template and monitor their implementation. The Company factors in pre-qualification results and supplier rating when deciding whether to enter into a contract.

Severstal applies a similar approach to contractor assessment. A notable innovation is represented by the introduction in 2024 of an additional type of assessment – segmentation. Segmentation combines expert and operational assessment of performance and is conducted once every three months. The contractor’s segment subsequently determines its priority in tender procedures. In addition, the Regulations on Comprehensive Assessment and Incentive Tools for Contractors, introduced in the reporting year, provide for remuneration to the best contractors based on the assessment results as an extra motivation tool.

Counterparty assessment stages



□ - Mandatory ■ - Where necessary

Severstal conducts a high-level ESG screening of potential and existing counterparties at the pre-qualification stage, taking account of their sustainability reporting, ratings, and awards. Based on the results of this screening, Severstal compiles a rating of counterparties that in the future may affect the terms and conditions of cooperation. The ESG qualification results are available to counterparties in the Personal Profile in SAP SRM.

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 payroll 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

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

1,208

new suppliers participated in the ESG criteria pre-qualification in 2024, which constitutes almost 32% of the total number of new suppliers pre-qualified on SRM. Judging from the ESG assessment results, no environmental violations or significant social adverse effects were identified among suppliers in the reporting year.

Procurement Risk Management

SASB EM-IS-430a.1

In accordance with the methodology of the Company’s Risk-Oriented Mindset. Risk Management standard, Severstal regularly assesses the risks associated with procurement arrangements and supplier activities.

In 2024, the Company focused on improving the efficiency of selecting equivalents for critical items by developing the Equivalents (Analogi) software. The new software makes it possible to identify materials requiring an alternative. The software’s functionality also includes approval of an equivalent by technical experts.

Severstal also developed an additional tool – the Equivalent Search Aggregator – for the selection of equivalents. The use of generative AI technology embedded into the tool helps accelerate the selection of equivalents. In total, the Company managed to select equivalents to more than 1,200 imported items in 2024.

Key procurement risks and mitigation activities

Risk groups	Risk mitigation activities
Ensuring uninterrupted supplies	<ul style="list-style-type: none"> Provision of reliable supply channels and development of alternatives Efficient and coherent work to select equivalents for critical items Regular revision of the approach to the re-engineering organisation, funding, and expediency Regular revision of the approach to auditing and inspecting the acceptance procedures to prevent the supplies of poor-quality goods and materials Implementation of a range of IT systems development measures aimed to improve the procurement performance
Market and pricing risks	<ul style="list-style-type: none"> Ongoing market research Elaboration of category-based strategies Competitive selection of suppliers 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"> Inclusion in contracts of the OHS compliance clause, the anti-corruption clause, and references to the internal policies that are expected to be observed by the Company's suppliers and contractors

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

Procurement Staff Training

To provide for compliance with the rules of procurement procedures and improve their efficiency, Severstal provides procurement staff training. In this context, comprehensive training under the Procurement Academy programme and specific training sessions cover the supplier engagement management. In 2024, the Company held a series of training meetings for employees on the following topics:

- Supplier relationship management system (pre-qualification, audits, performance evaluation);
- New functionality for dealing with supplier remedial measures plans, and
- Quality inspection acceptances at counterparty sites.

In total, about 300 employees took part in the training activities in 2024.

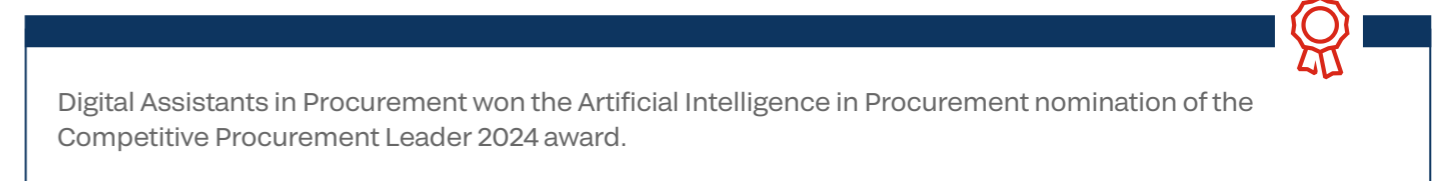
Enhancement of Counterparty Engagement Tools

Severstal continuously improves its processes of engaging with business partners and is particularly focused on the enhancement of digital tools. All Severstal's enterprises operate the unified automated system (SAP SRM) to manage relationship with suppliers of feedstock, materials, equipment, and services.

In addition, the Company launched a dedicated [Suppliers and Contractors Portal](#) to publish all the required information on cooperation with Severstal and operates the Personal Profile that offers various services. In 2024, the Company implemented a number of measures to enhance the portal to make it even more convenient for the users and ensure higher involvement.

Severstal takes a coherent approach to the digitalisation of procurement management processes and introduced several digital assistants in the reporting year. These tools help automate routine tasks, reduce lead times, and remind of important issues and events.

Purchaser AI assistant	Looks for an answer to an asked question in the knowledge database, available to employees
Supplier AI assistant	Looks for an answer to an asked question on the supplier and contractor website, available to external users
Chatbots	Help employees compose standardised emails on various topics and search for data in the reporting
Minutes of the Meeting service	Automatically creates Minutes of the Meeting



In order to streamline the counterparty engagement processes, Severstal regularly collects feedback from its suppliers and contractors. For instance, in 2024, the Company surveyed suppliers to assess their satisfaction with the procurement processes. Severstal received over 160 responses, and the supplier satisfaction index for working with the Company constituted 93.8%.

Procurement Performance in 2024

In 2024, the Company was extensively involved in fostering the following procurement practices:

- Embedding a system to work with supplier corrective action plans;
- Projects of joint development with suppliers;
- Building an integrated contractor engagement system;
- Enhancing the procurement process through the IndustrialMarket marketplace, and
- Enhancing the automation of purchases and use of IT tools, including the integration of digital assistants.

Activities to enhance supplier and contractor engagement in 2024

Activity	Result
System to work with supplier corrective action plans	<ul style="list-style-type: none"> Launch of an IT module for requesting corrective action plans from suppliers on the watch list and monitoring their implementation IT module testing, whereupon most counterparties were removed from the watch list
Complex procurement optimisation	<ul style="list-style-type: none"> Audit of the current procurement processes: identification of areas requiring improvement, implementation of the key measures to optimise them
Timely delivery of the core equipment	<ul style="list-style-type: none"> Equipment contracted for approved projects of the annual investment programme – 99%
Acquisition of new suppliers	<ul style="list-style-type: none"> Supplier Day: ~150 people from over 120 organisations were introduced to Severstal's procurement system



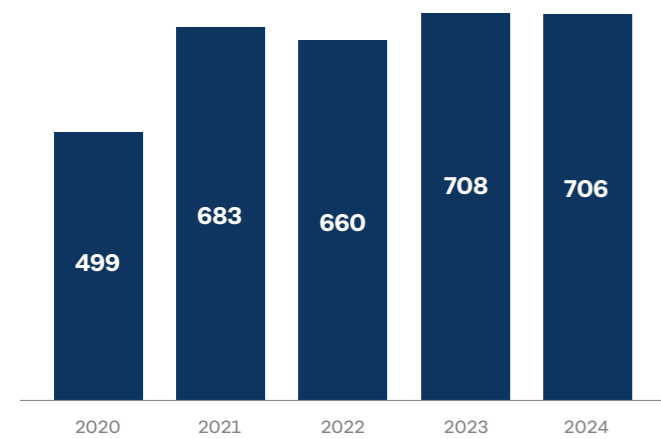
Activity	Result
Implementation of projects jointly with suppliers	<ul style="list-style-type: none"> Implementation of three projects with suppliers Continued implementation of another 11 joint projects aimed at strategic partnership and mutual benefits Launch of nine new joint projects with suppliers Increase in the technical availability factor (TAF) of equipment, reduction of specific material costs, shorter deadlines of scheduled repairs of units due to the projects implemented
Support of 100% of contracted work with resources	<ul style="list-style-type: none"> Support of all critical contracted work with resources

GRI 2-6

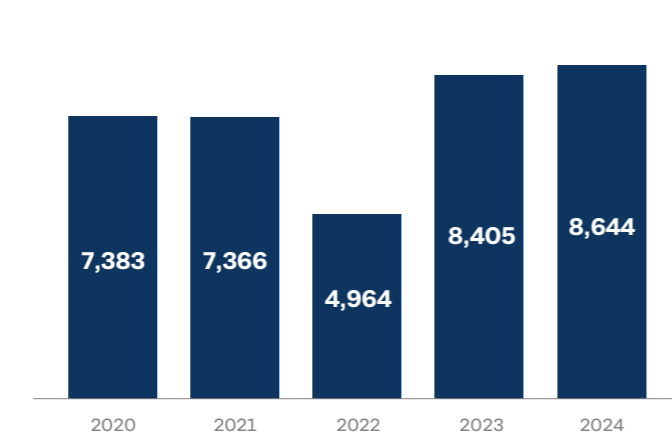
In the reporting year, Severstal's purchases decreased slightly to RUB 706 billion. At the same time, a share of purchases of goods and materials, equipment and services decreased by 4 p.p. against 2023 and amounted to 58%.

In 2024, the Company maintained cooperation with a total of 8,644¹ suppliers and contractors, up 3% YoY. The growth in the number of partner contractors was attributable to Severstal's focus on acquiring new suppliers.

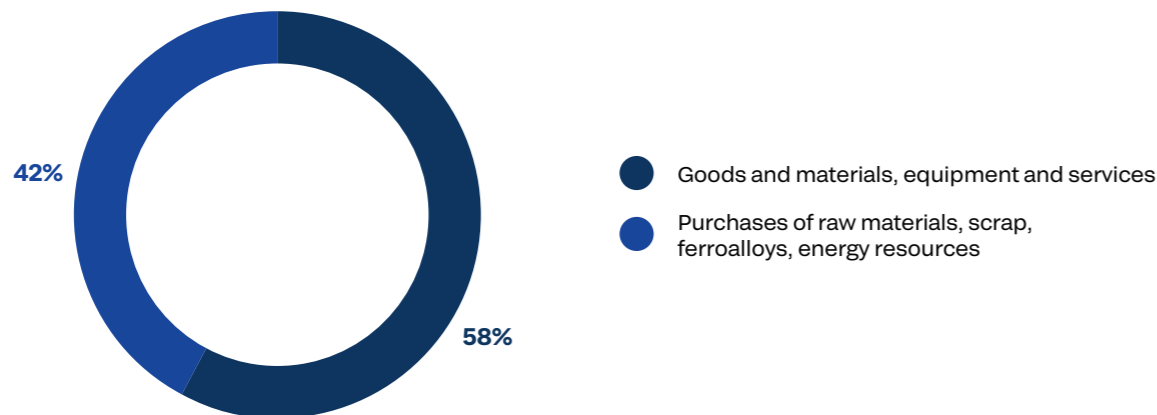
Purchase volumes, RUB billion



Total number of suppliers and contractors, pcs²



Structure of purchases in 2024, %



¹ In the reporting year, the Company altered the methodology for calculating the number of counterparties to include the data on all Severstal Group companies and the number of suppliers of raw materials, scrap, ferroalloys, previously excluded from the 2020-2022 calculation.
² The 2022 value was altered and differs from the one disclosed in the Unified Report 2023 due to changes in the methodology of calculating the number of counterparties (the total number of counterparties now takes account of the data across Severstal Group of Companies, as well as across the suppliers of raw materials, scrap, ferroalloys).

Local Sourcing

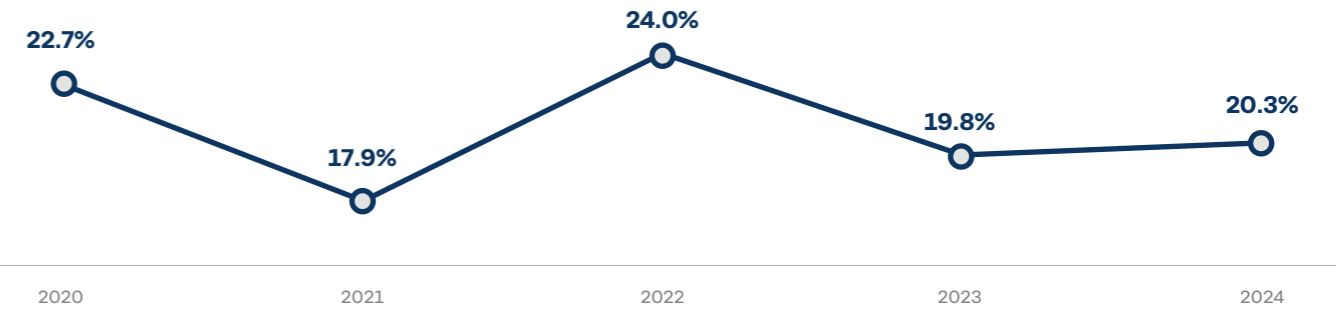
GRI 204-1 MED-8

Severstal advances cooperation with SMEs and local suppliers (those registered in the regions of the Company's presence).

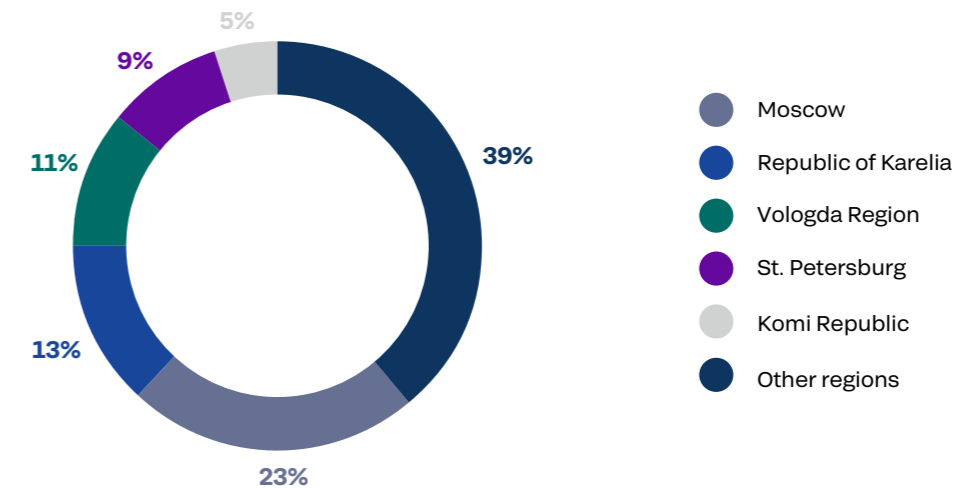
In the reporting year, as part of the ongoing expansion of partnerships with local suppliers, a share of local companies in the total number of suppliers increased by 0.5 p.p. to 20.3%. At the same time, a share of purchases from local suppliers in total purchases was 33%, while the total share of purchases of Russian goods, works and services reached 98%.

In 2024, Moscow (23%) was the leading region in terms of purchases from local suppliers, while the Vologda Region accounted for the largest amount of purchases of goods and services (net of raw materials, scrap, ferroalloys). Other than that, the purchasing structure by region did not undergo significant changes against 2023.

Share of local suppliers in the total number of suppliers), %¹



Purchasing structure by region in 2024 (share of total purchases), %²



MED-9

The Company is particularly focused on bolstering cooperation with small and medium-sized enterprises (SMEs). In 2024, Severstal continued ramping up the amount of purchases from SMEs, with their share rising from 15%³ to 22%.

To support SMEs, the Company consistently implements the Growth Synergy 2.0 programme, aimed at promoting the production of goods and materials by small and medium-sized enterprises in the Vologda Region for supply to large industrial organisations. In 2024, Severstal collaborated with more than 800 SMEs in the Vologda Region and increased purchases of goods, materials and services from them from RUB 22.2 billion to RUB 35.2 billion.

¹ The 2022 value was altered and differs from the one disclosed in the Unified Report 2023 due to changes in the methodology of calculating the number of counterparties (the total number of counterparties now takes account of the data across Severstal Group of Companies, as well as across the suppliers of raw materials, scrap, ferroalloys).
² Other regions include more than 70 regions of Russia and other countries.
³ The 2022 value was determined in view of the new method of calculating the number of counterparties, and differs from the one disclosed in the Unified Report 2023.

As part of the Growth Synergy 2.0 programme, the Company goes on implementing the Industrial Cluster project jointly with the Russian Union of Industrialists and Entrepreneurs. The project aims to uphold SMEs in designing products and services much needed by Severstal's facilities. SMEs participating in the project have the opportunity to conduct industrial trials of their products at the Company's production sites.

In addition to enhancing partnerships with suppliers, Severstal expands cooperation with contractors. In particular, the Company implements the Severstal's Basic¹ Contractor project focused on long-term partnerships with contractors to implement the repair and investment programme. Owing to this, the Company makes sure that contractors have a stable workload, that the work is awarded without a tender, and that the rates are indexed annually in line with the market conditions. In 2024, the turnover of services purchased from basic contractors doubled to almost RUB 14 billion. On top of that, the Company proceeded with scaling the project to its resource assets.

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

Plans for 2025 and Mid-Term

In the context of improving the counterparty engagement, Severstal intends to implement its activities in the following areas:

- Enhancing the supplier activity assessment system;
- Launching new joint projects with suppliers directed at enhancing the performance and driving innovation;
- Strengthening the partnerships with the key suppliers;
- Automating the procurement processes and making use of artificial intelligence;
- Staff upskilling.



¹ Basic contractors are understood as construction, construction and repair, construction and installation, design or other organisations that have entered into a contract with the Company to perform works and/or provide services and meet the criteria set out in internal regulations.

Product Quality and Safety

Approach to Quality Management

GRI 3-3

Severstal has a Quality Management System (QMS) aimed at maintaining a high level of product quality, meeting customer requirements, and striving to exceed their expectations. These and other principles, as well as the Company's quality-related obligations are outlined in the [Quality Policy](#).

In addition, the Company has corporate standards that govern the QMS processes and define the tools and methods of product quality management. Severstal regularly revises and updates these tools and methods to comply both with changes in internal procedures and new statutory and regulatory requirements. For example, in 2024, the Company elaborated 41 proprietary standards for QMS processes and amended the existing quality management standards.

The requirements expressly for Severstal's products are also established by standards and specifications. In the reporting period, the Company developed 64 new proprietary standards / specifications for its products, amended 75 existing documents, and abolished 21 proprietary standards. In addition, the Company updated 84 external regulatory documents (GOST standards, specifications, foreign standards) governing product requirements through the Regulatory Documentation corporate automated management system.

External Audits of the Quality Management System

The quality management system of the Company's core production facilities is regularly subject to external audits to validate compliance with international standards.

QMS certification under international audits as at the end of 2024

	ISO 9001:2015	IATF 16949:2016	ISO 22163:2023
	Universal QMS standard	Industry QMS standard for the automotive industry	Industry QMS standard for the railway industry
PAO Severstal	<input checked="" type="checkbox"/> 100% of production and supporting processes	<input checked="" type="checkbox"/> • 50% of production processes • 80% of supporting processes	Not applicable
AO Severstal-Metiz	<input checked="" type="checkbox"/> 100% of production and supporting processes	<input checked="" type="checkbox"/> • 33% of production processes • 100% of supporting processes	<input checked="" type="checkbox"/> • 33% of production processes • 100% of supporting processes

In 2024, PAO Severstal's QMS successfully passed the external recertification audit and verified its compliance with the ISO 9001:2015 standards. Following the audit, the experts highlighted the following QMS strengths:

- **Infrastructure management:** application of advanced approaches, including digital data processing and analysis, to improve the efficiency of using the core equipment;
- **Energy efficiency:** reuse of energy resources and preparation for the commissioning of new energy plants for the facility and the city;
- **Quality management transformation:** implementation of the Quality Management System Transformation project in the steelmaking and flat rolled product shops, and in the directorate for repairs.

In the reporting year, Severstal-Metiz also underwent inspection audits of its QMS for compliance with ISO 9001:2015 at all the three production sites (Cherepovets, Oryol, Volgograd) and at the Metiz branch of AO Severstal Management. The audits spanned the core (production) and supporting processes of the system.

The ratio of divisions of PAO Severstal and Severstal-Metiz certified under ISO 9001:2015 remained unchanged against the previous reporting period and totalled 100% of production and supporting processes. In addition to certification under the universal QMS standard, the Company regularly conducts system audits for compliance with applicable industry standards. For example, PAO Severstal and Severstal-Metiz are consistently certified under IATF 16949:2016 to cater to the current demands of car manufacturers and guarantee a high level of product quality. As at the year-end 2024, 50% of production processes and 80% of supporting processes of PAO Severstal, as well as 33% of production processes and 80% of supporting processes of Severstal-Metiz were covered by IATF 16949:2016 certification.

As Severstal-Metiz (Cherepovets) supplies products for railway tracks, its QMS is regularly audited for compliance with the ISO industry standard for railway companies. In particular, in 2024, Severstal-Metiz's QMS successfully passed a certification audit under the new version of ISO 22163:2023.

In order to maintain high-quality product supplies for large diameter pipe customers, PAO Severstal passed certification in the INTERGASCERT system, encompassing business reputation assessment,

QMS audit, product certification, and recognition of the test lab competence. Experts noted the QMS strengths that allow the Company to enforce a high level of product quality and reliability: management leadership, high-level organisation of production processes, and priority of customer requirements.

The Company also maintains certification for certain types of its products. For example, in 2024, PAO Severstal was assessed and received an opinion on compliance of its pipes and tubes with the requirements of STO INTI S.30.4-2023 for steel pipes for oil and gas pipelines. As a result, PAO Severstal's pipes and tubes were included in the INTI.insights register of verified products, which helps increase the number of orders and strengthen the competitive position of tubular products on the market.

In addition to the requirements of standards, the Company factors in the expectations of individual categories of customers towards the QMS and adapts it to customer requirements. Severstal cooperates with over 30 automotive customers, most of which elaborated specific requirements for their supplier management system. To meet these requirements, Severstal set up a cross-functional team (CFT) comprising its manager (customer representative) and representatives from the quality department, sales office, claims team, technical control department and other departments charged with customer engagement on production issues. The CFT monitors the implementation of all customer requirements and, for more effective customer engagement, organises and holds meetings on an individual schedule.

Ensuring Product Quality and Safety

GRI 417-1

Severstal continuously monitors compliance of its products with safety requirements, analyses materials for highly hazardous substances, and notifies customers, as and where necessary. For example, the Company adheres to the European Union's RoHS2 and RoHS3 directives regarding the restriction of hazardous substances. The actual content of cadmium, mercury and lead in Severstal products does not exceed the established standards, and there are no other hazardous impurities. In 2024, the Company's Quality Department laboratories did not test rolled steel for compliance with the EU's RoHS2 and RoHS3 directives due to the absence of customer requests for product safety declarations.

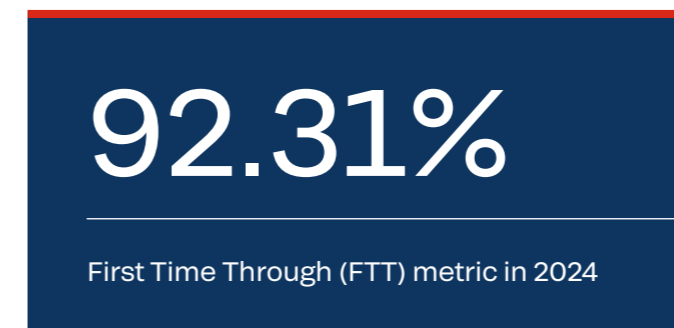
In accordance with the GOST 7566-2018 requirements, Severstal specifies detailed product information in quality certificates, including quality characteristics, chemical composition, and test results. Also, upon customer request, the Company is prepared to provide additional information, such as the origin of components and materials used in production, as well as information on the content of substances potentially hazardous to the environment.

Product Quality Improvement Measures

Severstal takes a holistic approach to quality management and implements projects for improving the QMS and customer experience. In 2024, the Company continued implementing the measures under the previously initiated projects.

Product quality improvement measures implemented in 2024

Project	Description	Measures implemented and outcomes
Customer Problem Solving project	Implementing a structured approach to the customer problem-solving process based on the 8D (eight disciplines) methodology	<ul style="list-style-type: none"> Maintaining a high level of problem solving: 65 per month Ranked first in quality against competitors: 9.29 scores out of 10¹ Increased customer satisfaction with quality: 4.76 scores out of 5
Creating Value with Customers programme	Increasing the efficiency of customer engagement through the enhancement of digital services. Special emphasis was placed on the Getting Closer to Customer in Quality project, aimed at strengthening professional links between Severstal's technical experts and specialists from customer companies For more details regarding the integration of digital tools in Severstal's QMS, see the Innovation Management and Digitalisation of Production section.	<ul style="list-style-type: none"> 100 meetings held with representatives and managers of technical functions 650 customer requests handled by technical functions Creation of 25 communication chats for product engineers to deal with product processing problems
Advanced Engineering	A service to improve the technological process used by the customer. Aimed at streamlining customers' business processes, cutting their operating and capital costs by designing and applying innovative production solutions based on advanced materials	<ul style="list-style-type: none"> Increase in the number of advanced engineering projects from 37 to 71 Increase in sales of solutions from 35 to 42 thousand tonnes Increase in the number of customers from 15 to 33



The measures implemented in the reporting year provided for the improved quality of the manufactured products, as reaffirmed by a 0.04 p. p. increase of the First Time Through metric.

Plans for 2025 and Mid-Term

Severstal intends to carry out the following quality management activities in 2025 and the medium term:

- Continue implementing the Quality Management System Transformation, Creating Value with Customers, and Customer Problem Solving projects, and
- Achieving 92.94% for the FTT metric.

¹ Evaluated once a year by an independent company.

Customer Relationship Management

Approach to Customer Relationship Management

Severstal strives to provide superior customer experience by integrating a client-centric approach into all business processes. To this end, the Company consistently explores customer expectations, monitors their satisfaction, designs new products and solutions, and promptly handles submissions and claims.

Responsibility for customer relationship management issues is distributed among four specialised departments. Each department is charged with certain functions, which allows to deliver a comprehensive and high-quality customer service. For prompt resolution of issues in the required area, a datasheet of each customer in the CRM¹ system contains the details about the responsible employees from each division.

Customer relationship management structure

Sales Office	<ul style="list-style-type: none"> Customer coordination and engagement Support for commercial relationships with customers
Marketing Directorate	<ul style="list-style-type: none"> Customer satisfaction surveys Marketing mailings Marketing research
Customer Service Support Department	<ul style="list-style-type: none"> Paperwork (contracts, orders, payment documents) Customer notification of order status
Customer Technical Support Service	<ul style="list-style-type: none"> Advice on product manufacturing and processing and on technical requirements to products Monitoring and analysis of product quality level Claim management

The core documents regulating customer relationships are the Company's corporate standards for monitoring, measuring and analysing customer satisfaction, order follow-up and receipt, and operational production planning.

To facilitate customer engagement, Severstal has drawn up several handbooks, including a unified navigator handbook compiled in 2024. It covers the key aspects of interaction with the Company, hyperlinks to electronic customer services, and expanded reference books on the product range, packaging and delivery methods. Employees may automatically send this unified navigator handbook to new customers in a welcome letter.

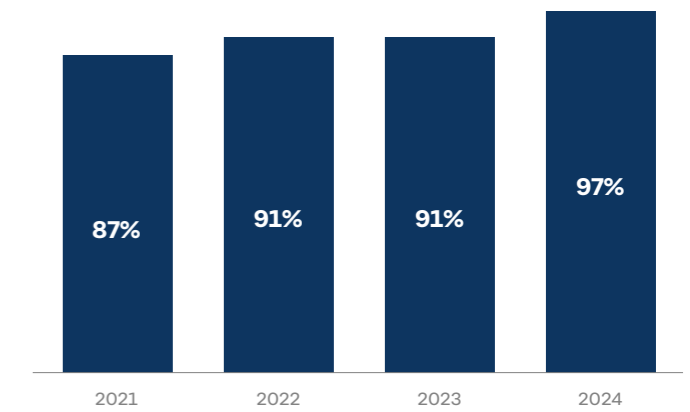
Customer Satisfaction Monitoring

Severstal conducts monthly and annual surveys to monitor the quality of customer engagement. In these surveys, customers assess their satisfaction with the product quality, service and delivery performance, and overall satisfaction with their interaction with the Company. In 2024, a share of positive customer ratings for overall satisfaction increased by 6 p. p. and reached 97%, while satisfaction with quality (96%), discipline (89%) and service (99%) remained at the 2023 level.

The Company managed to achieve an improvement in the overall satisfaction index thanks to the planning and implementation of comprehensive initiatives, as well as a high level of services and customer engagement processes. The main factors in achieving such result are:

- Facilitation and acceleration of order placement;
- Reducing undershipments and accelerating their settlement;
- Decreasing product defects and improving product packaging;
- Operational work of employees of all services;
- Enhancement of the Personal Profile and other digital services, and
- Infrastructure and digital projects to develop road delivery, order pickup and railway shipments.

Overall customer satisfaction (CSI) by share of positive feedback, %



Customer Service Improvement

Customer Engagement Tools and Claim Management

To improve the efficiency of customer relationship management and their communication experience with the Company, Severstal dynamically improves the customer engagement tools. The Company is strongly focused on digital services by constantly expanding their functionality and harmonising the customer engagement process. Severstal's digital services are consistently appreciated by customers, and the number of their users is growing.

Key digital customer engagement services

Checksteel app

It is an assistant to maintain record and exercise control over product quality that enables customers to assess the product quality, file request for consultations or quality claims.

The app is available on personal computers and mobile devices.

App functionality:

- Maintaining records of incoming rolled steel;
- Prompt recording of product quality deviations;
- Downloading and viewing quality certificates;
- Filing claim and submissions, tracking the stages of their consideration.

Improvements in 2024:

- Creation of a feedback recording tool in the app

Customer Personal Profile

A comprehensive service for customers to control and manage all stages of order handling.

Improvements in 2024:

- Introduction of extra services to help track the timing of approval and execution of customer orders
- Optimisation of interfaces for receiving electronic documents
- Adding the option to electronically submit product quality claims
- Adding the option to repeat a previously placed order

Results in 2024:

Customer satisfaction with the Personal Profile service increased by 0.37 p. p. to reach 4.71

¹ Customer relationship management system storing all information about orders and customers.





Ecosystem of the Vmeste (Together) expert community

It is a community for the Company's customers and partners to share expertise and receive industry content. The ecosystem includes a media portal, a Telegram channel, a VKontakte group, a video studio for broadcasts with experts, webinars and panel discussions.

Improvements in 2024:

- Improvement of the portal's functionality, introduction of a push notification option for publications
- Integration of a chatbot for registering for events, answering quiz questions, collecting feedback from subscribers, and distributing materials

Results in 2024:

- Publication of 92 unique materials with nearly 110,000 views
- Increase in the number of registered users to >4,200
- Audience coverage of all community channels – about 4.3 million people
- 26 broadcasts with 71 experts with at least 12,000 views



Metallica digital assistant won the Digital Communication Awards 2024 in the Digital Personality nomination.

Updated loyalty programme

Since 2019, Severstal has been improving a loyalty programme for end consumers and processors of rolled steel – Plus, which rests on a thorough understanding of customer needs and feedback collected. The programme has four levels, awarding which to customers depends on their total purchases over the last three months. Based on these levels, the Company provides customers with personalised discounts and offers.

In 2024, Severstal updated the programme under the new slogan 'Becoming More Profitable', introducing the following innovative and creative solutions that facilitate customer engagement and set it apart from other B2B loyalty programmes:

- functions of tracking the level of loyalty, discounts and individual offers, as well as the status of orders in the Personal Profile of the programme participant;
- 24/7 access to the programme, enabling to make purchases at any time of convenience without contacting a manager;
- automation of order calculations for internal and external customers;
- complete integration of the loyalty programme module into the CRM system for tracking the status of participants and transparent discount management; and
- automation of registration for new customers, reducing the verification time to one hour.

[For more details regarding the programme, check out the Company's website¹.](#)

Metallica digital customer assistant

In 2024, Severstal introduced Metallica, a next-gen digital assistant that advises customers on the Company's products and services. Owing to embedded generative artificial intelligence (AI) technologies, Metallica is able to deliver a personalised and structured dialogue both in voice and written formats, provide accurate answers to questions in the real time mode, and share contacts of the required experts.

Thanks to its adaptability and high learning speed, Metallica improves operational efficiency, streamlines business processes, and makes generative AI an accessible tool for dealing with true problems and creating value for the Company's customers and partners. The launch of the Metallica digital assistant attests to Severstal's status as a leader in digital innovation in the industry.

To gain a better understanding of customer needs, Severstal extensively engages its employees in feedback. To capture feedback, sales and Customer Service Support Department employees complete an extended form with detailed information about the submission. In addition, in 2024, the Company integrated a new tool for quick feedback recording through a chatbot, where any employee may leave a general comment about the submission received from a customer.

The Company processes the feedback collected and then decides on corrective actions. Severstal places special emphasis on product quality feedback and, therefore, continues enhancing its End-to-End Communications project to collect and analyse all quality-related feedback. Process staff review the data received at monthly working meetings and design solutions to improve production processes. In particular, owing to these measures, the Company was able to increase the level of satisfaction with product quality by 0.05 p.p. YoY.

In the reporting year, the number of claims received remained at the 2023 level. This is due to the fact that it has become more convenient for customers to compile submissions, including for minor issues, on account of the Company's improved service applications. At the same time, customers' quality sorting¹ metrics improved significantly against 2023, with sorting decreasing by over 40%.

Training and Enhancing Employee Involvement in Customer Engagement

Severstal is dynamically working to foster a customer-centric mindset among employees. To this end, the Company trains customer-facing employees as part of the Customer Path course. In 2024, 40 employees completed the course, exceeding the annual target audience by 1.6 times.

On top of that, Severstal has been advancing its Volunteers of Superior Customer Experience project involving managers of various levels in feedback collection through communication with customers. In addition to standard customer surveys after rolled steel shipment, volunteers conducted surveys of customers of metal structures and surveys on satisfaction with packaging and labelling. The latter helped determine that branded packaging was needed for premium grades of steel – the Company subsequently designed and implemented it.

In 2024, 75 employees participated in this project, collecting 320 customer feedback questionnaires. Thanks to the involvement and dynamic participation of volunteers, 52 customer cases were addressed.

To build closer engagement with customers, Severstal regularly arranges various events, such as business meetings at exhibition venues and topic-specific meetings as part of Severstal's customer conferences. In addition, in the reporting year, the Company employees visited customer production sites, where they not only discussed work issues but also trained customers' personnel on how to use the Personal Profile.

The Company is also enhancing the format of joint meetings with customers' employees – from product engineers to heads of production and technical directorates. Such approach made it possible to identify more than 400 new customer requests in 2024 and design effective solutions to meet them. In total, the Company held over 150 such meetings, covering 96% of customers.

In addition, Severstal actively participates in external events for customers. For example, in 2024, the Company took part in a record number of events – 11 leading specialised exhibitions in Russia and abroad and 12 conferences at external venues.

¹ This website is available only in Russian.

¹ The process of separating non-conforming products from non-defective items.

Achievements in 2024

In the reporting year, Severstal continued streamlining its sales management system, distribution network, logistics services, metal processing services, and product promotion with customers. In these practice areas, the Company carried out numerous activities to improve the customer experience and increase the efficiency of its sales system.

Activities to enhance customer engagement in 2024

Activity	Result
Development of distribution network to cater to the needs of SMEs	<ul style="list-style-type: none"> Enhancing the online store functionality in terms of speed of order placement and automatic calculation of long-distance logistics costs Reducing the shipment time in the warehouse due to optimisation of warehouse logistics processes Expanding sales geography owing to an increased number of own warehouses Expanding the assortment line: addition of over 3,000 unique materials for sale
Enhancement of the Downstream sales management system	<ul style="list-style-type: none"> Embedding the Downstream system at two newly acquired assets Tripling the customer base from 4,300 to 12,900 customers Increasing the number of sales outlets 2.4 times, from 30 to 72 outlets
Optimisation of logistics services	<ul style="list-style-type: none"> Increasing product deliveries by motor vehicles by 35% Improving the discipline of product delivery to customers: 75% of railway and 100% of road deliveries within scheduled timeframes Enhancing service for drivers: conducting a survey of drivers to factors in their opinions in subsequent implementation of improvements
Development of schemes for manufacturing and promoting products in partnership with customers	<ul style="list-style-type: none"> Joint promotion and manufacturing of products at the facilities of processing partners for construction customers Setting up a unique partner and contractor ecosystem for construction of steel-frame residential buildings
Promotion of metal treatment services for the machine building and construction sectors	<ul style="list-style-type: none"> Increasing the amount of treatment at the Company's steel service centre by 48%



Severstal's steel-frame housing project in the Arctic zone ran third in the Green Eurasia 2024 international climate competition in the Green Building nomination. The proposed solution makes it possible to halve the amount of construction waste forwarded for recycling.

Plans for 2025 and Mid-Term

To enhance customer engagement, Severstal intends to place emphasis on the following areas:

- Facilitating the customer-centric approach through product customisation and digitalisation of services;
- Increasing satisfaction with delivery discipline by reducing the average time to settle undershipments and improving a system to manage customer expectations when placing orders; and
- Enhancing the ecosystem of digital customer services, including improvements to the Personal Profile, document management, and order placement services.



07.

Social Aspect



Human Rights

2024 Highlights

4,928 persons

completed the training on preventing human rights violation (↓ 56%¹)

~30%

percentage of women in the staff structure (↑ 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



Approach to Human Rights Management

Severstal respects human rights and adheres to the Russian and international regulations in this area. The Company's related principles and obligations are outlined in its internal documents, with the key document being [PAO Severstal's Human Rights and Community Relations Policy \(Including Indigenous Peoples and Minorities\)](#). In accord with the said Policy, the Company strives to identify, assess and eliminate risks related to human rights in its dealings with the staff, local residents (communities), including indigenous peoples and minorities, and with business partners.

Severstal identifies its employees, personnel of contractor entities, and local residents living in close proximity to its operations as groups that are exposed to human rights risks.

Human rights issues are administered at all levels. The top management addresses the issues of human rights observance at meetings of the Nomination and Remuneration Committee and the Safety and Sustainability Committee under the Board of Directors. Managing these issues at local level is the authority of the Human Resources Director.

Key human rights documents

- **Internal**
 - [Human Rights and Community Relations Policy \(Including Indigenous Peoples and Minorities\)](#)
- **External**
 - Generally accepted international regulations:
 - The UN Global Compact Principles
 - The Universal Declaration of Human Rights
 - International Covenant on Civil and Political Rights
 - International Covenant on Economic, Social and Cultural Rights
 - ILO Declaration on Fundamental Principles and Rights at Work
 - ILO Forced Labour Convention (No. 29) and Abolition of Forced Labour Convention (No. 105)
 - Voluntary Principles on Security and Human Rights (VPSHR), and
 - The UN Guiding Principles on Business and Human Rights
 - Legislation of the Russian Federation
 - Constitution of the Russian Federation
 - Labour Code of the Russian Federation
 - Federal Law dated 19.06. 2000 No. 82-FZ on the Minimum Wage, and
 - Federal Law dated 30 .04. 1999 No. 82-FZ on Guarantees of Rights of Indigenous Minorities of the Russian Federation
 - Other external documents followed by Severstal:
 - Social Charter of Russian Business (the Company joined the initiative pursuant to its membership in the Russian Union of Industrialists and Entrepreneurs)

¹ Against 2023.

Respect for Human Rights at Work

Severstal undertakes to respect labour rights, the zero tolerance principle towards discrimination in all its forms and manifestations, and other employee rights.

GRI 2-30 **GRI 402-1** **GRI 407-1** **GRI 408-1** **GRI 409-1** **GRI 410-1** **GRI 14.14.1**

Severstal's human rights observance obligations in relationship with employees

Aspect	Obligation
Notification of changes in the Company's activities	Pursuant to the Labour Code of the Russian Federation, the minimum notice period to inform employees of any changes in the Company's activities is two months
Duration of working time	Severstal provides for rational employee working time management by adhering to the principle of standard labour. This approach enables Severstal's employees to combine their professional and personal life
Prevention of forced and child labour	Severstal strictly follows the legislation of the Russian Federation in regard to the issues of using child and forced labour ¹ and does not tolerate any such cases either at own enterprises or with counterparties. In 2024, there were no significant risks of using child or forced labour in the Company's and its suppliers' divisions
Employment of people with disabilities	In conformity with the legislation of the Russian Federation, the Company has quotas for employing disabled people. Severstal hires such employees through the employment centre, implements its own rehabilitation programme, and provides this staff category with maximum employment assistance. In 2024, the number of Company employees with disabilities totalled 231, 17 of whom were hired in the reporting year. Employees with disabilities hold positions as specialists, consultants, developers, planning managers, washers, couriers, etc. The Company equips their workplaces with account taken of their health condition and in line with the rehabilitation card
Security and human rights	In carrying out its activities, Severstal follows the Voluntary Principles on Security and Human Rights (VPSHR). To safeguard its offices and production facilities, the Company cooperates with a private security company whose employees shall be aware of and observe their job instructions and the Key Safety Rules and Prohibitions acting on site at PAO Severstal. The job instruction bans treatment that diminishes the human dignity of Company employees and visitors to its facilities
Prevention of harassment	The Company demonstrates zero tolerance to harassment and other forms of abusive behaviour. To mitigate the risk of occurrence of such incidents, Severstal responds to respective complaints and carries out internal investigations in a timely manner
Right to freedom of association and collective bargaining	Severstal observes employee right to freedom of association, joining trade unions, and collective bargaining. In 2024, the Company did not identify any divisions and suppliers exposing the right to freedom of association and collective bargaining to significant risks. For more details regarding the trade union activities, see the HR Management section.

¹ In defining forced labour and its forms, the Company is guided by the International Labour Organisation's Forced Labour Convention (No. 29) and Abolition of Forced Labour Convention (No. 105).

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

GRI 411-1 **GRI 14.11.1** **GRI 14.11.2** **GRI 14.12.1** **GRI 14.12.2** **GRI 14.12.3**

When engaging with local communities in the regions of presence, Severstal is strongly focused on respecting and protecting the rights of indigenous peoples and minorities. The Company upholds activities to preserve the cultural heritage and always factors in special aspects of the region when elaborating community enhancement initiatives.

Severstal adheres to the principles of holding an open and direct dialogue with locals and respects the right of all stakeholders to receive information about

its activities. To avoid infringing of local rights, the Company involves local residents in decision-making (e.g. through consultations and public hearings) at the early stages of project implementation.

In 2024, the Company received no complaints associated with the infringement of rights of the locals, minorities or ingenious peoples.

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

Approach to the Human Rights Management in the Supply Chain

GRI 409-1

Severstal seeks to observe human rights throughout the supply chain. To this end, the Company is guided by the Code of Business Conduct as well as the Employee Code of Conduct that prohibits insults and humiliation towards employees and partners in any form whatsoever. In addition, the Company's counterparties shall be introduced to the Human Rights and Community Relations Policy (Including Indigenous Peoples and Minorities).

A clause on human rights observance forms an integral part of a standard contract with Severstal's

counterparties. It commits suppliers and contractors to confirming that as of the date of entering into the contract they do respect human rights stipulated by Russian laws and international regulations. This approach enables Severstal to minimise the risks of any such breaches.

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

Gender Equality and Non-discrimination

GRI 406-1

Pursuant to the Labour Code of the Russian Federation, Severstal restricts involving women in performing the works connected with dangerous and harmful conditions affecting their health. To maintain gender equality among its employees, the Company in recruitment and career advancement, relies solely upon the proficiency of applicants and employees. In 2024, there were no cases of discrimination by gender within the Company.

GRI 405-1 **MED-44**

Women representation at Severstal
30% - total share in the staff structure
30% - share among the managerial staff
54% - share among the engineering staff
22% - share among blue-collar staff

Since 2017, Severstal has been operating the Women's Club, the first in the Russian steel industry and one of the largest among domestic companies. The Club organises company-wide corporate events to support women and cooperates with the Women in Mining Russia business community to share the best practices with women's clubs of other companies.

Women's Club at Severstal

	2020	2021	2022	2023	2024
Number of women members	1,100	around 1,200	2,160	around 2,200	2,200
Number of the Club's events	10	over 20	over 25	over 25	3 ¹

Severstal extensively contributes to the initiatives of the Women in Mining Russia Association as its member since 2021. In the reporting year, women employees took part in the Association's conferences and training webinars. One of Severstal's women employees became a Women in Mining Russia ambassador. Every year, women take part in the Association's annual Talented Woman in Mining competition. In 2024, 39 women employees applied for participation: 12 of them made it to the finals, and seven women became winners.

Prevention and Notification of Human Rights Violation

Severstal strives to prevent human rights abuses and, to this effect, conducts employee awareness-raising events.

4,928 persons

completed the training on prevention of human rights violation in 2024²

31,355 hours

totalled the number of employee training

The Company's informing system enables it to timely record potential violations and promptly take both remedial measures towards abusers and preventive measures to avoid similar cases in the future.

Communication channels for reporting violations guarantee anonymity to applicants and include:

- 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 the reporting year, the Ethics Committee reviewed 31 submissions regarding potential violations of the Employee Code of Conduct. All verified cases of violations were addressed by the Committee and resolved through recommendations on remedial measures or issuance of instructions on the measures towards human rights abusers.

The submissions received via the Ethics Committee's channels and the Unified Hotline in 2024 did not contain information about any cases of employee discrimination by race, gender, religious views or other similar grounds.

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

¹ The Club discontinued its work in April 2024 and intends to relaunch it.

² The training is part of the Code of Conduct programme that covers the issues of human rights observance.



HR Management

2024 Highlights

50,553  **employees**
average headcount (↑10%¹)

5.6% 
undesirable staff turnover rate
(↓0.1 p. p.)

RUB 144 thousand
average salary at Severstal

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

- Decent working conditions

UN Sustainable Development Goals



Approach to Personnel Management

GRI 3-3

The well-being of Severstal's employees is the backbone of the Company's success. The Company creates opportunities for employee professional growth and competency building, provides a comfortable and safe working environment, and offers decent labour conditions.

Severstal takes a systemic approach to personnel management by clearly allocating responsibilities between divisions and updating its internal regulations in conformity with statutory requirements in a timely manner.

Key internal documents on personnel 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, and
- Payroll Policy

Personnel management structure

Board of Directors

- Personnel management and supervision



Management Board and CEO

- Review and approval of the report on the Personnel Strategy implementation
- Evaluation of the selected management approach efficiency



Organisational Efficiency Department

- Organisational development, coordination of the budget planning process

Talent Attraction Department

- Building best employee and job applicant experience, monitoring performance metrics (NPS, CSI, engagement and turnover rates)

HR Support Department

- Organisation and management of HR administration processes at Severstal's facilities

Remuneration and Social Benefits Department

- Managing the remuneration and benefits system, and HR analytics

Talent Development Department

- Ensuring timely and sufficient expertise, talent attraction and growth, team work
- Providing employees with advanced digital tools for competency development and career building

Employer Brand Development Department

- Implementation of projects for increasing employer brand attractiveness
- Conducting engagement survey and other sociological studies
- Corporate volunteering development

Digitalisation Department

- Advancement of employee digital services, and HR performance improvement
- Integrating the product approach into the HR processes

¹ Hereinafter, against 2023.

Key human capital risks and mitigation measures

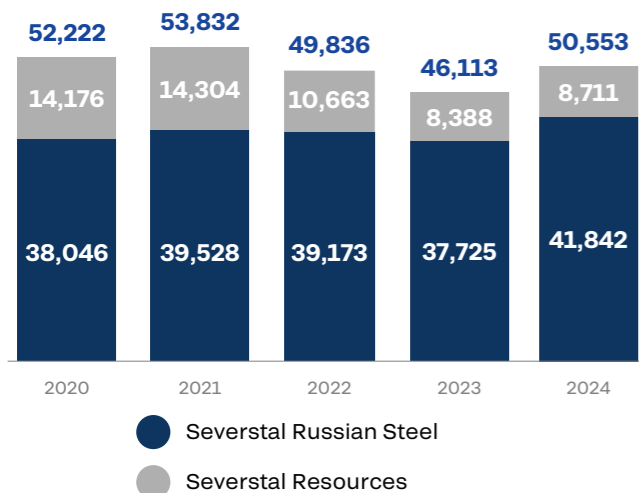
Key risks	Risk mitigation measures
Employee incomplete compliance with qualification requirements	<ul style="list-style-type: none"> Implementation of professional training programmes
Errors in HR document flow	<ul style="list-style-type: none"> Digital signature introduction
Personnel downtime triggered by load reduction	<ul style="list-style-type: none"> Integration of a system to redeploy personnel to other functional units of the Company
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 place Maintaining the salary level above the average prevailing in the regions of presence, implementing social support measures for employees and their families An open dialogue with employees, the management's regular meetings with trade union leaders, coordination of the headcount optimisation activities

Severstal People

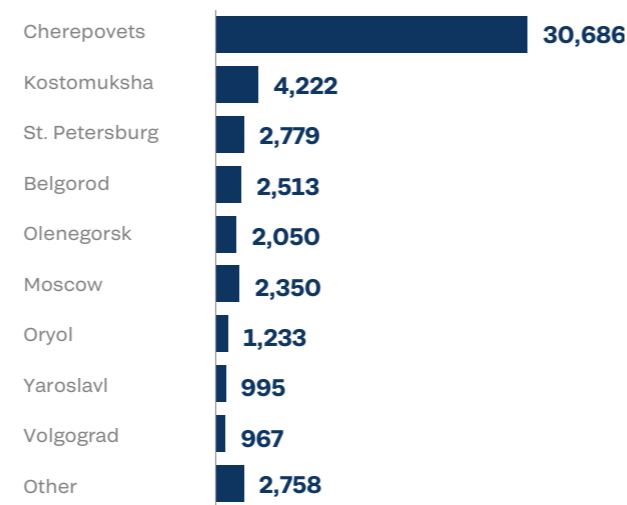
GRI 2-7 MED-25 SASB EM-MM-000.B

In 2024, Severstal's average headcount amounted to 50,553 people, up 10% YoY., which was due to the need for additional new hires caused by the increased production volumes and acquisition of businesses. Virtually all employees work full-time (99%) and under permanent employment contracts (97%). The majority of the personnel works at the enterprises of the Severstal Russian Steel segment (83%).

Average headcount by segment, people



Average headcount in 2024 by city, people

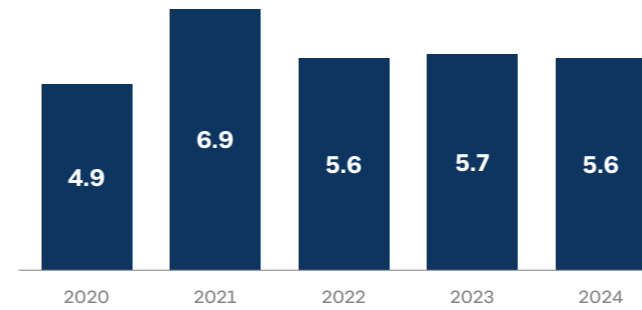


GRI 401-1 MED-33

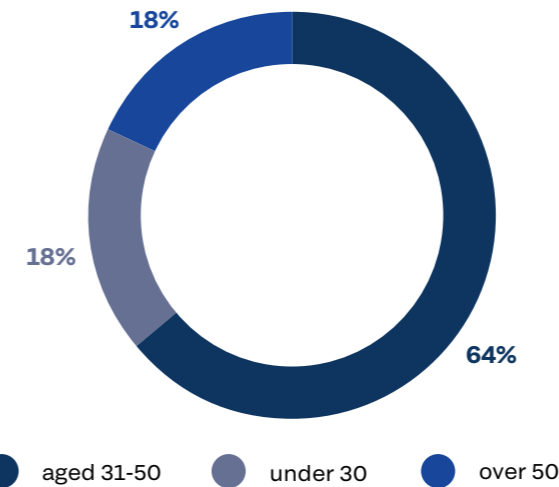
The number of new employees hired in the reporting period increased by 30% against 2023 and totalled 8,890 people, including 3,152 women and 5,738 men. The Company consistently supports the policy of giving priority to local residents, thus creating additional opportunities for the development of the regions of presence. At the same time, the undesirable turnover rate¹ has remained approximately flat in the past three years. Total staff turnover in the reporting year was 11.1%.

¹ Undesirable staff turnover = the number of employees quitting the Company voluntarily (other than retired employees, relocated employees or those who quit for family reasons) / average headcount.

Employee turnover (undesirable), %



Staff composition by age based on the headcount as of December 2024, %



GRI 405-1

Following the principle of zero tolerance towards discrimination in any form, Severstal provides equal working conditions for all employees regardless of their gender, age, health condition, ethnicity and other factors. The Company also strives to maintain diversity in its personnel structure, encouraging the creation of an inclusive working environment.

Due to the metals sector specifics, men constitute the majority of Severstal employees (almost 71%). However, the share of women has been growing across all staff 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 54%. Severstal places special emphasis on providing women with equal working conditions and promoting their professional growth, thus encouraging women's career growth. In 2024, the share of women in managerial positions reached 30% (27% in 2023).

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

[The detailed quantitative data on the headcount and personnel structure, including by category, is contained in Appendix 5.](#)

Personnel Attraction and Onboarding

GRI 401-2

Severstal takes interest in attracting highly qualified personnel, both experienced professionals and young talent, and provides conditions for their smooth onboarding. The Company constantly enhances the related local regulations: in 2024, it introduced amendments to the Regulations on the Procedure for Entering into Apprenticeship Agreements with Job Seekers.

What Really Matters! federal advertising campaign

To increase the employer brand attractiveness, Severstal held a large-scale federal advertising campaign titled What Really Matters! in 2024. It aimed to reposition the Company and change its image from a harsh metallurgist to a caring and human-centric employer. Severstal chose both the outdoor advertising in 22 cities and the digital formats and publications in municipal communities. The audience coverage exceeded 550,000 people.

Following the annual survey, the employer brand awareness increased from 32% to 43%, brand attractiveness - from 22% to 37%, and readiness to respond to a job opening - from 8% to 22%.

The Company is consistent in increasing the staff involvement in the employee selection process and, to this end, introduced the Sales Stars programme. Under the programme, candidates for a sales manager position are collectively selected by the heads of related divisions, which not only accelerates the hiring decision-making process but also enables them to analyse their own work and gain a better understanding of the needs of their colleagues.

Severstal leads the ratings of Russia's best employers



In 2024, Severstal once again achieved high positions in major employer ratings. It was awarded the platinum status, according to Forbes, and included in the first group in the RBC rating. For the second year in a row, the Company remains the sole representative of ferrous metallurgy ranking among the leaders of both ratings.

Severstal also topped the HeadHunter 2024 employer rating among industrial companies, ran 11th among Russia's largest employers, and hit the top five companies with the most advanced HR processes.

Attracting Young Talent

To replenish its talent pool Severstal builds successful partnerships with higher, secondary vocational, and general education institutions. The Company provides university and vocational school students with a wide range of opportunities for targeted training and internships, arranges career guidance and educational events, and implements infrastructure projects in the field of education.

In the reporting year, over 2,500 students completed internships at the Company's enterprises. In addition, Severstal employed more than 2,000 graduates with industry-specific majors and expanded the list of partner educational institutions that cover 50 schools, vocational institutions and universities to date.

[The detailed list of the universities and vocational schools Severstal cooperates with is contained in the Sustainability Management section.](#)

RUB **63** million

to uphold the relevant secondary educational institutions the Company allocated in 2024

Over the reporting year, Severstal expanded the current system of cooperation with educational institutions and delivered the following programmes:

Educational institutions	Activities and outcomes in 2024
Schools	<ul style="list-style-type: none"> Severstal for Schoolchildren corporate academic competition, included on the list of competitions of the Ministry of Education of the Russian Federation (in operation since 2024) Technology lessons, career guidance tours Warm-up Before the Start online educational programme
Secondary vocational educational institutions	<ul style="list-style-type: none"> The Professionals case championship and championship Internships Professional excellence competitions Creation of training-and-production complexes on the basis of colleges to enable students to acquire primary skills through delivering production orders (in operation since 2024) Implementation of a system of early onboarding and employment of college students (in operation since 2024)
Higher educational institutions	<ul style="list-style-type: none"> Case championship Internships Public lectures Days of higher education institutions at Severstal's facilities Establishment of the Advanced Engineering School at the Cherepovets State University, the Company's base university (in operation since 2024) Corporate programme for training refractory technologists (in operation since 2024)

Professionalitet (Professional Training) federal project

In 2024, with support from Severstal, four colleges joined the Professionalitet project, which was followed by the creation of clusters for training highly sought-after and qualified workers. The Company will allocate over RUB 80M for the co-financing of educational institutions. Over 1,000 people are to complete the training.

In the reporting year, Severstal launched the intake for the 11th wave of the Leadership Programme to attract university graduates and young specialists with a high leadership potential. The programme implies four six-month internships in different divisions of the Company, which enables the participants to master their leadership competencies and prepare themselves for managing strategically important projects.

In 2024, 12 persons took part in Severstal's Leadership Programme. Following the selection procedure, all the 12 graduates were hired as project support managers.

Onboarding System

For smooth onboarding of new joiners, Severstal implements a comprehensive system of diving into the working process, including training and mentoring. This approach enables new hires to quickly navigate the business specifics and determine their professional advancement vector within the Company.

To make the onboarding process more comfortable, the Company makes an extensive use of own-elaborated SNAMI mobile service. It encompasses all the necessary information for a successful start in a new working environment and constitutes an interactive quest: new employees take training tests, get access to materials and cases, and meet with Company representatives. In 2024, almost 1,700 young employees completed their onboarding through the use of the application, which is twice as many as in 2023.

The additional support is represented by the mentoring system, within the framework of which experienced employees help newcomers devise an individual career and personal development plan. By way of incentivising, the Company rewards mentors with cash payments for successful training of apprentices.

Payroll

GRI 202-1 GRI 405-2 MED-24 MED-26

Maintaining a competitive salary level is an important factor for attracting and retaining skilled professionals. Severstal regularly analyses the remuneration levels in the regions of presence by assessing the minimum wage (MW), an economic landscape, and inflation rates. This enables the Company to maintain a decent level of remuneration and make sure that it grows in line with industry trends.

Severstal adheres to the transparent payroll principles that are common for all employees regardless of gender, age and other attributes. The Remuneration Policy governs the procedure of payments, including incentive mechanisms.

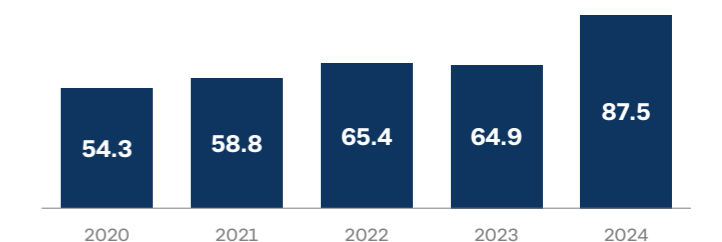
The tangible incentives system covers bonuses based on the achievement of annual targets. The long-term incentive programme (LTIP) is in place for the executives, which provides for bonuses

on the condition of attaining two key performance indicators - growth in the value of shares on MOEX and an additional level of the Company's EBITDA.

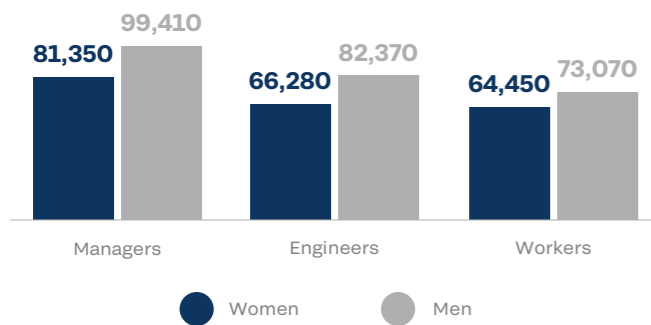
On an annual basis, the Company indexes employee salaries: in 2024, the indexation was 12%. HR units regularly notify employees of changes in the remuneration system and collect feedback.

In the reporting year, the payroll increased by 35% to reach RUB 87.5 billion.

Payroll dynamics, RUB billion



Standard entry-level salary by gender and employee category in 2024, RUB



The Company disallows any discrimination in assigning salaries. Differences in average salaries between men and women by category are due to the fact that women are not represented in all positions available in the Company. In addition, there are statutory restrictions on women recruitment in certain professions with particularly hard and harmful working conditions.

Social Security

GRI 201-3 GRI 401-2 MED-28

Severstal's recruitment package forms an integral part of guaranteeing labour rights of employees. It covers statutory guarantees and benefits as well as additional social support measures outlined in the collective bargaining agreement and updated on a regular basis. These measures are applicable to all employees, regardless of the type of their employment contract².

GRI 407-1

The Company respects the rights of its employees to freedom of association and collective bargaining. In the reporting year, there were no risks of infringing the said rights at the Company's and suppliers' facilities. Severstal's enterprises operate the primary organisation of the Mining and Metallurgical Trade Union of Russia representing the employees. In 2024, Severstal formed a commission composed of the Company's and trade union's representatives to conduct negotiations in the light of the revision of the collective bargaining agreements in effect at Severstal's enterprises. The negotiations entailed discussing the social policy issues, whereupon the parties agreed upon expanding social guarantees for employees and increasing the amount of benefits and financial aid for the staff of the enterprises where the collective bargaining agreements were being under review.

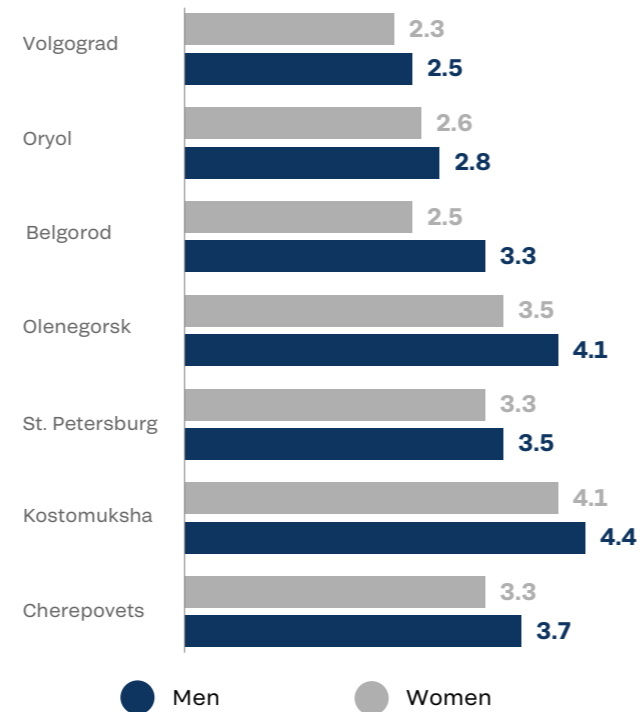
RUB 3.8 billion Severstal's social support expenses in 2024, which is 2.5 times the amount for 2023 (RUB 1.3 billion).

In the reporting year, the Company became an eleven-time winner in the Social and Economic Efficiency of Collective Bargaining Agreements category of the Mining and Metals Company of High Social Performance sectoral competition.

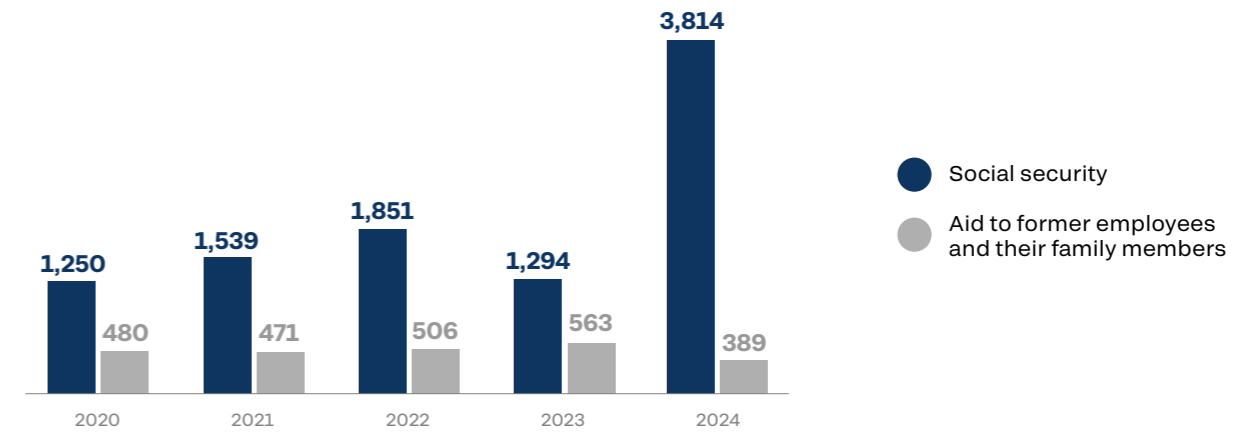
¹ Rosstat data.

² With the exception of those working under civil law contracts.

Ratio of standard entry-level salary (blue collars) to MW in the cities of presence¹ in 2024



Personnel social expenses¹, RUB million



GRI 2-30 MED-32

Collective bargaining agreements are in effect at 11 Severstal business units. In 2024, they covered 76% of employees.

#Dlya Svoikh: With Care for Everyone

In 2024, Severstal continued to intensively develop its #Dlya Svoikh: With Care for Everyone programme aimed to support and improve the quality of life of employees and their families. This programme is not just a set of benefits and advantages but reflects the comprehensive approach to creating an environment where every employee feels valued and important and is well positioned to grow and be successful. New tools have been elaborated and implemented in four pillars to cater to employee needs:

1. Health
 - Compensation of healthy nutrition, and
 - Discounted Family Holiday Programme – employees may spend a weekend at a holiday base for 10% of the cost
2. Emotional involvement
 - Social design school for volunteers: 30 people from eight cities became graduates, and
 - Over 300 good deeds were implemented by volunteers from 18 cities of presence
3. Financial literacy
 - Mortgage compensation and short-term lending,
 - Fishki Dlya Svoikh (Chips for Our Own) – an intangible motivation programme where employees receive virtual currency for dynamic actions to uphold their health and well-being or valuable contribution to the Company's operations, brand promotion, and
 - Flexible Benefits – preferential categorised services: health, sports, recreation, training, charity, travel
4. Self-improvement
 - Series of career webinars launched for the Downstream team in 2024
 - Onboarding workshop for 70 new young hires, and
 - Webinar for the Youth Council and talent pool

Benefits for Young Employees

GRI 401-2

Severstal offers a number of benefits for employees with the Young Specialist status. They are outlined by the Regulations on Organising Work with Students, Graduates and Young Professionals and cover: allowance on appointment, subsidised housing, reimbursement of relocation expenses, and costs of settlement at a new place of residence.

¹ On top of statutory obligations.

Social and Living Conditions

To maintain a comfortable and secure working environment both in office and production areas, the Company introduced the 5S system aimed to improve performance. It covers:

- Sorting (separation of necessary and unnecessary tasks),
- Keeping in order,
- Cleanliness,
- Standardisation, and
- Self-improvement.

Compliance with the 5S principles enables Severstal to streamline its work processes, enhance production safety, and create favourable conditions for employees.

Employee Health

GRI 403-6

Caring for employees' and their families' health is among the priorities of the Company's social agenda that spans all of its enterprises. The Severstal Health is aimed at creating conditions for employee health maintenance and improving the availability and quality of medical care.

The Company carries out the activities to prevent and treat diseases, inclusive of occupational ones. In addition, the enterprises in the regions of presence are dynamically enhancing their first medical and sanitary aid system.

Voluntary health insurance (VHI) is among the key elements of the Company's recruitment package. As part of this programme, Severstal offers medical support to its employees and proposes health resort treatment and recreation for employees and their families. In 2024, 3,625 people, including employees and their families, benefited from this option.

Severstal actively supports the initiatives on employee health improvement by encouraging their participation in sports and physical training events. Over 8,500 people took part in internal competitions, spartakiads, and championships of the Severstal Russian Steel segment. Virtually 14,000 people joined sports activities at Cherepovets Steel Mill.

On top of that, the Company introduced extra support measures for employees working at the Yakovlevskiy Mine and living in border areas, including employee life insurance, one-off payments, and compensation for housing rent, in 2024. The cost of such measures exceeded RUB 460 million.

Support for Families

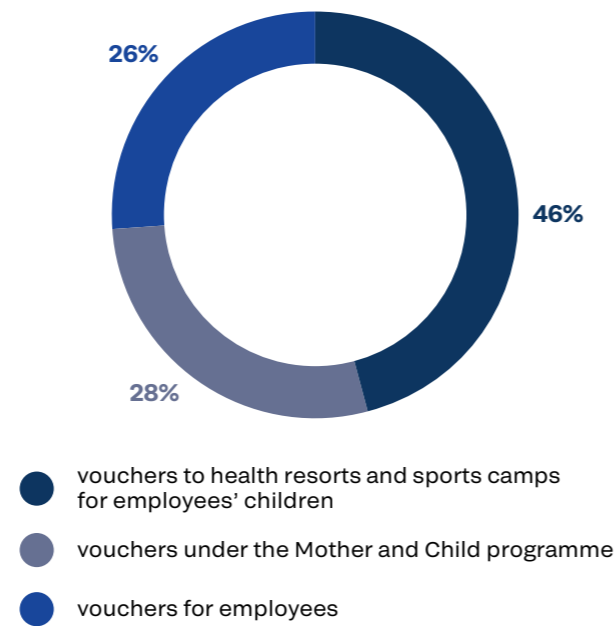
GRI 401-3 MED-28

The Company provides its employees with a wide range of social guarantees designed to uphold their families and improve living standards. Payments are effected to families with children, people who have lost a close relative or found themselves in hardship.

According to legislation, employees are 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. On the occasion of other important family events, collective bargaining agreements provide for the employees' right to additional days-off.

[For more details regarding parental leave in 2020-2024, see Appendix 5.](#)

Structure of expenses on health promotion campaign arrangements



Parental leave in 2024, people

	Women	Men
Number of employees entitled to maternity/paternity leave in the reporting period	1,701	4,584
Number of employees who took maternity/paternity leave in the reporting period	416	301
Number of employees who ought to have returned to work in the reporting period after maternity/paternity leave	367	17
Total number of employees who returned to work after maternity/paternity leave ended in the previous reporting period	301	15
Number of employees who returned to work after maternity/paternity leave and continue to work within 12 months after return	236	8
Return-to-work rate (share of employees who returned to work after maternity/paternity leave)	80%	83%
Retention rate (share of employees who remained in the Company after maternity/paternity leave)	78%	53%

Employee Training and Development

GRI 404-1 GRI 404-2

Severstal enhances its corporate training system to boost employee proficiency and expertise. New programmes and training tools are elaborated annually on the basis of the Company's internal needs and changes to the external environment.

In 2024, the personnel development priorities included:

- 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).

MED-30 MED-31

Around RUB **452** million for employee training, up 65% YoY Severstal allocated in 2024

88%²

The share of employees covered by training, including the managerial staff, constituted

42.3 hours

average duration of training per employee

¹ High potential employees.

² Reason for such dynamics: there were more mandatory civil defence and emergency courses encompassing all Company's employees in 2023.

Employee training and development programmes in 2024

Type of activities	Activities and outcomes
Professional training	<ul style="list-style-type: none"> Training programmes updated, training duration for 33 key professions optimised. Extra tools enhancing the training quality embedded for 41 professions
Enhancement of managerial, personal and business competencies	<ul style="list-style-type: none"> Managerial programmes held: Manager School, Foreman School, Achieving More Together, and soft skills programmes for all Company's employees Programmes for succession candidates held: Steel Reserve (for a foreman position), Steel Reserve TOP 4000, Steel Reserve TOP 1000, Steel Reserve TOP 100, and Severgroup Leaders
Development of functional competencies	<ul style="list-style-type: none"> Competency building programmes improved in several areas: maintenance and repair, commercial function, digital literacy Integrated assessment of sales and negotiations competencies completed Training for internal tutors arranged (Severstal Tutors programme)
E-courses and VR	<ul style="list-style-type: none"> Training courses based on VR/3D simulators, virtual excursions, training videos and electronic courses designed and implemented
Training in external educational organisations	<ul style="list-style-type: none"> Managerial competency building and upskilling programmes supported, worth over RUB 22 million

Severstal won the Digital Learning 2024 award

In the reporting year, the Company ran first with its Digital Environment for Training and Safe Operations in Metallurgy project in the Mixed Training Programmes nomination of the Digital Learning 2024 award.



Metasphere immersive training management platform

In 2024, Severstal continued advancing Metasphere, a VR training platform developed by Severstal-Infocom Centre for Information and Communication Technologies. Over the reporting period, 62 new VR simulators were incorporated into the platform, and a new functionality was elaborated to collect VR simulator analytics. The system is now able to track errors in the staff's actions during performing production assignments and potential emergencies.

Performance Review

GRI 404-3

Severstal has a goal-setting and performance review system in place. It rests on analysing the key performance indicators, goal achievement metrics, and outcomes through the 360 Degree method, HR committees' activities, and Discussions of Goals meetings.

In 2024, the following corporate values underlying the Feedback 360 procedure were updated: focus on empathy, human-centricity and work in uncertain conditions was added. A block composed of seven leadership competencies, describing the expected behaviour of each manager, was added for all Company executives.

17,191¹

managers and specialists were reviewed under the 360 Degree method

51,703²

persons participated in Discussions of Goals meetings

HR Committees and Talent Pooling

Building an internal talent pool is among Severstal's strategic HR priorities. Employees may be added to the talent pool either by nomination by their manager at a meeting of the Company's HR Committee or by self-nomination. The Company operates a multi-level system of HR committees, making the career growth process transparent and clear for all employees.

The core criteria of being listed on the talent pool are:

- High performance;
- Compliance with the Company's values;
- Motivation for professional growth and mobility, and
- Leadership potential.

The Central HR Committee under the Management Board comprised of the CEO and directors of production and functional units is responsible for decision-making on the appointment of key executives. The committees form individual professional development plans for HiPo employees. These cover training at the leading business schools, participation in the Severgroup Leaders and Steel Reserve corporate programmes as well as project activities, internships and temporary substitution of managers. In 2024, HR committees held 350 meetings and reviewed over 4,800 candidates for inclusion in the talent pool.

100%

talent pool coverage in 2024

4,800 candidates

were reviewed for future job openings in the external talent pool

¹ Reason for such dynamics: adding A GROUP, Akvilon private security company, Deletron and other companies to 1C.

² Reason for such dynamics: acquisition of A GROUP.

Employee Satisfaction and Engagement

The Company conducts Severstal Pulse, an annual employee satisfaction and engagement survey. The total employee participation rate in the 2024 survey was 92% (43,953 people), a record-breaking result over the entire survey period since 2013. More than 600 discussions of the survey outcomes were held with employees in various formats, including more than 170 roundtables with managers.

Based on the Severstal Pulse survey results, 243 corrective actions were scheduled at the level of the Company's main structural units to address the pressing issues identified in the course of discussions with employees. As at year-end 2024, almost 80% of the said actions have already been implemented or are underway.

Severstal Pulse survey results

Engagement by division, %	2020 ¹	2021	2022	2023	2024
Yakovlevskiy Mine	52%	n/a	77%	76%	82%
Olcon	82%	n/a	76%	69%	79%
Karelsky Okatysh	74%	n/a	73%	72%	76%
Severstal-Metiz	74%	n/a	80%	78%	77%
Severstal Russian Steel	77%	n/a	82%	72%	74%
Severstal	75%	n/a	80%	74%	76%

Corporate Culture

Severstal's corporate culture rests on the three fundamental principles: fast pace, inspiration and teamwork. To enhance the team cohesion, the Company organises sports and cultural events, including corporate competitions, spartakiads and festivities on the occasion of professional holidays.

In terms of physical training and sports, the Company implements programmes aimed to organise the team and individual training, spartakiads and championships as well as the sports tourism festival. As part of the No Limits sports movement, employees held joint training sessions, prepared for participation in the Moscow Semi-Marathon, and organised a children's holiday together with the Way Home Charitable Foundation in 2024.

Within the cultural events direction, the Company implements more than 500 different corporate programmes and competitions, including the Metallurgist/Miner Family, Humour Festival, Singing Severstal, Miss Severstal, festive concerts and show programmes. Employee involvement constitutes around 40%.

On top of that, the Company encourages its employees to participate in professional skills competitions. In 2024, 89 such competitions were organised, with almost 1,000 participants.

Corporate Volunteering

Corporate volunteering is an important pillar of Severstal's culture. Its enhancement and delivery are within the scope of responsibility of the Employer Brand Development Department, and the Corporate Volunteering Council composed of divisional heads and enthusiastic employees from the Company's enterprises.

Severstal's employees participate in the initiatives of the Way Home Charitable Foundation and in pro bono volunteering that represents the format that enables them to apply their professional skills in the social sphere.

To ensure efficient implementation of initiatives and extensive involvement of employees in their delivery, Severstal elaborated a number of engagement tools, including:

- 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 2024, an intangible motivation programme for volunteers was rolled out to increase employee activity within the volunteer movement. Additionally, the Company intends to implement such projects as the School of Social Design, Grant Competition, and Volunteer of the Year.

In fostering corporate volunteering, Severstal relies upon the best practices and dynamically shares experiences with other organisations. Since 2022, the Company has been a member of the National Council for Corporate Volunteering (NCCV), whose Vologda Branch is led by the head of the corporate volunteering enhancement pillar of the Company's Employer Brand Development Department. This partnership includes non-profit organisations, business representatives, volunteer resource centres, and business associations. In 2024, Severstal continued bolstering its regional representative office in the Vologda Region.

In addition, the Company headed the regional representative office in the Yaroslavl Region. In the reporting year, Severstal became a partner of the Corporate Volunteering: Business and Society conference. The Company's experts organised a panel discussion on Volunteering and Business Processes: New Approach to Business Sustainability.

Based on NCCV's regional representative office, trainings were held at the premises of the Wires regional resource centre. The training was conducted in the context of the Energy of Goodness educational intensive course at the My Vmeste (We Are Together) district forum of volunteer activists of the Vologda Region. The training topics covered time management, communication in volunteering, goal setting in volunteering, as well as the exchange of best practices.

Corporate volunteering activities in 2024

Focus area	Activities and outcomes
Assistance to families and children	<ul style="list-style-type: none"> ▪ The amount exceeding RUB 200 thousand donated by the steelmakers to assist the wards of the Way Home Charitable Foundation as part of the Doing Good Together competition arranged by Severstal's corporate volunteers and trade union organisation
Environment	<ul style="list-style-type: none"> ▪ Large-scale Arctic Saturday clean-up day held on the territory of the Teriberka Natural Park as part of the Large-Scale Arctic Clean-up federal project ▪ Ecological trail route arranged for tourists
Landscaping the cities of presence	<ul style="list-style-type: none"> ▪ The Sevastopol Embankment in Volgograd landscaped at the expense of the grant received under the Doing Good corporate competition
Intellectual (pro bono) volunteering	<ul style="list-style-type: none"> ▪ Mobile literacy class held for the Company's veterans with the involvement of volunteers' narration on how mobile devices and their basic services function

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

Plans for 2025 and Mid-Term

Severstal intends to perform the following personnel management activities:

- Implementing the communication strategy for increasing the employer brand's attractiveness;
- Launching the Dearer Than Steel project devoted to labour dynasties;
- Enhancing the strategic competencies in accord with the Company's business needs;
- Updating the mentoring system;
- Improving managerial training programmes aligned with the topics of interest to managers; and
- Conducting training for volunteering movement leaders in the regions of presence.

Contribution to the Development of the Regions of Presence

2024 Highlights

RUB 7.5 billion 
social investments (↑ 92%)

RUB 35.2 billion
tax and non-tax payments (↓ 32%)

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 Topics

- Development of the regions of presence
- Economic performance

UN Sustainable Development Goals



Approach to Management

GRI 3-3

Severstal recognises its impact on the life in the regions of presence, especially in small industrial towns whose development is directly reliant upon its social programmes. The Company creates jobs, implements charitable and social programmes, and invests in the development of the regions' infrastructure. To efficiently manage this practice area, Severstal has built an organisational structure with a clear allocation of responsibilities between its divisions.

Organisational structure of social investment management

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

Severstal's approaches to interaction with local communities, including indigenous minorities of the North (IMN), are outlined in the Company's internal documents drawn up with consideration to national laws and international regulations.

Key documents in social programmes implementation

- Internal**
 - Corporate Social Responsibility Policy of PAO Severstal
 - Corporate External Social Programme Management Policy of PAO Severstal
 - Human Rights and Community Relations Policy (Including Indigenous Peoples and Minorities) of PAO Severstal and Related Legal Entities
 - Corporate Standard for the Management of Sponsorships and Charitable Activities of PAO Severstal
- External**
 - Unified Plan for Achieving the National Development Goals of the Russian Federation for the Period up to 2030 and for the Planning Period up to 2036
 - Federal Law dated 30.04.1999 No. 82-FZ on Guarantees of the Rights of Indigenous Minorities of the Russian Federation

The Company's contribution to the social and economic development of the regions of presence regularly gains recognition of the professional community and rating agencies. Prizes are awarded both to Severstal's ongoing programmes and individual initiatives. In particular, in 2024, the Company received a number of awards for its project on the integrated development of Cherepovets, Severstal's key city of presence.

Prominent awards of Severstal and its partners in development of the regions of presence in 2024

Competition	Award
Our Contribution national award	<ul style="list-style-type: none"> Severstal is a finalist and holder of the Partner of National Projects status. Among the projects presented was the project of integrated development of Cherepovets
Leaders of Responsible Business national award	<ul style="list-style-type: none"> Severstal is the winner of the comprehensive assessment for its contribution to addressing socially important objectives
All-Russian RSPP competition 'Leaders of Russian Business: Dynamics, Responsibility, Sustainability 2023'	<ul style="list-style-type: none"> Severstal's programme is the winner in the For Contribution to Sustainable Development of Territories nomination with its projects for supporting local residents and improve cities, including Cherepovets
It's All about the People competition	<ul style="list-style-type: none"> The project of integrated development of Cherepovets is one of the three winners in the Development of Local Communities nomination
Corporate Charity Leaders	<ul style="list-style-type: none"> Severstal is a holder of the highest A+ category Severstal's Engineering Classes and Choose Life projects are the winners in special nominations
Heritage of the Nation national award	<ul style="list-style-type: none"> The Sovetsky Avenue and Serpentine park reconstruction projects are shortlisted for the national award in the Best Master Plan for Regeneration of the Historic Environment and the Best Engineering Solution for a Social Facility nominations
Russian Organisation of High Social Efficiency	<ul style="list-style-type: none"> Severstal is the winner in the For Contribution of Social Investments and Charity to Territory Development nomination at the federal stage of the Russian Organisation of High Social Efficiency national competition
Green Standard Awards	<ul style="list-style-type: none"> The project for the Revolution Square improvement in Cherepovets was recognised in the special Best Urban Space in the ESG/Green Building Concept nomination
InterComm 2024 Award	<ul style="list-style-type: none"> Severstal's corporate volunteering programme is a silver winner in the Territory of Good nomination
The Starting Point contest under the Donors Forum	<ul style="list-style-type: none"> The Way Home Charitable Foundation is among the winners of the national competition of annual public reports among non-profit organisations
Silver Mercury 2024 entrepreneurship competition	<ul style="list-style-type: none"> The Cherepovets Urban Development Agency is the winner in the For Contribution to Building a Positive Business Image of the Region nomination

Community Engagement Mechanisms

GRI 413-1 | GRI 14.10.1 | SASB EM-MM-210b.1

Severstal's systemic approach to local community engagement enables the Company to establish a productive dialogue and factor in the needs of all stakeholders. The Company plans social investments in close cooperation with local government officials in the regions, holds consultations with local residents and looks into their needs. In addition to meetings and consultations, Severstal provides several feedback channels for local residents so that they can report potential violations and submit various requests:

- Corporate website;
- Corporate social networks, and
- Official pages of the heads of Severstal's divisions and segments, as well as of the CEO of PAO Severstal, on social media.

When planning its projects, the Company normally sets up working groups composed of representatives of local authorities, NPOs, cultural and educational institutions, associations and community groups in the region of presence. Moreover, the Company conducts annual sociological surveys to assess Severstal's attractiveness as an employer and its compliance with the characteristics of a socially responsible business.

When expanding its production and commissioning new production sites, the Company conducts mandatory audits in accordance with the law. If audits reveal the need to relocate local residents, Severstal undertakes to consult with them accordingly. As at year-end 2024, no such situations occurred.

The Company also engages local communities in the issues connected with decision-making on sites closure, and assumes responsibility for the development of territories even after the closure of operations. These principles are set forth in the Company's internal policies.

Urban Environment Quality Assessment

Severstal takes account of the needs of local communities when elaborating and implementing socially important projects. For example, in 2023, the Company developed a methodology for analysing the quality of life indicators in the regions of presence, including 45 key indicators selected by a working group based on the VEB.RF Quality of Life Index and the Urban Environment Quality Index of the Russian Ministry of Construction. In 2024, the Company performed such assessment in Kostomuksha, Olenegorsk, Cherepovets, Stroitel, as well as in Yakovlevo town settlement, in seven pillars:

- Landscaping, housing, natural and environmental conditions;
- Security;
- Income and work;
- Healthcare and health;
- Education;
- Organised leisure conditions, and
- Social activities and the rights of citizens.

Most pressing issues in Severstal's cities of presence



- Health and healthcare
- Landscaping and greening
- Housing shortage
- Environmental setting
- Water quality
- Quality of roads
- Leisure facilities and level of cultural development

Severstal's methodology helped reveal the most troubled areas for development in the cities of presence. The most widespread problems included healthcare, landscaping, transport, and quality of roads. The assessment results constitute the backbone for elaborating integrated development projects in Severstal's cities of presence, as well as other charitable programmes of the Company.

Supporting Minorities and Indigenous Peoples

GRI 411-1 **GRI 14.11.1** **GRI 14.11.2** **GRI 14.12.1** **GRI 14.12.2** **GRI 14.12.3**

In carrying out its activities, Severstal regularly monitors the degree of its impact on minorities and indigenous peoples in the regions of presence. In the reporting year, there were no cases of abusing their rights or cases of forced resettlement, violations of land and resource rights, or other similar conflicts.

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

Minorities and indigenous peoples live in two regions of the Company's presence. The Republic of Karelia is home to Veps, Karelians, and local ethnic groups of indigenous Russians – Zaonezhans, Pudozhans, and Pomors. In the Murmansk Region, the only officially recognised indigenous minority are the Sami.

Support for minorities and indigenous peoples in 2024

Activity	Results
Sami	
Festival of Sami music and culture	Assistance to the Kola Sami Association in conducting a traditional festival of Sami music and culture in Olenegorsk
Collection of Sami works about the Great Patriotic War	Financing the publication of a collection of Sami works about the Great Patriotic War
Treasures of the Sami Land fair	Conducting the Treasures of the Sami Land exhibition, fair and roundtable in Murmansk on the occasion of the 35th anniversary of the Kola Sami Association
Karelians	
Supporting Karelian cultural heritage	Support for the project for creating a street game based on Karelian cultural heritage. In 2025, the new game will be included in the programme of cultural events in the region
Rautasuo tourist route	Continuation of the project for creating the Rautasuo ¹ tourist route in the Kalevalsky National Park. The project implementation is into its fourth year, which contributes to enhancing the route, adding new facilities as well as information about the history of bog iron ore mining. Start of construction of a museum of ancient iron products found in the surroundings
Whitefish festival in Voknavolok	Carrying on Karelsky Okatysh's tradition to partner with the Karelian festivity with fishing competitions, excursions to ancient village sites, fair, and interactive venues

Contribution to the Economic Development of the Regions of Presence

GRI 3-3 **GRI 201-1**

Being one of Russia's largest metallurgical companies, Severstal produces both direct and indirect impact on the economies of the regions of presence. Its contribution consists in replenishing the budget through tax and other statutory payments to the state, as well as via investments in the development of certain practice areas.

¹ Translated as bog iron from Karelian.

Direct economic value generated and distributed, RUB million

	2023	2024
Direct economic value generated		
revenue	744,002	869,337
Economic value distributed		
Total:	643,444	1,043,674
operating costs	484,902	619,203
payroll and social contributions	86,561	118,852
payments to capital providers	12,562	267,835
payments to the state	55,469	30,261
investments in social and charity projects	3,950	7,523
Economic value retained	100,558	-174,337

Tax Payments

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

Severstal abides by tax laws in full by discharging its tax obligations and benefiting from applicable federal and regional tax incentives. The Company's approach to the tax policy is laid down by the internal document titled Information on the Organisation of the Internal Control System. In accordance with this document, Severstal ensures transparency of operations for stakeholders, correct accounting of tax payments, and observance of statutory requirements. In addition, the Company regularly monitors tax risk factors and takes measures to mitigate them.

The Company liaises with tax control and supervisory authorities to monitor the compliance with tax laws. Severstal's employees are members of the RSPD working group and chair the Finance and Economics Commission of the Russian Steel Association, where they share their expertise in taxation. In 2024, they participated in discussions on the issues on the organisations' working agenda.

In 2024, the amount of revenues from Severstal's operations to the budgets of the regions of presence decreased by one-third to over RUB 35 billion due to the volatile market situation and the absence of excess profit tax.

Tax and non-tax payments by Severstal's key regions of presence in the Russian Federation, RUB million^{1,2}

2020	2021	2022	2023	2024
21,967	60,179	23,867	52,140	35,239

Development of the Potential of Territories and Entrepreneurship

Together with the Cherepovets Mayor's Office, Severstal is a co-founder of the Urban Development Agency (UDA) that extensively supports small and medium-sized businesses. In the reporting year, UDA continued to provide training, hold events to promote interaction between businesses and the government, and render information and organisational support. In addition, UDA upheld 65 investment projects being implemented in Cherepovets.

Key performance metrics of the Urban Development Agency of Cherepovets in 2024

52 new businesses set up in Cherepovets with assistance from UDA

489 jobs created

RUB 21 billion - investments in the economy of Cherepovets

RUB 1.8 billion of taxes remitted by the residents of the territory of priority development to the consolidated budget of the Vologda Region

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

² The values by region of presence are to be found in the Appendix 6.

Key activities of the Urban Development Agency in 2024

Project	Description	Results
VII International Industrial Forum Horizon 2050	<ul style="list-style-type: none"> Debates on the key issues of the region's economy, industry and investments: global financial trends, prospects of adapting to the new challenges, strategic areas of the Vologda Region development. The event brought together dozens of experts, hundreds of attendees, and representatives of major companies 	<ul style="list-style-type: none"> Over 200 attendees
Business events	<ul style="list-style-type: none"> Events aimed to enhance cooperation between representatives of businesses and business associations, experts and other stakeholders. These include meetings of the Social Entrepreneurs Club Glazychev Readings research and practical conference Semi-finals of the Masters of Hospitality federal project 	<ul style="list-style-type: none"> 18 business events Over 100 attendees to the Glazychev Readings – professionals in urbanism and territorial development 175 participants to the semi-finals of the Masters of Hospitality project – professionals in tourism development
Educational projects for entrepreneurs	<ul style="list-style-type: none"> Fundamentals of Entrepreneurship, Business School of Creative Industries, and Specialist in Procurement courses, workshops, webinars Educational and career guidance project for schoolchildren 'Career Startup in Catering' with a series of workshops from industry professionals at the leading food outlets UDA Classes educational project 	<ul style="list-style-type: none"> 14 educational events About 50 learners of the Fundamentals of Entrepreneurship course
Creative Set, a project to support and boost creative industries in Cherepovets	<ul style="list-style-type: none"> Projects to improve urban space covering such areas as clothing design, workshops, pedagogical initiatives, etc. 	<ul style="list-style-type: none"> 25 authors of projects

Electronic Business Cooperation

The Electronic Business Cooperation project is a website that accumulates information on purchases by large enterprises of Cherepovets and the Vologda Region, as well as on small public contracts. The platform constitutes an efficient tool for notifying enterprises of purchases of large businesses and for engaging them, as well as a mechanism to enhance competition.

In 2024, the platform registered over 1.8 thousand small and medium-sized enterprises (mainly of the Vologda Region) interested in cooperation with large businesses. The number of orders placed as at the end of the reporting year exceeded 130 thousand.

The amount of the Company's purchases of goods, materials and services from small and medium-sized businesses in the Vologda Region increased from RUB 22.2 billion in 2023 to RUB 35.2 billion in 2024.

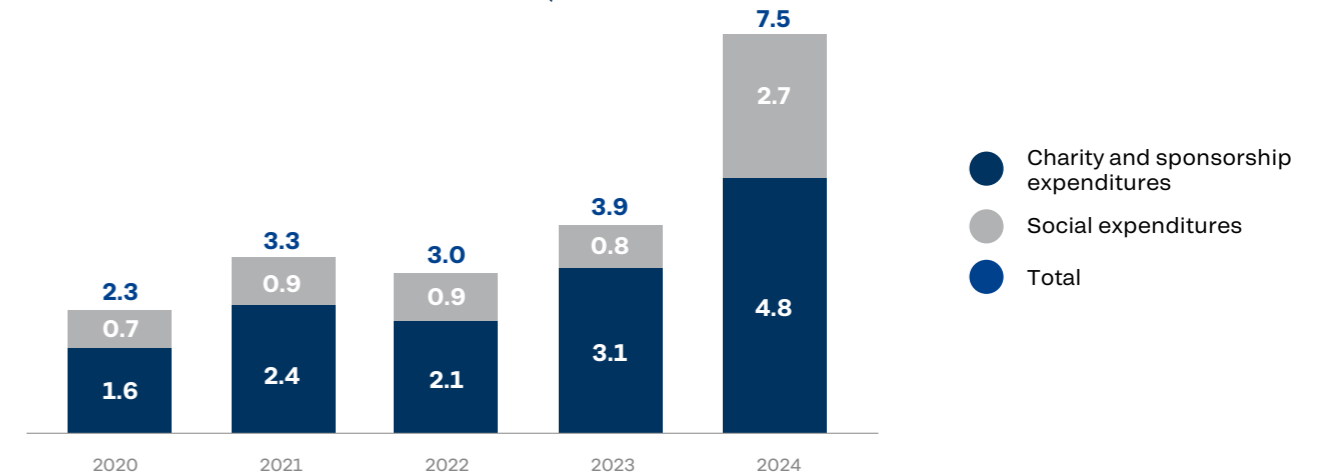
Social Investments

GRI 203-1 GRI 413-1

Each and every year, the level of the Company's social investments in the regions of presence remains high. In 2024, they grew significantly (by 92%) to reach RUB 7.5 billion. The main areas of investments in the reporting year remained unchanged. These are programmes for integrated urban development, sports, culture and education, and collaboration with non-profit organisations and representatives of local communities.

MED-10

The amount of social investments, RUB billion¹



GRI 203-1 MED-34

Charity and sponsorship expenditures by practice areas, RUB million²

Focus area	2021	2022	2023	2024
Sports	1,113	1,053	1,057	1,318
Support for public and business organisations	385	121	209	704
Contribution to infrastructure development and landscaping	372	126	1,537	710
Culture and arts	161	193	78	346
Support for socially vulnerable groups	110	107	131	1,175
Education	109	89	42	176
Healthcare	32	7	5	91
SME support	12	8	14	15
Public environmental activities	5	17	14	18
Other	101	426	40	236

Over RUB **2.4** billion

since 2022, the Company has invested in the integrated urban development projects

¹ The data is presented in conformity with the IFRS consolidated financial statements. Social expenditures cover social support costs and pension liabilities of the Companies.

² Itemised by practice areas since 2021.

Urban Environment Development

Landscaping in the regions of presence constitutes an important pillar of the Company's social investments. The Company is strongly focused on investing in the integrated development of the cities of presence, including the master plan elaboration, reconstruction and landscaping, sports and cultural events, and support for healthcare, education and cultural professionals.

In this area, Severstal, together with the Kindness of the North (Dobrota Severa) Charitable Foundation, delivered integrated development projects in Cherepovets and Kostomuksha as well as other programmes to improve the living standards for local residents in 2024.

Urban environment development projects in 2024

Integrated development of Cherepovets



- Improvement of the Revolution Square and creation of a monument to the Vereshchagin brothers
- Renovation of the Red Lane leading to the city embankment and a network of walking routes
- Landscaping a new public garden on the place of an abandoned wasteland on the Sovetsky Avenue
- Total landscaped area – 40 thousand sq m
- Creation of a public garden and boulevard on Gorodetskaya street

Integrated development of Kostomuksha



- Commencement of the elaboration of the Kostomuksha master plan
- Repair of the roadbed on the Gornyyakov Avenue and drawing up the design and estimate documentation for the overhaul of two roads
- Repair of a portion of the dormitory of the Polytechnic College and the roof of the municipal library building
- Holding a strategy session for cultural institutions, travel grants, etc.

Support for healthcare and sports infrastructure



- Purchase of equipment for the Vologda Region children's hospital No. 2 and the Kostomuksha interdistrict hospital
- Extra payments to medical staff
- Co-financing the construction of an administrative and amenity block for the ski and biathlon complex in Kostomuksha
- Overhaul of the tennis court in the Yakovlevskiy urban district

Landscaping



- Creation of the green framework of Cherepovets by planting trees
- Green Shield programme to plant greenery at the industrial site of Cherepovets Steel Mill
- Over the last five years, about four thousand large-sized trees have been planted

Other integrated urban development initiatives are presented in the sports and culture support projects, [page 139](#).

Over the reporting year, Severstal, together with Autonomous Non-Profit Organisation Sreda, arranged, by now, the fifth annual Cherepovets, Get Involved! grant competition. Eighteen teams from among the urban residents received support for their projects: the amount totalled RUB 11 million. The winners implemented projects to improve territories, enhance new forms of family leisure, enrich the cultural life of the city, and promote sports. The competition is a successful tool that incentivises urban dwellers to implement initiatives of essence for the city. Year after year, the number of successful practices and the total number of attendees show sustained growth, which attest to an intensive involvement of local communities in the sustainable development of Severstal's territories of presence.

Support for residents of border areas

In 2024, Severstal helped rebuild the destroyed residential houses and infrastructure in the Belgorod Region. At Yakovlevskiy Mine, the Company launched a programme for employees and their families to temporarily move out of hazardous areas until the situation is back to normal. As and where necessary, the Company compensates for the rent of housing in remote communities of the Belgorod Region and neighbouring areas. Over 300 families benefited from this opportunity. Separate support measures were aimed at protecting the children of the Company's employees and assisting in arranging for a distance learning. More than 770 employees' children aged 5 to 17 joined the classes. In Stroitel, Severstal organised childcare for employees' children in the format of an after-school group while parents are on shift. During the year, extraordinary shifts to children's health camps were arranged in the Moscow region – about 400 children have taken advantage of such opportunity since the start of the year, and 35 family members with children stayed as vacationers at the recreation camp in the Vologda Region.

Support for Families

Severstal takes good care of the residents of the regions of presence by placing special emphasis on the most vulnerable groups – families and children in hardship. The Way Home Charitable Foundation established by the Company renders support to the beneficiaries. The foundation works to prevent child orphanage, support families bringing up children with special needs and disabilities, and render assistance to adolescents with deviant behaviour. In 2024, Severstal allocated over RUB 120 million for these areas. The foundation received about RUB 40 million in grants from Russian entities and donations from individuals.

2024 highlights of the Way Home Charitable Foundation

29 social projects in four regions of presence

Virtually 18,000 people received assistance

>2,900 families received assistance in social orphanage prevention

>300 adolescents with deviant behaviour changed their conduct to socially acceptable as a result of the programme delivery

>500 women received psychological and legal counselling as part of the pregnancy, childbirth and parenthood task-level work with them

The foundation constantly fosters its volunteer movement: over 300 enthusiasts render targeted assistance to families with children as tutors, speech therapists, defectologists, and help arrange charity events and activities. In 2024, over 300 volunteers assisted children from 250 families. More than 100 Company employees in Cherepovets are regular volunteers of the foundation. They provide their beneficiaries with clothes and household items, carry out cosmetic refurbishment, assist at home, transport and assemble furniture, organise workshops and games for kids.

Severstal's divisions also provide pro bono assistance to the foundation by helping it enhance managerial competencies and supporting the transformation of digital services. Within this practice area, the Company designed a corporate identity for the foundation and an electronic system for diagnosing the risk of self-harming behaviour in minors, created and launched a new website, and carries out work on the creation of electronic service to assess social projects performance.

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

Key activities under the Way Home programme in 2024

Project	Description	Results
Charity campaigns		
New Year charity event – A Gift for Every Child	<ul style="list-style-type: none"> Accomplishment of New Year wishes of children from families under the care of the Way Home specialists 	<ul style="list-style-type: none"> Gifts for 543 children from six cities of presence, RUB 616,000 donated by private donors
Family New Year Charity Bazaar in Cherepovets	<ul style="list-style-type: none"> 17 workshops and one charity fair 	<ul style="list-style-type: none"> 100 families attended the event
The Generous Week campaign	<ul style="list-style-type: none"> Trip to Moscow for 20 talented schoolchildren from Cherepovets, sale of unnecessary items at ten schools 	<ul style="list-style-type: none"> >RUB 212,000 donated by private donors to support families in hardship
Get a Child Ready for School campaign	<ul style="list-style-type: none"> Donating money via the Way Home website, QR code and personal visits to the foundation’s offices in Cherepovets, Kostomuksha, Stroitel, Olenegorsk, and Oryol 	<ul style="list-style-type: none"> 500 donors from 12 Russian cities contributed to the campaign RUB 600,000 granted by private donors for 400 children from disadvantaged families
Other activities		
III Interregional Conference ‘From 0 to 17: in the Best Interests of Children’	<ul style="list-style-type: none"> Discussing and addressing social issues, responsible parenting matters, support for families in crisis and to adolescents prone to deviant behaviour 	<ul style="list-style-type: none"> >700 attendees from 24 regions of Russia
Safe Childhood Information marathon	<ul style="list-style-type: none"> Drafting the materials on creating a safe environment for children Compiling checklists and memos for parents and specialists Psychologist webinars 2024 topics: suicide risk for adolescents, danger of self-harming and/or compulsive behaviour 	<ul style="list-style-type: none"> >46,000 views of the recorded marathon, >70 children from different cities physically attended the classroom events
Obtaining grant support and subsidies	<ul style="list-style-type: none"> Obtaining grants to implement projects that aim to support families in hardship, including child illness and social difficulties Creating a safe environment for children and rendering professional assistance to their parents through such projects as Family Circle, Step to Success, Integrated Family and Child Support Service, and Youth Parking 	<ul style="list-style-type: none"> Almost RUB 35 million in grants and subsidies >1,000 families and 1,500 children are potential recipients of support



In the reporting year, the director of the Way Home Charitable Foundation was awarded a medal at the Sanctity of Motherhood international competition, and the foundation’s activities were marked in the Best Project for the Prevention of Family Relationship Disorders during Adaptation to Parenthood nomination.

Support for Education and Talented Youth

Severstal consistently supports talented young people and improves the quality of education in the regions of presence, i.e. enhances the educational infrastructure, implements joint projects with universities and vocational schools, and upholds gifted students. At the same time, the Way Home Charitable Foundation delivers the Way to Success programme aimed at promoting motivated and gifted schoolchildren. The programme’s core activities include a thorough study of subjects, preparation for the academic competitions, project and research activities based on Severstal’s case studies, trainings in soft skills, and advanced training for teachers.

Education support projects implemented in 2024

Project	Description	Results
Way to Success programme		
Way to Success project	<ul style="list-style-type: none"> Creating conditions for motivated, gifted, and talented school students to obtain advanced knowledge 	<ul style="list-style-type: none"> >1,000 schoolchildren completed the advanced tracks, >500 children participated in preparing for academic competitions
XXI Century Engineer project and research programme	<ul style="list-style-type: none"> Enabling schoolchildren to deliver applied research and projects aimed at accomplishing topical technological and production tasks of today’s production 	<ul style="list-style-type: none"> About 70 schoolchildren are the immediate participants to the elaboration of applied projects
Science Territory competition	<ul style="list-style-type: none"> Support for gifted and talented schoolchildren of Cherepovets to promote their further enhancement 	<ul style="list-style-type: none"> 90 schoolchildren took part in a subject-specific field shift following the competition results
Enhancement of soft skills	<ul style="list-style-type: none"> Trainings and team games for the advancement of schoolchildren’s skills Debut of the DVIZH intellectual tournament in maths, physics and computer science 	<ul style="list-style-type: none"> >100 schoolchildren are the participants to the four skills development events, >50 schoolchildren from 12 schools attended the tournament
City Pedagogical Forum	<ul style="list-style-type: none"> Training and development of teachers with participation of regional and federal experts in the following subjects: philology, mathematics, physics, biology, computer science, the English language 	<ul style="list-style-type: none"> Training at workshops and the City Pedagogical Forum: 215 teachers





Project	Description	Results
Other projects		
Experimental educational programme of the Advanced Engineering School in Cherepovets	<ul style="list-style-type: none"> The Advanced Engineering School (AES) established at the Cherepovets State University covers two levels of professional higher education. In 2024, it was supplemented with a creative educational programme for Master's degree holders, designed as a series of meetings with experts to share experience and knowledge 	<ul style="list-style-type: none"> RUB 210 million – the planned amount of co-financing provided by the Company (RUB 93 million in 2024) 20 Bachelor's degree holders and 31 Master's degree holders – target enrolment of the first year of study
Supporting events to mark the 300th anniversary of the Saint Petersburg State University	<ul style="list-style-type: none"> Events for schoolchildren –university-students-to-be, including a marathon of school teams, opening of a new lecture room 	<ul style="list-style-type: none"> >400 children from 50 schools in different Russian regions attended the Twenty Colleges marathon
Support for the Management of the Future conference	<ul style="list-style-type: none"> Annual student conference of the Graduate School of Management at the Saint Petersburg State University, bringing together the best students and the largest companies in Russia 	<ul style="list-style-type: none"> 115 students from 18 Russian cities attended the conference
Metallurgy lessons and industrial excursions for the Movement of the First members	<ul style="list-style-type: none"> Career guidance and educational events dedicated to metallurgy and mining for the Movement of the First members from the Vologda, Murmansk, Belgorod Regions and the Republic of Karelia 	<ul style="list-style-type: none"> >3,500 schoolchildren and students participated in the events 70 metallurgy and mining lessons 30 excursions to production facilities in Cherepovets, Kostomuksha and Olenegorsk

[For more details regarding the youth projects and educational programmes devoted to career guidance, see the HR Management section.](#)

Support for Veterans and Retirees

Severstal supports retirees, low-income and disabled people, encourages preventive health protection, promotes healthy lifestyles, enhances sports, creative, patriotic, spiritual and moral upbringing of individuals. In this regard, the Company rendered financial aid to support over 20 charitable and other projects worth RUB 389 million in 2024. In 2024, the Company's volunteers also held a centralised Thank You, Veterans! campaign in several cities of presence, including arrangements for celebrating the Victory Day, topic-specific workshops for veterans, and targeted assistance in cleaning flats. On top of that, Severstal implemented a project for creating a mobile literacy school for the Company's veterans. As part of the project, the volunteers narrated on how mobile devices work and their basic services function. Over 100 veterans completed this training during the year.

Support for Sports and Healthy Lifestyle

The Company upholds professional and amateur sports in the regions of presence and creates comfortable conditions for sports hobbies and for encouraging a healthy lifestyle among the local residents.

Support for sports in 2024

Project	Description	Results
Equipping schools and kindergartens	<ul style="list-style-type: none"> Equipping the Zolotoy Klyuchik kindergarten with a sports ground under the Sports Childhood project, acquisition of sports equipment for the Kostomuksha sports school In Olenegorsk: support for the municipal training and sports centre and the Olymp sports school, acquisition of equipment for hockey and other sports activities 	<ul style="list-style-type: none"> Over 200 children visit the sports ground and make use of sports equipment in Kostomuksha Over 100 children in Olenegorsk attend the sports centre and school
Support for hockey	<ul style="list-style-type: none"> Severstal is the general partner of Severstal's hockey club and the children's hockey school in Cherepovets 	<ul style="list-style-type: none"> RUB 1.25 billion – funding for the hockey club and children's school
Support for other winter sports	<ul style="list-style-type: none"> Severstal is a partner of the Metsola Trails and Energy of the North festivals with a ski marathon, Nordic walking and triathlon competitions Support for children's interregional biathlon competitions, for which a direct train travelled to Kostomuksha from Moscow via Saint Petersburg for the first time 	<ul style="list-style-type: none"> Over 1,500 festival attendees 320 athletes from 19 Russian regions attended the competitions in Kostomuksha
Support for boxing and triathlon	<ul style="list-style-type: none"> In Cherepovets: support of the boxing tournament in memory of Ivan Bardin (member of the USSR Academy of Sciences) and the Energy of the North triathlon festival In Kostomuksha: XV anniversary boxing tournament for the prizes of Karelsky Okatysh For the winners, the competition became one of the stages of qualification to participate in the boxing championship at the national level 	<ul style="list-style-type: none"> >100 athletes from more than 30 Russian regions participated in the boxing tournament in Cherepovets 1,200 athletes from 84 Russian cities took part in triathlon competitions About 100 young athletes from five Russian regions participated in a tournament in Kostomuksha
Support for board games	<ul style="list-style-type: none"> In Cherepovets: national rapid chess competitions organised for the first time using the funds of Severstal's grant competition In Olenegorsk: support for competitions in board games for disabled people 	<ul style="list-style-type: none"> >110 chess players from 11 Russian regions took part in the competitions 50 participants to the competitions in Olenegorsk

Support for Culture and Arts

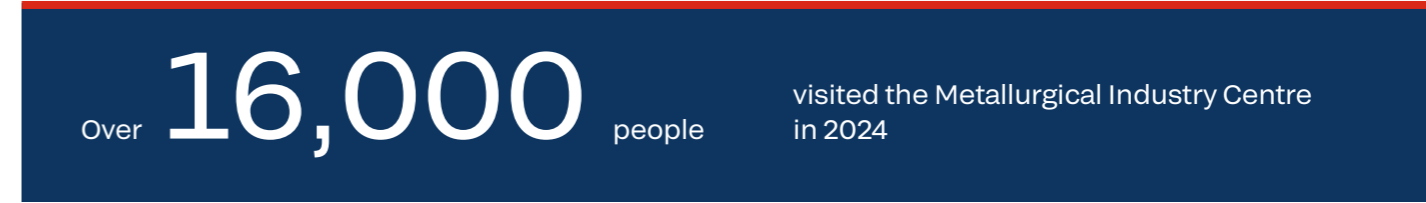
On an annual basis, Severstal renders support to museums, sponsors festivals, and upholds creative and sports organisations. Cultural projects include support for federal institutions (the Bolshoi and Mariinsky Theatres, the State Historical, Russian State and Jewish Museums, the Tretyakov Gallery, and the Pushkin State Museum of Fine Arts), as well as regional museums under the Cherepovets Museum Association, the Vologda Museum-Reserve, and the Dionysius Fresco Museum.

The Company is extensively involved in the activities of the Kindness of the North Charitable Foundation and in promoting its mission, being the enhancement of human potential and territories by shaping and catering to the needs for the best social, cultural, and educational practices. In the context of cooperation with the said foundation, the Company contributes to the implementation of the Museums of the Russian North programme that covers the advancement of the sustainability agenda of the northern regions of the country through support to cultural initiatives and improvement of professional excellence of museology specialists.

Project	Description	Results
Projects of the Kindness of the North foundation		
Cultural and tourist guide to the Russian North	<ul style="list-style-type: none"> Creation of the first cultural guide to new tourist programmes of the museums in the Murmansk and Arkhangelsk Regions: ten interactive one-day teenager and youth tours 	<ul style="list-style-type: none"> Launch of one programme for a visit
Exhibitions of the Andriyaka Sisters. Continuity of Generations project	<ul style="list-style-type: none"> In Olenegorsk and Kostomuksha: opening of the Andriyaka Sisters. Continuity of Generations art exhibition to introduce visitors to the paintings and graphics by the daughters of the People's Artist of the Russian Federation Sergey Andriyaka whose works decorate the first Kremlin building Sociocultural projects focused on museums' interaction with the local community 	<ul style="list-style-type: none"> Over 500 visitors to the exhibitions
Support for the implementation of the grant competition winning projects	<ul style="list-style-type: none"> Organisation of internships for the museum teams, consultations with experts in museology, coaches and psychologists on project management issues, internal strategic sessions for each museum in the follow-up of project implementation 	<ul style="list-style-type: none"> Six sociocultural projects, two in-person internships, 50 expert consultations
National project for the development of mentoring in museology	<ul style="list-style-type: none"> Training the museums' managerial staff in mentoring under international standards and mastering efficient tools and practices 	<ul style="list-style-type: none"> 21 museum managers, 53 museum staff members
Digitalisation of museology	<ul style="list-style-type: none"> A pilot museum digitalisation project covering the research of museums' IT needs and their integration into the leading digital platforms. Organisation of webinars with experts and IT professionals to provide advice to the museum teams 	<ul style="list-style-type: none"> >200 museum employees took part in the project; five museum teams designed their own digital products
Other		
Support for film, music and theatre festivals	<ul style="list-style-type: none"> Annual festival of the New Year's Morozko (Father Frost) fairy tale for children's and youth theatre groups of the Murmansk Region Annual open regional soldier's song festival 'I meet with my comrades-in-arms to keep my memory alive...' International arts festival in Kostomuksha International festival of finno-ugric culture Kanteletar The VOICES young film festival The Time of Bells rock festival 	<ul style="list-style-type: none"> Cultural education opportunities for local residents
Style of Steel competition of creative projects	<ul style="list-style-type: none"> Timed to coincide with the Year of the Family in Russia and the 195th birth anniversary of Ivan Milyutin, Cherepovets mayor (1861-1907), public figure, industrialist, educator, philanthropist and shipowner. Creation of 'family ships' by each team- as replicas of the ships built by Milyutin 	<ul style="list-style-type: none"> Awarding the winning families with travel certificates

Metallurgical Industry Centre in Cherepovets

More than 600 cultural, educational and career guidance events took place at the centre, including excursions, industrial tours, metallurgy lessons and workshops. The centre delivered two socially useful projects to educate elderly people and children with disabilities: Time of New Opportunities and Creative Sitings. The centre's expertise was presented by the Company at certain federal events in the field of art, museums and science.



Plans for 2025 and Mid-Term

Vologda Region:

- Supporting the implementation of the project for the integrated development of Cherepovets: the Gritinskaya Gorka skiing complex, the complex of the railway station square and public garden;
- Creating a cultural space – centre of attraction for young people and active citizens;
- Upholding a new area for organising leisure activities for local residents titled Inspiration Industry;
- Elaborating a strategy to promote municipal creative industries;
- Promoting creative industries c/o newer grant competition titled Creativity of the Regions;
- Supporting amateur and professional sports;
- Greening urban areas;
- Supporting the Professionalitet (Professional Training) federal project and enhancing engineering classes; and
- Upholding the grant competition, implementing federal educational and cultural projects.

The Republic of Karelia:

- Supporting the implementation of the project on the integrated development of Kostomuksha: development of the second stage of the municipal development master plan, co-financing the construction of an ice rink, acquisition of medical equipment for the hospital, renovation of the college dormitory and the monument to resistance fighters Akhvenyarvskie Stones;
- Promoting creative industries c/o newer grant competition titled Creativity of the Regions;

- Assisting in organising the Chamber Arts Festival;
- Supporting the biathlon Anna Bogaliy Cup, and
- Supporting the Professionalitet (Professional Training) federal project and enhancing the engineering classes.

Murmansk Region:

- Improving territories, supporting culture, sports, education, public organisations;
- Promoting creative industries c/o newer grant competition titled Creativity of the Regions;
- Enhancing the engineering classes, and
- Upholding the implementation of an environmental project in the Teriberka Nature Park.

Belgorod Region:

- Enhancing the engineering classes in mining;
- Supporting the territory development: completing the construction of a sports ground for the sponsored technical school; landscaping, and
- Refurbishing the destroyed regional infrastructure,
- Supporting the employees and their families: teaching children at an online school, babysitting, arranging weekend tours and recreation at a health resort.

Saint Petersburg:

- Assisting kindergartens and children's social institutions, and
- Assisting elderly people residing in social institutions.

Occupational Health and Safety

2024 Highlights

100%

enterprises certified under ISO 45001 (↑8 p. p.¹)

RUB 7.1 billion

allocated for OHS activities (↑73%)

0.48 

LTIFR among Company employees (↓ 16%)

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



Approach to Occupational Health Management

Short-term goal

0.45

LTIFR among Company employees by 2028¹

0


fatalities by 2028¹

100%

enterprises to be certified under ISO 45001 by 2025

Progress in 2024

0.44

LTIFR among Company employees and contractors in 2024 (↓24% against 2023) 

4

fatalities in 2024 (↑2 cases against 2023) 

100%

enterprises certified as at the end of 2024² (↑8 p.p. against 2023)

GRI 3-3 | GRI 403-1 | GRI 403-4 | GRI 14.16.1 | GRI 14.16.3 | GRI 14.16.5

Severstal's strategic goal is leadership in occupational health and safety. The Company strives to hit the first quartile of the global industry in terms of LTIFR – up to 0.45 by 2028. Severstal analyses injury statistics, provides employee training based on such data, enhances the general competencies required to ensure the workplace safety, and follows the Safety Above All thinking pattern.

To achieve this goal, the Company is implementing a five-pillar project to transform its occupational health and safety system:

- building processes to reduce major fatal risks and risks of potential accidents;
- incentivising contractors to bolster their own occupational health and safety management system (OHSMS);
- introducing focused production control to rule out the root causes of accidents;
- mastering and enhancing a basic skill among employees – the ability to see and eliminate sources of danger; and
- building a system to escalate issues from the workplace to the appropriate management level for their timely resolution.

An effective OHSMS entails an extensive involvement of all employees and top management of the Company. Severstal's Board of Directors operates the Safety and Sustainability Committee, which looks into industrial safety performance over the reporting period (including benchmarking), mid- and long-term plans, key issues and solutions, and renders methodological support for the OHSMS.

¹ Hereinafter, against 2023.

¹ Target values of the updated business strategy 2024-2028.

² Net of assets acquired in 2024.

The production safety committees of the enterprises are engaged in the operational management of occupational health and safety (OHS) issues locally. Each business unit establishes the frequency of holding committee meetings on its own. At the segment or enterprise level, such meetings may be held on a quarterly or monthly basis, while at the shop level – every week or every two weeks. In 2024, they were strongly focused on incorporating the best industrial safety practices, implementing programmes to prevent potential fatalities, and strengthening the control and organisation of hazardous operations.

Trade union organisations constitute a mechanism for employee involvement in addressing OHS issues at Severstal. Trade union representatives participate in safety committees, commissions for a special assessment of working conditions, commissions for selection and assessment of personal protective equipment (PPE), commissions for collective bargaining agreements, joint labour dispute commissions, etc.

The primary trade union organisations continue to enhance the work of the Company’s OHS coordinators. Their total number in the Company approached 600. At Cherepovets Steel Mill in 2024, particular emphasis was placed on advancing senior OHS coordinators tasked with harmonising efforts of coordinators in shops. Senior OHS coordinators serve the link between shop managers and occupational risk managers. Coordinators regularly discuss the current injury situation, further OHSMS development, and introduction of new safety tools at meetings with Severstal’s Director of Occupational Health, Safety

and Environmental Protection (HSE) and the head of the segment’s HSE Department.

Coordination of the Company’s OHS activities and methodological support of the relevant processes is carried out by the Occupational Health, Safety and Environment Directorate, within which the Company created a department responsible for the development of acquired enterprises in 2024.

As part of digitalising OHS processes, Severstal is upgrading its Occupational Health and Safety Control software package (OHS Control SW). In 2024, the Company upgraded the Incident Management, Risk Management, Audit Management, Contractor Safety Management, Special Assessment of Working Conditions, and Committees modules. In addition, Severstal developed extra functions, which it intends to introduce in 2025:

1. designer of operational documentation;
2. designer of occupational safety instructions;
3. accounting of temporary structures; and
4. accounting of accidents, incidents at technical devices, in buildings and structures.

The SW package enables all Company employees and contractors to be in a single information loop. As at the end of 2024, the system covered more than 37,000 employees (30 enterprises) and about five thousand contractors (1,255 organisations).

Occupational Health and Safety Management System (OHSMS)

GRI 403-1 GRI 403-4 GRI 403-8 GRI 14.16.2 GRI 14.16.5 GRI 14.16.9

Severstal’s OHSMS rests on the requirements of Russian laws and international ISO 45001 standard. The OHSMS provisions are binding upon all Company employees and contractors.

The OHS Policy sets forth the Company’s obligations to create and maintain safe working conditions, identify and eliminate hazards, mitigate risks, build a corporate safety culture, and improve its OHSMS. The document also outlines employee responsibilities, such as stopping/suspending work in the event of an immediate threat to life and health¹, among others.

Severstal is updating the system’s internal documents to bring them in conformity with the

effective legislation and best international and industry practices. In 2024, in order to improve the efficiency of OHS management, the Company carried out an inventory and optimisation of the existing documents, resulting in the cancellation of one third of them (30%). In parallel, Severstal developed and approved four new standards establishing unified requirements in the relevant areas for all of the Company’s enterprises, while integrating numerous separate procedures.

In the reporting period, the Company provided each employee with the ability to access corporate documents in their SAP Personal Profile, including their targeted location (‘binding’ or ‘for information purposes’) based on the job profile.

Key internal OHS documents

- [Occupational Health and Safety Policy](#)
- [Occupational Health and Safety Strategy](#)
- [Basic Life Saving Rules](#)
- [Corporate Safety Leadership and Commitment Standard – new](#)
- [Corporate Contractor Safety Management Standard – new](#)
- [Corporate Occupational Safety Monitoring Standard – new](#)
- [Corporate Professional Risk Management Standard – new](#)

In 2024, Severstal achieved 100%¹ certification of its enterprises under the ISO 45001 standard. AO Severstal Distribution was the last enterprise to be covered by such certification. Recertification was completed by Yakovlevskiy Mine, Olcon, Severstal SMC-Vsevolozhsk, and UniFence.

The Company makes use of reactive (lagging) and proactive (leading) indicators, also included in the managers’ KPIs, to assess OHSMS performance. The indicators are based on the outcomes of OHS inspections and audits along with accident statistics for the Company’s enterprises.

In 2024, to replace the previous internal audit procedure of the accident prevention system, Severstal designed a new OHSMS assessment module, which is common for the Company’s shops and sites, as well as for its contractors. This module assesses performance of the existing and new safety tools: critical safety barrier (CSB) control, leadership rounds, incident investigation, work with contractors, work with BLSR violators, work permit and badge system, risk assessment, etc.

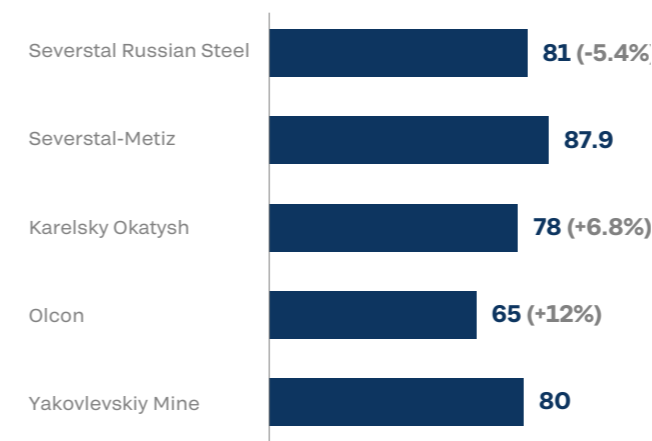
For 2024, the Company notes an increase in the level of OHSMS development by 8.6% (78.4 points) against 2023 (72.2 points). At the same time, the level for the Severstal Russian Steel segment is 5.3% lower than last year’s indicator. Such change is accounted for by the fact that the audits also assessed the efficiency of the introduction and operation of new tools (the assessment at the stage of embedding and deploying new tools in individual divisions affected performance in general). Areas for improvement include:

- discharge of functions to control OHS requirements by line managers;
- enhancement of procedures for dealing with OHS violators, including BLSR violators;
- improving the quality of investigating hazardous actions, conditions, incidents, and performance of remedial measures; and
- strict compliance by responsible persons with the requirements of the work permit and badge system when arranging works.

In 2024, Severstal introduced its Corporate Occupational Safety Monitoring Standard outlining:

- functionality of line managers on occupational safety monitoring, form and frequency of implementation, forms of registering monitoring results;
- form and frequency of inspections and audits conducted by OHS employees;
- requirements to work with monitoring results;
- procedure for monitoring with the use of video surveillance systems; and
- use of the Frame (Ramka) tool.

Average OHSMS performance score for the Company’s key enterprises in 2024, points



¹ Net of assets acquired in 2024

¹ The employee right to give up performing the work that threatens their life and health and in case of a failure to provide them with special clothing, footwear, and other PPE is covered by the occupational safety instructions.

↑2 times – number of inspections and audits conducted by line managers¹

↑32% – number of violations identified by line managers²

↑2.5 times – number of potential fatalities identified by line managers²



↓4 times – number of CSB violations identified by employees, which attests to the efficiency of measures taken to address the deviations discovered

Contractor Safety Management

GRI 3-3 GRI 403-1 GRI 403-4 GRI 403-5 GRI 403-7 GRI 14.16.1 GRI 14.16.2 GRI 14.16.5 GRI 14.16.6

For Severstal, the safety of contractors is equally important as the safety of its own staff. The Company thoroughly sources contractors and sets high safety requirements for them. At the same time, Severstal performs onboarding for new contractors, identifies areas for OHSMS improvement, and works towards achieving the required level.

Severstal evaluates potential contractors at the bidding stage by analysing the quality of their OHSMS and then generating a 'recommended' or 'not recommended' score. The target zone for a potential contract award is 'recommended', and to qualify, a contractor shall meet Severstal's OHSMS requirements and demonstrate a sustained reduction in injuries and zero fatalities.

OHS requirements, which are binding for Severstal's sites, and liability for non-observance are set out in the production safety assurance agreements. The Company sends monthly information to contractors on safety risks identified during OHSMS audits.

In 2024, Severstal amended its corporate HSE requirements for contractors, namely:

- updated and facilitates the pre-qualification assessment questionnaire;
- introduced new rating indicators with control procedures for checking whether the rating corresponds to the actual safety situation;
- introduced incentives for contractor entities depending on the rating; and
- revised the incentive system (fines) for OHS violations.

In the reporting year, the Company also embedded the procedure for supervising contractors at its major assets. Supervision is carried out by the Company's staff.

To improve contractor engagement, Severstal fosters the Contractor Personal Profile capabilities in OHS Control SW. In 2024, contractor coverage reached 90%. Such SW elements, as filing a submission for disagreement with a violation, reflecting penalties for violations, and creating development plans, were harmonised.

On a quarterly basis, the Company holds roundtables with contractors' executives to discuss injury and accident statistics, identified violations of safety requirements, changes in local OHS regulations, and safety projects in progress. Such meetings facilitate the exchange of views on further OHSMS improvement in contractor entities and increase the efficiency of contractor engagement.

Leader's VZOR

Severstal launched a face-to-face training programme Leader's VZOR³ held by internal trainers for contractors that entails mandatory contractor follow-up and debriefing. Training is delivered to contractors' senior executives and OHS specialists, who then cascade the VZOR role model to all employees in their entity. Upon completion of the training, all participants are internally certified. In 2024, the training was completed by over 250 people.

The Director of Contractor Development conducts leadership rounds jointly with contractor entities, which strengthens relationships and ensures high leadership and safety standards across all levels of cooperation.

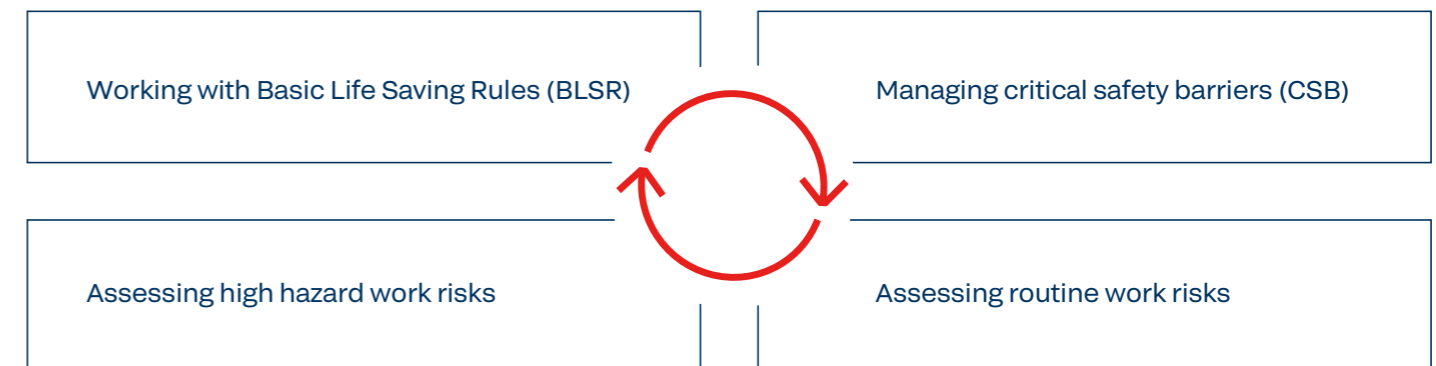
The Company's face-to-face training for contractors, with verbal verification of their knowledge in two programmes (Corporate Production Safety Requirements and Occupational Health and Safety Requirements for Workers Performing High Hazard Works), as well as assessment of practical skills in working at height at Severstal's training sites are also instrumental.

OHS Risk Management

GRI 403-2 GRI 403-9 GRI 14.16.3 GRI 14.16.10

In addition to the conventional cyclical risk assessment model (identification – level analysis and assessment – implementation of management measures – monitoring and review), Severstal's holistic approach to OHS risk management encompasses the delivery of safety projects.

In 2024, the Company introduced a unified Corporate Occupational Risk Management Standard to consolidate and facilitate Severstal's risk management procedures. To streamline procedures and make the tool easier for employees to use, the Company abandoned the Safe Environment methodology by incorporating the process of identifying hazards and submitting ideas into the Idea Factory programme.



The Company supplemented the Basic Life Saving Rules (BLSR) with a new fatal risk (metal melts) and adjusted them for other fatal risks. In 2025, the Company added the working with oxygen fatal risk to BLSR, as it occurs both when performing shift works and when organising high hazard works on oxygen equipment.

In 2024, Severstal changed the order of steps in assessing routine work risks. The initial risk assessment is now carried out directly at the workplace, whereupon the risk level is determined. To reduce risks in case of inadequate measures to mitigate them in the context of implementing the relevant activities, a procedure for exercising CSB control in performing such works was added. When reviewing risk assessment outcomes, the manager may choose the place of their discussion (previously, this procedure was performed at the OHS management committee meetings). These changes streamline the procedure for all risk assessment participants, which enables to improve the quality of risk assessment.

As part of assessing high hazard work risks, the Company designed the relevant digital form that contains the necessary list of hazards based on the analysis of historical data and preventive risk assessment. For each hazard, pre-defined safety measures are determined under the principle of critical safety barriers. The form may now be signed with a simple electronic signature, whether by Company employees or contractors.

Based on the analysis of fatalities, Severstal generated top 10 fatal risks, for managing which it applies technical, procedural, and behavioural barriers.

¹ Against 2023.

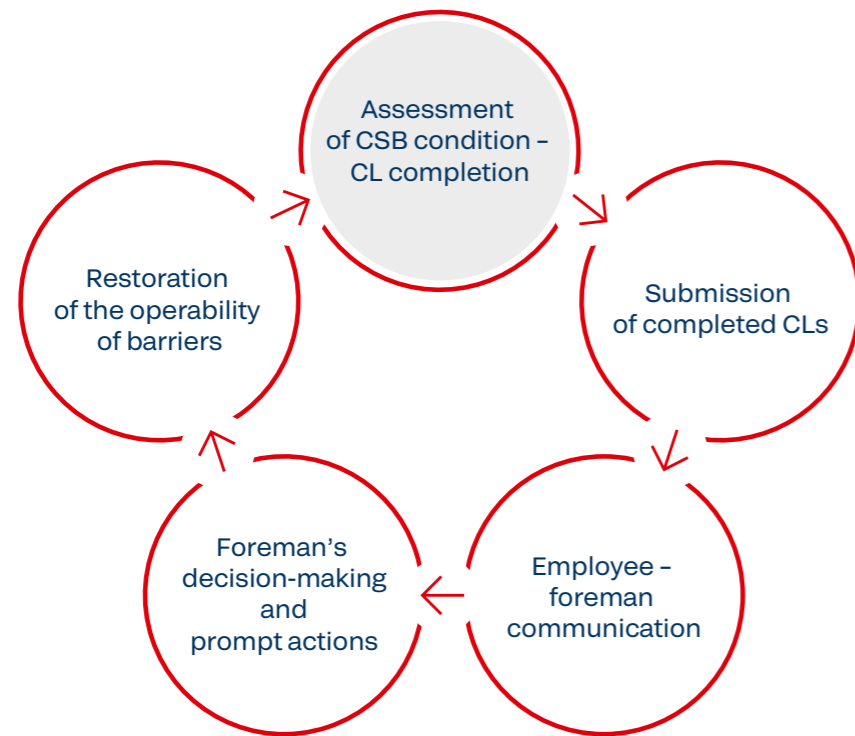
² Net of assets acquired in 2024.

³ VZOR is an abbreviation of the following Russian words: Involve, Declare, Provide, Develop.

The steps to administer fatal risks are as follows:

1. determining the shop's fatal risks;
2. identifying locations of the shop's fatal risks;
3. adapting model risk certificates;
4. elaborating checklists (CL);
5. establishing the procedure for CL application at workplaces;
6. performing a cycle of control over critical safety barriers (CSB);
7. analysing and assessing CSB performance; and
8. elaborating and implementing activities.

Enterprise employees are directly involved in exercising CSB control on a shift basis. OHS Control SW is charged with centralised management and storage of information regarding the CSBs used.



CSB operations involve over 18,000 employees, while occupational health monitoring engages more than 2,400 foremen. The Company deals with CSBs at over 8,000 locations exposed to fatal risks and timely eliminates any deviations identified.

Results for 2024

252 shops/sites deal with CSBs

99% (↑2 p.p. year-to-date) – timeliness of CSB inspections

64% (↑16 p.p. year-to-date) – CSB operability

86%¹ (↑17 p.p. year-to-date) – compliance with the inspection schedule by line managers

¹ The data change versus the Report 2023 is due to migration to a new OHS Control SW system.

To attain the goal of 100% coverage of locations exposed to fatal risks by CSB control, Karelsky Okatysh proceeded to testing new digital radios that enable, in addition to technological needs, to deal with CSBs on mining machinery. Upon completion of testing in February 2025, the Company will consider equipping all mining machinery with such type of radios. It will provide for robust communications for all mining machinery involved in ore extraction and for monitoring the degree of personnel protection from fatal risks.

Severstal's top 5 OHS risks and measures to manage them¹

Moving transport

- Equipping dump trucks with a body hoisting control system that limits the speed of movement until the load platform is fully lowered
- Fitting vehicles with wheel nut tightening indicator devices (wheel indicators, clips, wheel covers)
- Equipping vehicles with video recorders with an analytical subsystem
- Developing an electronic application based on 1C:Transport Logistics for interaction with drivers

Cargo handling

- Equipping magnet cranes with uninterrupted power supplies to hold cargo on the magnet in the event of a sudden power failure of the crane
- Installing second limit switches on crane hoisting mechanisms to duplicate the function of hoisting mechanism disconnection when the suspension reaches the topmost position
- Implementing the scheme of picking up cargo by an electric motor on cranes with a frequency drive to avoid cargo lowering in case of brake failures
- Improving the ergonomics of crane operators' workplaces by replacing the seats
- Embedding machine vision systems to monitor the presence of personnel in a hazardous area of the hoisting structure

Electric current

- Introducing digital tools (e-documentation to minimise errors and increase the efficiency of production control, recording the results of investigating accidents in electrical units in OHS Control SW for consistent analysis of causes and control over implementing measures, etc.)
- Controlling the position of utilities in relation to the roadway and work sites
- Visualising and signalling of vehicles approaching active power transmission lines
- Piloting a project to provide electricians with portable video recorders

Rail transport

- Defectoscopy of railway tracks at PAO Severstal's stations to prevent rail fracture under railcars
- Surveying railway profiles to prevent rolling stock movement due to inadequate braking shoe fixing
- Installing automatic signalling at three railway crossings
- Installing analytical cameras with machine vision to monitor the train driver's actions and psychophysical state with the output of light and sound signals

¹ Measures related to personnel training, including through the use of VR technologies, production control and CSBs, are not specified, as they are implemented across all risks.



Material collapse

Karelsky Okatysh

- Operating a stability monitor for early detection of pit wall mobility and mitigation of the rock mass collapse risk
- Setting up a stability monitoring service to promptly respond and analyse the situation and elaborate remedial measures
- Horizontal drilling and diversion of water bearing layers to reduce stress on the pit wall
- Spreading the pit face to create safety berms

Olcon

- Reinforcing the Olenegorsk open pit wall with a 2D Geo network
- Acquiring a modular radar to record rock movement in the real time mode and providing warning notifications of any impending collapse
- Installing a protective fence at the concrete mixture unloading site in the Olenegorsk open pit

Yakovlevskiy Mine

- Enacting the procedure for quality control of arch support installation in underground mine workings

What-if

In 2024, Severstal started to implement a new approach for identification and assessment of industrial safety risks – SWIFT¹. It will enable a better assessment of risks associated with technical devices at hazardous production facilities (HPFs) with the following hazard attributes:

- presence of hazardous substances;
- use of equipment operating under excessive pressure of over 0.07 MPa; and
- presence of ferrous and non-ferrous metal melts.

The Company tested the methodology in a pilot mode in coke agglomeration / blast furnace and steelmaking processes. The methodology proved to be efficient.

In the future, Severstal intends to streamline its industrial safety control system and supplement it with a SWIFT tool.

Over the reporting period, the Company introduced the practice of self-organising teams. Such teams include representatives of various structural divisions and business units. Each team is primarily tasked with searching for, implementing, and replicating activities to eliminate such fatal risks, as height, cargo handling, moving transport, rail transport, electric current, buildings and structures, and fires. Owing to the work of such teams, a 14% reduction in potential fatalities for the top 10 fatal risks against 2023 was achieved.

In addition to standard risk management procedures, the Company implements safety projects aimed at focusing on specific risks and digitalising the process of preventing violations of safety requirements at enterprises.

¹ SWIFT (Structured what-if technique) – structured scenario analysis by the what-if method. It is a classified, team-based scenario research method making use of a set of prompting words or phrases to help team members identify hazardous situations and create a scenario while in a meeting.

Implemented safety projects

Enterprise	Project
Severstal Russian Steel	<ul style="list-style-type: none"> Embedding a thermal imaging system for monitoring the condition of cast iron ladles in the refractory service department of the Promservice centre Implementation of a fire-fighting system for pickling and washing baths in the pickling shop of flat rolled production Incorporation of an automated control system for the generator switchgear in CHPP-EBS-2 (combined heat and power plant of electric blower station No. 2) of the energy resources production facility Installation of protective canopies under the overhead line supports of the power supply section of the energy resources production area Integration of a computer vision model to exercise control over personnel presence in the hazardous area of the galvanising bath at continuous hot-dip galvanising unit No. 4 of materials coating shop No. 3 of flat rolled production Provision of access to electrical premises of energy production with ACS system
Severstal-Metiz	<ul style="list-style-type: none"> Completion of fencing installation in built-in premises where work at height is occasionally performed (fencing installation at 59 sites, increasing the height of the existing fencing at 85 sites) Completion of installation of guardrails on roofs of buildings and structures (38 sites) Installation of transition ladders to be placed on roofs of buildings, installation of proprietary flexible anchor lines Visualisation of railway crossings, pedestrian crossings with the help of light projections in shops and on the territory of the Cherepovets mill Elaboration and introduction of new types of detachable load-gripping devices (anchor hook, self-opening gripper)
Olcon	<ul style="list-style-type: none"> Acquisition of a system for controlling the stability of pit walls to monitor their condition and detect rock displacements. The system is capable of reading rock displacements or trajectory changes in rock movement several hours before a failure on the slope section and providing warning notifications of an impending failure to promptly remove personnel and equipment out of the danger zone Equipping the Olenegorsk open pit wall in the area of the steep-slope conveyor and repair boxes with a slope draping rock system Acquisition of equipment for retrofitting of auxiliary mine rescue teams
Karelsky Okatysh	<ul style="list-style-type: none"> Height programme (external audit of working areas with tough conditions, selection and acquisition of mobile anchor points, lines, and devices for worker safety, elaboration of projects for non-standard working areas) Implementation of a fatigue monitoring system for dump truck drivers
Yakovlevskiy Mine	<ul style="list-style-type: none"> Industrial testing of mine lights with built-in cameras for prompt monitoring of OHS violations Acquisition of advanced load-gripping equipment to eliminate fatalities in handling operations Installation of an anchor line on the second elevated track for safe works at height Introduction of computer vision models to record the location of personnel and works in material storage chambers when handling operations are carried out in dangerous proximity to moving railway trains at in-mine areas

SOVA

In 2024, Severstal's IT team and specialists from the Occupational Health, Safety and Environment Directorate rolled out a large-scale project – the automated alerting and visualisation system (SOVA). The project aims to monitor the presence of employees in hazardous areas, control the safe progress of handling operations, works at height, and the use of personal protective equipment.

SOVA combines cutting-edge computer vision solutions to significantly mitigate the risks of workplace injuries and accidents. The project starts with embedding nine computer vision models covering the operation of 660 cameras at the Company's core production sites: Cherepovets Steel Mill, Yakovlevskiy Mine, and Severstal-Metiz.

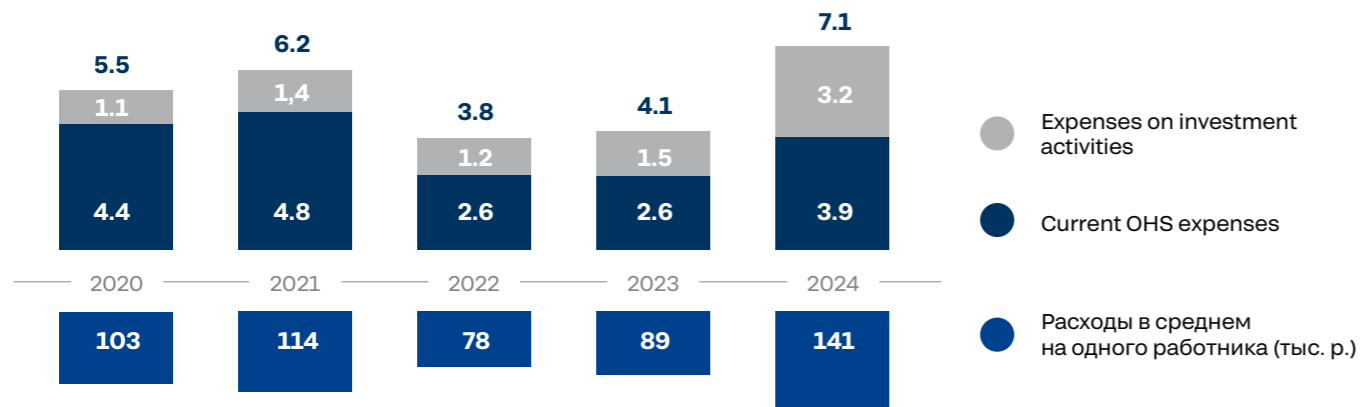
A key feature of the system is the accessibility of its implementation: not only highly specialised professionals but also trained OHS experts are in a position to configure and adapt computer vision models. Such an approach speeds up the scaling of solutions at various production sites, thus making the system a universal tool for improving occupational safety.

SOVA's primary purpose is to create and maintain safe working conditions through monitoring, alerting and, in the future, forecasting tools. With each stage of implementation, the Company will expand the project by adding new tools to dynamically respond to potential threats.

MED-27

In the reporting period, the Company's OHS expenses amounted to RUB 7.1 billion, up 73% YoY. This rise is driven by increased costs on improving working conditions and occupational safety. Expenses per employee increased from RUB 89,000 to RUB 141,000.

OHS expenses¹, RUB billion



GRI 403-2 GRI 14.16.3

Severstal looks into every occupational safety incident to identify the root causes and elaborate measures to avoid and prevent similar situations in the future. In 2024, the Company updated its corporate standard on prompt notification and internal investigation of incidents, triggered by changes to the list of root causes of incidents.

Occupational Health and Safety Training

GRI 403-5 GRI 14.16.6 SASB EM-MM-320a.1

To provide for safety, Severstal's OHS training system factors in the requirements of national laws and the risks the Company's operations are exposed to. The Company provides mandatory training and extra corporate training for employees and contractors.

Severstal caters to the training needs of each employee based on their profession and labour functions. All the required training programmes are available in the Personal Profile on Severstal's corporate platform. Employees are notified electronically when training is due. If an employee fails to complete training by the deadline, they will be suspended from work.

All new hires in the 'blue collar' category receive the See and Act corporate training. This practice is common across the Company's major assets: Severstal Russian Steel, Severstal-Metiz, Karelsky Okatysh, Olcon, and Yakovlevskiy Mine. The training is designed so as to increase personal responsibility for providing safe working conditions. In the course of training, employees learn to identify hazards using routine operations by way of example. A total of 2,756 people received corporate training in 2024.

In 2024, the Company established an institute of production trainers from among production managers tasked with holding training on mandatory occupational health and safety requirements with maximum focus on practical knowledge and skills. Some in-house trainers educated contractor employees in mandatory requirements (occupational health and safety, first aid rules, PPE use) and in Severstal's corporate occupational safety tools.

Over the reporting period, the Company introduced a number of new safety training practices:

- launch of a five-day face-to-face training programme for production managers on occupational health and safety requirements with a focus on practical knowledge and skills in safe work organisation;

- two face-to-face training programmes for contractor employees on corporate production safety requirements and safety in performance high hazard works; and
- practical training in working at height for contractor employees at Severstal Russian Steel's training site (rolled out in 2024); the practice is scheduled to be introduced at other enterprises in 2025.

Due to statutory changes, Severstal introduced the relevant amendments to the profiling of staff positions across its enterprises and to the preparatory industrial safety tests in the Pre-Shift Examiner complex. On top of that, the Company revised its first aid training programme: a theoretical course and a practical face-to-face component.

The average duration of training during the year depends on the category and functional responsibilities of trainees. The time spent on training in 2024 is as follows:

- workers – from 20 to 40 hours;
- managers and specialists – from 20 to 112 hours; and
- contractors – from 16 to 40 hours.

Severstal continues promoting the practice of personnel training using VR technologies. For example, to improve the quality of employee training in 2024, Olcon purchased five VR simulators for driving heavy-duty vehicles and one for driving railway trains.

Multifunctional training centre

In 2024, the multifunctional training centre harmonised the system of first aid training for employees and acquired advanced equipment to master practical skills.

The centre updated the training content of the OHS EDM courses, added 12 animated videos reconstructing the events that had occurred (injuries, fires, collapses) and lessons learnt, two animated training videos on safety requirements when organising and performing work with hoisting devices and on the gas pipeline, seven 3D instructions on how to work on equipment and/or with the use of tools and appliances.

In 2024, the team of trainers received the following training to enhance their teaching skills:

- training for occupational health and safety trainers (external);
- first aid training: from preparation to mastering skills (external);
- improving trainer excellence (in-house); and
- Severstal trainers (in-house).

An important achievement for Severstal in 2024 was the awarding of the Digital Environment for Training and Safe Work in Metallurgy project with the Ivan Bardin Prize and the victory in the All-Russian Digital Learning Award in the Shift Programme nomination.

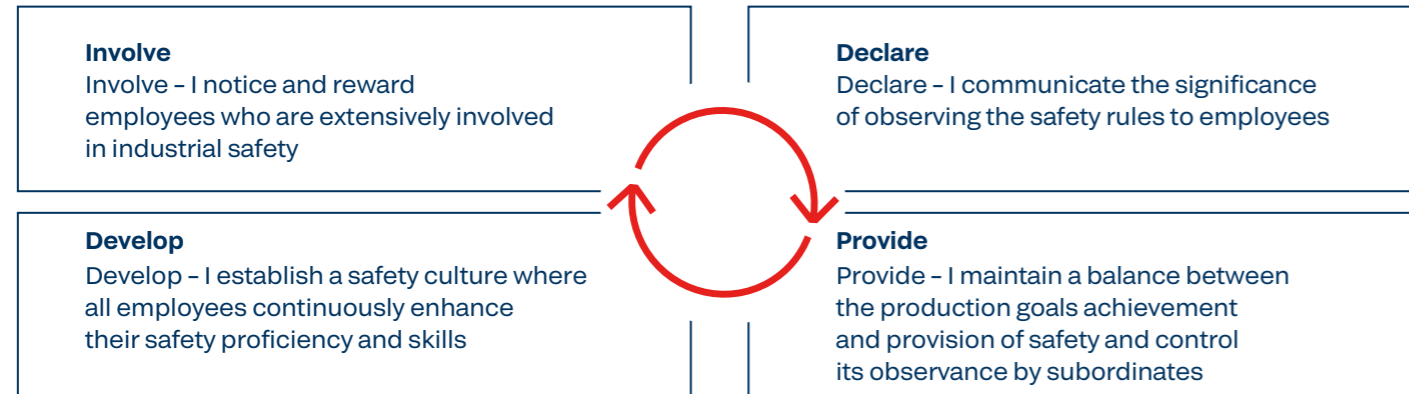
¹ The current expenses include those incurred for PPE, special assessment of working conditions, sanitary and production control, OHS training, morbidity reduction, etc.

Safety Culture

GRI 403-4 GRI 14.16.5

The safety culture of each individual employee and the Company in general is instrumental in reducing injuries. Severstal works comprehensively towards enhancing the culture and incentivising employees to behave safely. The Company continues boosting the Leader's VZOR programme, which encompasses all levels of production management and is aimed at changing a behavioural model of each manager in production safety issues. All production managers, including new hires, completed training (897 people in 2024), conducted 6,239 leadership rounds and 134 roundtables, and initiated 271 safety projects at their enterprises.

I am the leader



Foreman's role model: focus on safety

In 2024, the Severstal Russian Steel segment ran the New Role Model of Foreman with a Focus on Safety experiment. Project background:

- mere training does not always change employees' beliefs and values;
- safety processes, procedures, and tools are not always sought-after by those for whom they are intended; and
- formal discharge of duties does not give rise to the desired outcomes.

The project's main objectives were to change workers' attitudes towards safety through changes in their supervisors' interactions and improved working conditions. To this effect, a new foreman model was set up, aligned with such environment elements, as competencies, functions, responsibilities, and motivation.

The experiment enabled drawing the following conclusions:

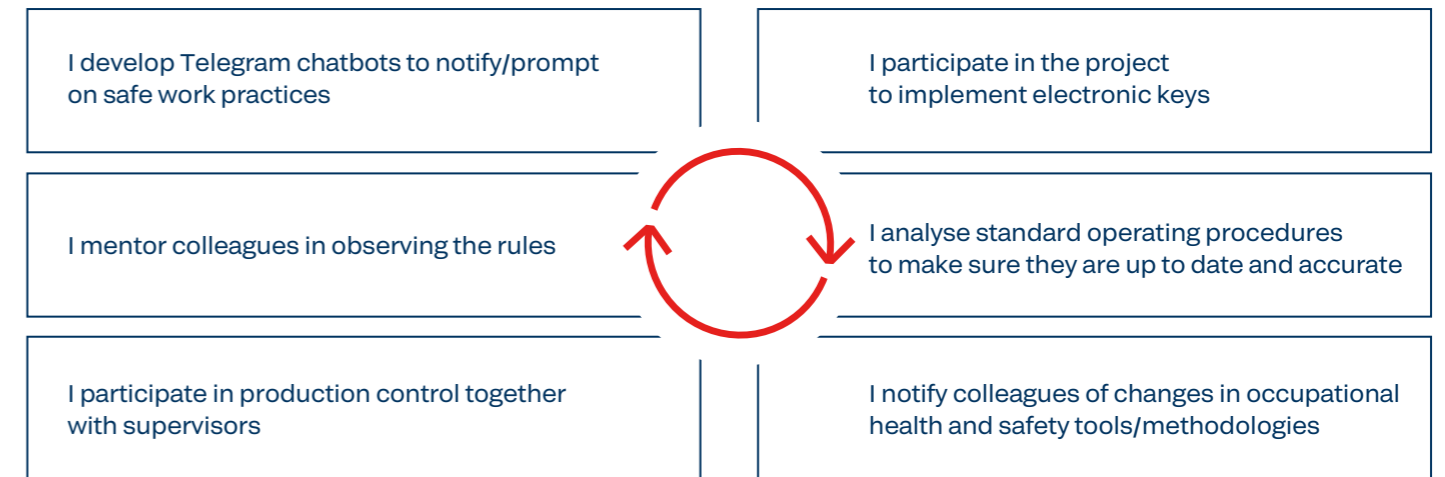
- the new foreman model does not negatively affect production results;
- foremen achieve better occupational safety performance; and
- the nature of hazardous events changes: incidents involving the violation of explicit prohibitions are eliminated.

These advances emphasise the importance of the new model and its significant contribution to enhancing the workplace safety.

Safety Volunteers

Severstal runs the Safety Volunteers movement, with 173 people joining in 2024, bringing the total number of safety volunteers to 400. The volunteer's main role is to inspire by personal example and help colleagues work safely. The Company provides volunteers with the necessary competencies (hard skills & soft skills) and promotes a system of intangible motivation and rewards.

I am a volunteer



Severstal's OHS feedback collection and monitoring system makes it possible to receive information from employees and contractors, consolidate submissions into a single register, and take prompt actions in response. In addition to other communication channels, the Company operates the Unified Hotline: in 2024, it received 179 OHS-related submissions. The submissions primarily dealt with:

- welfare and working conditions;
- availability of personal protection equipment; and
- condition of equipment, roads, routes, etc.

Twenty-four submissions were classified as urgent OHS risks and required prompt intervention and elimination of hazards and risks identified.

Moreover, Severstal conducts an annual corporate Severstal Pulse survey. In 2024, the average score on the Culture of Safe Behaviour index corresponded

to the performance level (>80%) and grew from 82% to 83% against 2023. The Priority of Safety (89%) and the Executive Leadership (87%) criteria received the highest scores. The Balance of Rewards and Sanctions (77%) criterion ranked below the performance level (<80%).

As remedial measures, the Company:

- improves the OHS Control SW system, including the introduction of the designer of occupational safety instructions;
- revises the scope of training, introduces effective training and testing formats;
- implements a project to create a communication environment that builds employee commitment using CoLanguage; and
- incorporates a new role model for occupational risk managers.

CoLanguage (SoYazyk) in occupational health and industrial safety

CoLanguage is a concept entailing the creation of a human-centric safety communication system and the enhancement of empathic leadership skills of managers who are agents of change at production sites. By harmonising the current toolkit for notifying, preventing, and engaging employees, the Company is moving towards the goal of creating a social environment that encourages the building of a conscious employee commitment to workplace safety and zero tolerance to violations. The key principle of communications through the CoLanguage prism is 'Nothing about us without us', i.e. ongoing interaction with production employees in developing occupational health and safety materials and tools at every stage of design: from development to implementation at workplaces.

The implementation of CoLanguage is justified by a comprehensive study of employee behavioural patterns based on both primary data, for the collection of which the Company developed a research methodology under the Perception - Motivation - Behaviour model, and secondary data - the analysis of the root causes of incidents, most frequent violations identified, as well as a study of media consumption and information culture of Severstal employees.

Severstal has a well-established system of positive motivation for employees and contractors. For example, the Company has a widely-spread system for collecting and implementing employee proposals - the Idea Factory, in which a new category - Safety - was introduced in 2023. In 2024, Severstal received 12,803 ideas in this category (20% of the total number of ideas submitted), of which 6,905 were translated into life.

In the reporting year, the Idea Factory was supplemented with another new category – Hazard. This category records any hazards identified, which fall beyond the scope of production control responsibilities. Over the year, Severstal recorded 13,390 hazards submitted in this category, of which 10,867 were eliminated in a timely manner.

Employees who authored the ideas put into practice are rewarded with chips that may be exchanged for gifts or certificates.

Starting from 2024, all implemented ideas are to be formalised as successful practices in the Knowledge Base with the option of being replicated to other Company divisions. In 2023–2024, a total of 197 such practices emerged, including 73 practices replicated and 197 practices expected to be replicated.

In 2024, Severstal established a new Best Safety Team nomination to reward employees for their OHS achievements.

On a quarterly basis, each enterprise selects the three best teams in the following pillars:

1. encouraging safe behaviour;
2. identifying unsafe actions and conditions;
3. Improving working conditions; and
4. competence.

The award ceremony is held with the participation of the shop manager and the head of the structural division. As an extra quarterly reward for the prevention of unsafe actions and conditions, each enterprise has introduced the practice of awarding three employees who have reported work stoppages, prevention of hazardous actions, and elimination of hazardous conditions.

The winners also receive Idea Factory chips.

Health Protection

GRI 403-3 **GRI 403-6** **GRI 14.17.4** **GRI 14.16.7**

The Company implements measures to improve and maintain the general health of its employees and prevent occupational diseases.

A special assessment of working conditions helps identify workplaces with harmful working conditions exposed to a higher risk of occupational diseases. Timely organisation of employee medical checkups makes it possible to detect general and occupational diseases at early stages.

All enterprises have health centres (some of them are open 24/7). Olcon and Yakovlevskiy Mine have their own health centres, while at most other sites, including Cherepovets Steel Mill and Severstal-Metiz, the Company successfully cooperates with local medical centres in the context of compulsory or voluntary health insurance programmes (both outpatient and inpatient).

[For more details regarding voluntary health insurance of employees, see the HR Management section.](#)

In 2024, Karelsky Okatysh's health centres received a licence to perform pre-shift medical examinations of personnel, as well as alcohol and drug testing.

The Company organised flu vaccination of employees at the health centres. During the safety marathon, health workers arranged training games on rendering first aid for the injured, with mastering of practical skills.

In addition to standard procedures, the health centre at Yakovlevskiy Mine performed screening of employees at risk of hypertension, vaccination against flu, diphtheria and tetanus, and held donor days.

Olcon organised the Health Day and flu vaccination for its employees with the participation of the health centre. On-site consultations of healthcare professionals from the Scandinavia clinic network were held at Olcon's health resort.

Severstal is automating the procedure for performing pre-trip medical checkups. For example, four terminals of the electronic medical checkup system were installed in the health centres of Karelsky Okatysh. In 2024, the Company conducted pilot testing of such terminals with a psychophysiological examination module to measure stress/distress levels (an indicator of the activity of regulatory systems) and a pupillometer to detect signs of drug intoxication using retinal responses.

In 2025, Severstal intends to purchase 15 devices. Three health centres at Olcon are also fitted with electronic medical checkup system terminals.

In addition to facilitating the pre-trip medical checkup, all this makes it possible to detect diseases of the cardiovascular system at early stages and avoid serious disorders and their consequences, which can lead not only to deterioration of health but also to accidents. Employees with borderline blood pressure and pulse rates receive counselling and recommendations to visit a cardiologist and a general practitioner for additional checkups to help avoid cardiovascular diseases and related issues.

Severstal is strongly focused on awareness-building efforts to prevent contagious and seasonal morbidity, to explain the harms of smoking and the benefits of a healthy lifestyle (lectures, leaflets, campaigns, etc.). At Cherepovets Steel Mill and Severstal-Metiz, employees aged over 35 are also screened for cancer every three years.

Investments in medical, preventive, and healthcare initiatives, RUB million

	2020	2021	2022	2023	2024
Severstal Russian Steel	69	317	309	458	585
Severstal-Metiz	20	21	26	15	83
Karelsky Okatysh	27	36	63	39	59
Olcon	18	19,5	21	31	47
Yakovlevskiy Mine	-	1,5	3	8	49
DSA ¹	-	-	-	-	22
Corporate Centre	-	-	-	-	75

The reason for increased costs in 2024 is the launch of the Flexible Benefits project, under which employees are in a position to pay for healthcare services, fitness, and sports.

All employees health data is held by medical staff and is to be shared with the employer only to the extent required by law. To protect personal data when deploying an electronic medical checkup system, the Company installed data encryption equipment – encryption modules and switches.

Occupational Morbidity Prevention

GRI 403-10 **GRI 14.16.3** **GRI 14.16.11**

Severstal's specifics contribute to having many workplaces with harmful working conditions.

Share of workplaces with harmful working conditions

	Share of workplaces with harmful working conditions	Key factors contributing to harmfulness
Cherepovets Steel Mill	66 %	<ul style="list-style-type: none"> ▪ Strongly fibrogenic aerosols ▪ Noise ▪ Arduous work ▪ Vibration
Severstal-Metiz	53 %	<ul style="list-style-type: none"> ▪ Noise ▪ Arduous work ▪ Chemical factors ▪ Micro-climate parameters
Karelsky Okatysh	61 %	<ul style="list-style-type: none"> ▪ Noise ▪ Vibration ▪ Arduous work

¹ Downstream assets (AO Severstal Distribution, AO Severstal SMC-Vsevolozhsk, OOO Severstal Steel Structures, AO Severstal Steel Solutions, A GROUP, OOO Ventall Steel Solutions, etc.).



	Share of workplaces with harmful working conditions	Key factors contributing to harmfulness
Olcon	61 %	<ul style="list-style-type: none"> Noise Vibration
Yakovlevskiy Mine	86 %	<ul style="list-style-type: none"> Micro-climate parameters Noise Light environment parameters Arduous work

The Company implements measures to reduce exposure to harmful production factors. To minimise harmful effects of vibration, Severstal draws up maps displaying schedules of operating vibration tools (time protection), monitors the condition of anti-vibration seats on vehicles and replaces them, adjusts units and assemblies of the existing equipment, and purchases equipment with reduced vibration levels. Yakovlevskiy Mine employees now have the opportunity to take foot hydromassage baths to prevent a vibration disease. The Company installs and upgrades ventilation and aspiration systems. Soundproof booths and sound attenuators are installed to reduce noise levels.

Employees are provided with personal protective equipment (PPE) in accord with standards, harmful factors, gender characteristics, and anthropometric parameters. When operating the equipment that constitutes a source of vibration, employees make use of anti-vibration gloves, and when working in high noise conditions – earphones and earplugs. In 2024, Olcon supplemented the standards for issuing PPE to loaders with support belts for maximum protection of the spine, abdomen, and lower back.

Employees have an extra option of receiving health resort treatment in line with recommendations based on the results of medical checkups.

Emergency Preparedness

GRI 3-3 **GRI 14.15.1** **GRI 14.15.4**

The probability of accidents, incidents, and natural and man-made emergencies is determined by the operation of hazardous production facilities (HPFs) and the location of Severstal's enterprises. The Company compiles plans for emergencies and provides for the preparedness of response forces and means¹ in accordance with national laws.

The main documents in this area are HPF emergency response plans (ERP) and spill prevention, control, and countermeasure plans (SPCCP). In accordance with statutory requirements², they are subject to approval by state supervisory authorities, local authorities, and emergency rescue teams. As of the end of 2024, ERPs and SPCCPs were in place at all enterprises and production sites, for which the availability of these documents is mandatory.

Severstal conducts annual emergency response and firefighting drills and exercises with its staff based on potential accident scenarios specified in the ERPs and SPCCPs. The training sessions also involve the forces and resources of professional and non-staff emergency rescue teams, as well as medical staff from the Company's health centres and external healthcare institutions. Representatives of state supervisory authorities (EMERCOM of Russia, Rostekhnadzor, etc.) take part in the largest drills and exercises.

The Company makes use of local warning systems to notify employees and local residents of an accident/emergency and exchanges information with regional and municipal duty dispatch services on the threat and occurrence of emergencies on a 24/7 basis.

¹ The Company enters into contracts with professional emergency rescue teams, arranges its own non-staff emergency rescue teams and non-staff civil defence teams, creates and maintains reserves of financial and material resources to respond to accidents and emergencies.

² Resolution of the Government of the Russian Federation dated 15.09.2020 No. 1437 on Approval of the Regulations on Compiling Emergency Response Plans for Harmful Production Facilities, Resolution of the Government of the Russian Federation dated 31.12.2020 No. 2451 on Approval of the Rules on Organising Activities for Spill Prevention, Control, and Countermeasures in the Russian Federation..., etc.

Progress and Performance

Occupational Injuries

GRI 403-9 **GRI 14.16.10** **SASB EM-MM-320a.1** **SASB EM-IS-320a.1**

Unfortunately, despite all efforts made, the Company lost three of its employees and one contractor employee, while seven employees and five contractors were severely injured in 2024.

The fatality rate among employees (0.034) attests to a negative trend against the previous year, when it was zero. The severe injury rate decreased from 0.09 to 0.08. The contractor fatality rate decreased from 0.074 to 0.024 and the severe injury rate decreased from 0.15 to 0.12.

The Company believes that the main causes of fatalities and severe injuries, as well as of the negative dynamics of fatalities are the insufficiency of tools for qualitative risk assessment during the HPF operation, lack of leadership skills of managers, and dependence of OHS tools performance on the human factor in the form of errors and misconceptions ('this operation can only be performed in violation of safety requirements'), among others.

The first fatality involving an employee of Yakovlevskiy Mine resulted from ore detachment during preparatory works to connect a self-propelled drilling rig in the mining entry. In the follow-up of the investigation, an addendum to the process regulations was drawn up to include a procedure for quality control actions depending on the staff level (worker, foreman, supervisor, and surveyor). An experiment was carried out regarding changes in the physical properties of the working's walls before the working was made available for backfilling using the tapping method. Based on the results of the experiment, a decision was made to introduce amendments to the Regulations on Fixing Mine Workings in the Conditions of the Yakovlevskoye Field. Pilot tests of head lights with video recorders are being conducted to track employee access to their workplaces.

The second incident involved a fire at the oxygen pipeline of PAO Severstal's energy production facility: one employee died and another was seriously injured.

[For more details regarding the technical causes of the accident and measures taken, see the Accidents and Incidents subsection.](#)

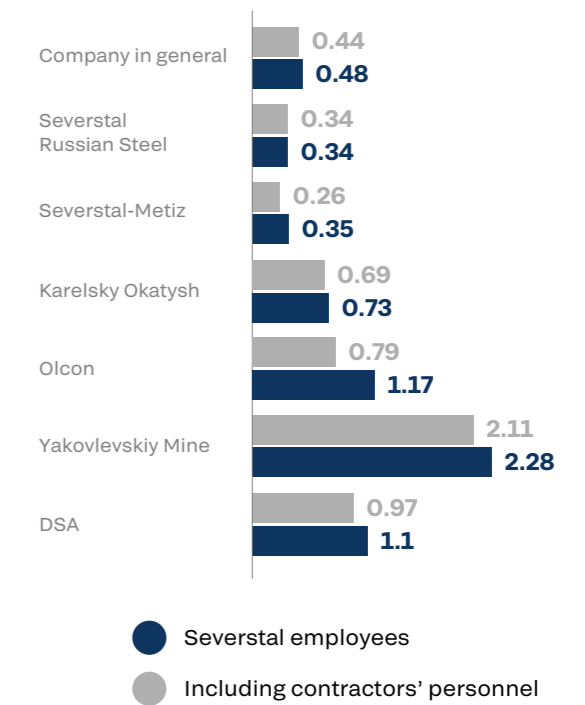
The third fatality occurred at Yakovlevskiy Mine as a result of a rock mass collapse in a mine during excavation works through the use of special equipment. One employee died and the other received minor injuries.

The fatality involving an employee of AO Karelsky Okatysh's contractor occurred during the replacement of an excavator pressure rope. When removing the rope fixing with the help of an electric wrench, the rope under tension came off the pulley and struck the worker on the head with its end. The Company improved the mandatory training of contractors and strengthened Severstal's incentive component for managers.

[For more details regarding the measures taken to prevent fatalities in the future, see the Risk Management subsection.](#)

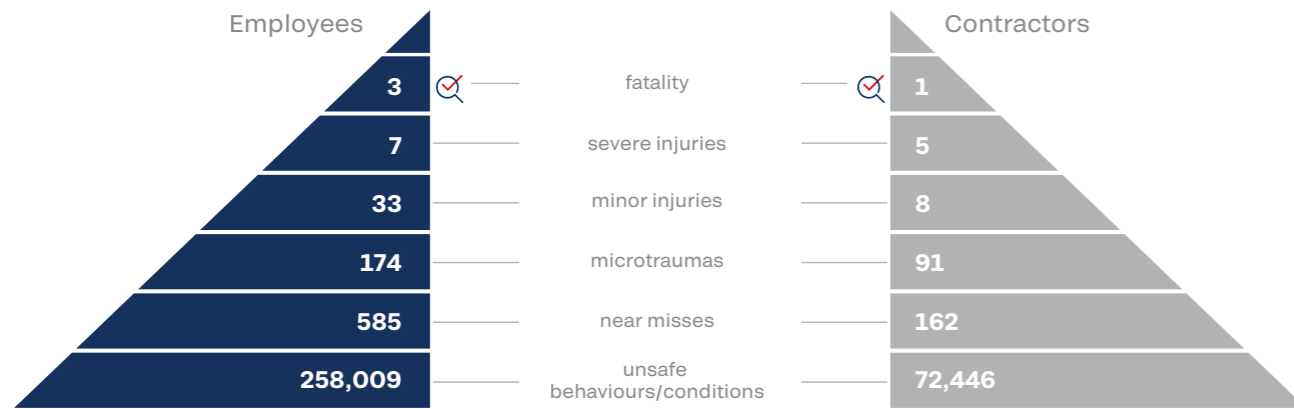
In 2024, 43 employees and 14 contractors suffered from occupational accidents¹.

Dynamics of employee and contractor incidents in 2024

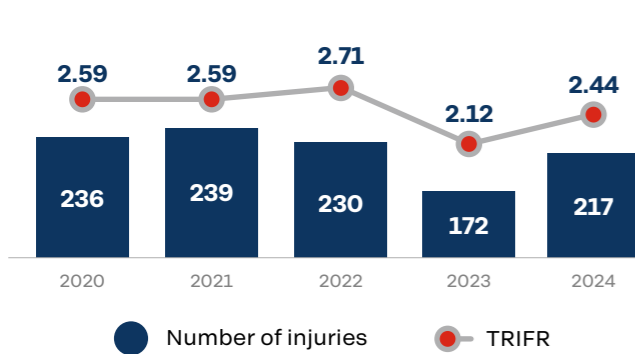


¹ Two injuries (severe and minor) involved lime (calcium hydroxide) in the eyes.

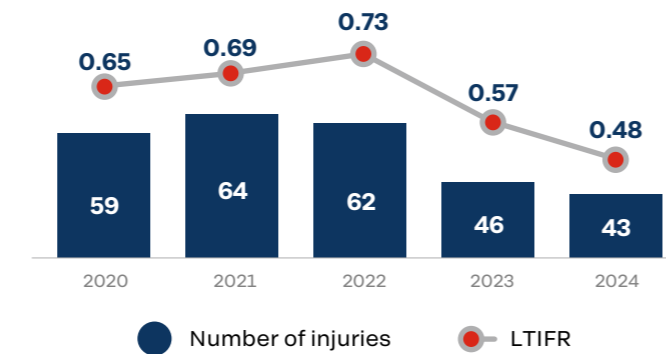
Dynamics of employee and contractor incidents¹ in 2024



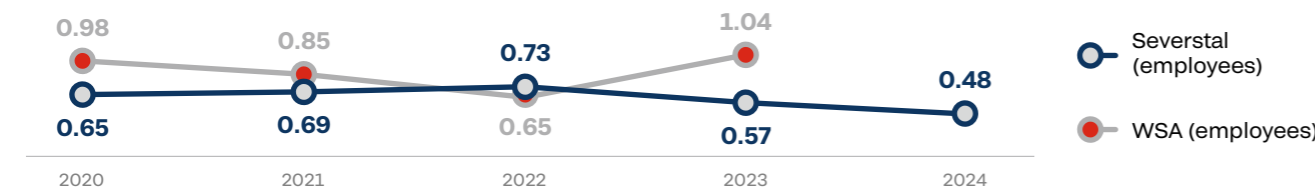
Employee TRIR²



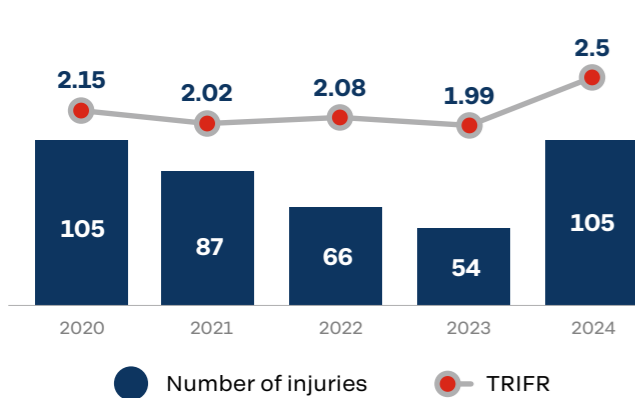
Employee LTIFR²



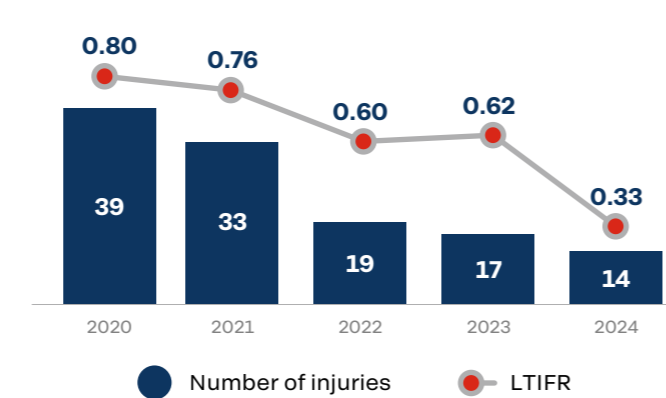
Severstal's LTIFR vs the World Steel Association average³



Contractor TRIR²



Contractor LTIFR²



¹ See the 5-year dynamics of indicators in the Appendix 5. Microtraumas are understood as non-lost-time injuries. This Report takes account of only those microtraumas that required medical care. An increased number of microtraumas was due to enhanced transparency of accounting. A decreased number of near misses was due to the efforts of self-organising teams in managing such fatal risks, as height, cargo handling, moving transport, railway transport, electric current, buildings and structures, and fires with the participation of representatives of the OHS function, production, and repair divisions. An increased number of unsafe behaviours and conditions at contractors was due to the fact that they migrated to the Company's OHS Control SW system for recording inspections/audits/non-compliances.

² The injury frequency was calculated per one million hours of work time.

³ The 2024 World Steel Association data was not available at the time of compiling this Report.

Occupational Diseases

GRI 403-10 GRI 14.16.11

In 2024, there were 60 cases of occupational diseases¹, with the primary cause being a lengthy exposure to industrial vibration exceeding the maximum permissible levels.

Number of occupational diseases

	2020	2021	2022	2023	2024
Severstal Russian Steel ²	8	14	7	7	7
Severstal-Metiz	0	0	0	0	0
Karelsky Okatysh ³	18	14	23	21	26
Olcon	3	16	16	20	26
Yakovlevskiy Mine	1	0	1	0	1
Company in general	30	44	47	48	60

Most occupational diseases are associated with such professions, as the driver of vehicles of any type and capacity, bulldozer driver, loader driver, and welder. Of those involved in these professions, 14% have more than 15 years of work experience in hazardous working conditions.

An increased number of occupational diseases versus previous periods is due to the following factors:

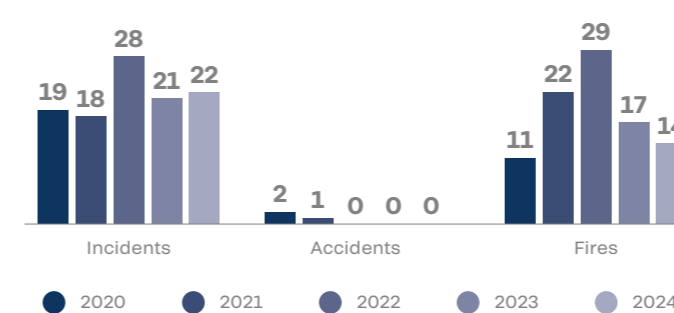
- increase in the age of workers of vocational professions;
- effect of delayed influence of harmful factors of previous periods;
- some employees underwent in-depth medical checkups at the Occupational Pathology Centre in 2023 (standard interval - once every five years), and most of them received preliminary diagnoses, which caused an increase in the number of confirmed diagnoses in 2024; and
- shortening of the period for confirming the occupational disease diagnosis in accordance with the regulations of the Occupational Pathology Centre.

Accidents and Incidents

GRI 14.15.3

In 2024, no accidents, emergencies, and road traffic accidents related to spills of transported products at Severstal's enterprises were registered.

Critical incidents at the Company's facilities, pcs.



The most serious incident in 2024 was an oxygen fire, which occurred when a gate valve from the inter-shop oxygen pipeline was opened when performing the works of connecting it. The incident resulted in the death of one employee and severed injuries to another.

¹ There were no fatalities caused by occupational diseases in the reporting year.

² The previous information covered only Cherepovets Steel Mill.

³ The previous information covered only AO Karelsky Okatysh without OOO CTA.

The causes determined by the investigation are as follows:

- hydraulic testing and purging of the oxygen pipeline were not performed;
- titanium alloy fittings were installed in the oxygen pipeline;
- absence of a certificate for the oxygen pipeline fittings;
- fittings were not inspected; and
- an industrial safety expert review was performed improperly.

Severe consequences for the life and health of employees are also associated with inadequate control by the equipment serviceman, underestimation of the risk of fire in the oxygen environment, and failure of employees to use special fire-resistant clothes.

To prevent such incidents from recurring, the Company performed visual and instrumental inspections of all oxygen pipelines' fittings, checked the availability of authorisations for the fittings and their compatibility with oxygen, and carried out an industrial safety expert review of oxygen pipelines.

Plans for 2025 and Mid-Term

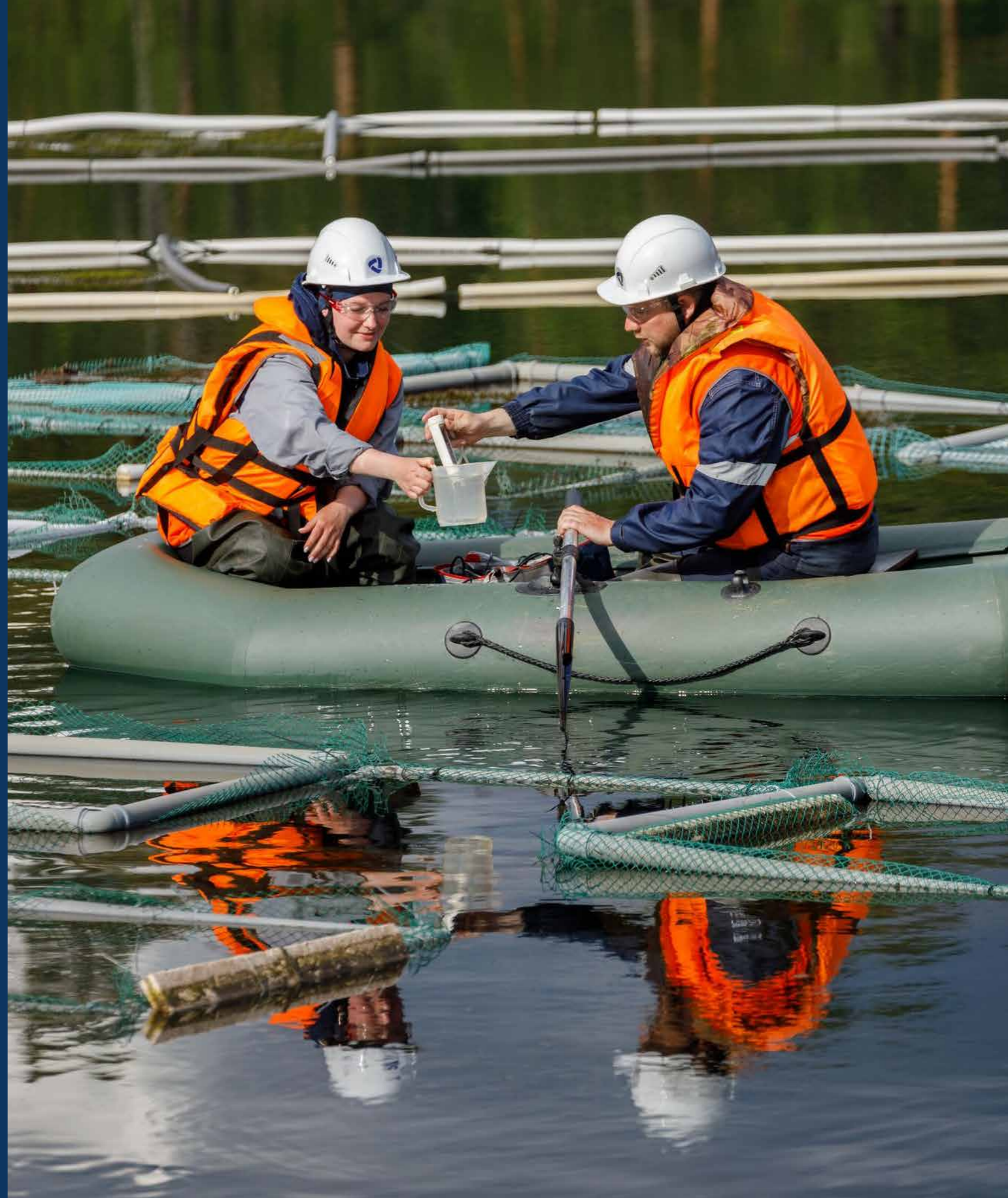
Severstal's OHS plans include:

- risk assessment of routine works with mitigation of risks associated with BLSR violations;
- complete migration to electronic shift logs;
- introduction of electronic risk assessment forms for high hazard works;
- improvement of the training and enhancement system for production managers:
 - post-training support for new managers (focused on newly appointed foremen);
 - off-site webinars on the organisation of high hazard works;
- introduction of individual coaching sessions on leadership rounds for shop supervisors;
- research on the functioning of OHS tools using the ADKAR methodology and their subsequent harmonisation;
- advancement and support for the stability of contractor management processes;
- implementation of a project to create a communication environment that builds employee commitment using CoLanguage;
- incorporation of a new role model for occupational risk managers;
- embedding an industrial safety risk identification procedure using the SWIFT tool;
- transformation of technical device condition assessment processes;
- improvement of the safety level in new assets (distribution network and steel structures); and
- introduction of digital products as per the roadmap (information systems, machine vision, exclusion of humans from hazardous processes, etc.).



08.

Environmental Impact



Climate Change

2024 Highlights

23.92 million tonnes of CO₂e
gross Scope 1 and 2 GHG emissions
(↓7.2%)

13.49 million tonnes of CO₂e
gross Scope 3 GHG emissions
(↑2.4%)

3.4%
reduction in GHG emissions
intensity per tonne of steel¹

RUB 1.21 billion
expenses on climate change
adaptation activities

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

Material Topic

- Climate change and energy efficiency

UN Sustainable Development Goals



Severstal discloses climate change-related information in accordance with the recommendations of the International Sustainability Standards Board (ISSB) (IFRS2 standard) of the IFRS Foundation. The Company annually releases the Climate Report detailing the implementation of the climate agenda.

Approach to Management

GRI 3-3

As ferrous metallurgy is one of the most carbon-intensive economic sectors, climate change management remains of relevance for Severstal year after year. The Company assesses climate change risks and opportunities, takes measures to reduce GHG emissions, releases green products, including climate change adaptation products, and makes use of green finance tools.

Severstal's climate change management activities are governed by Russian and international standards and statutory requirements, as well as by the Company's internal documents. In 2024, Severstal introduced climate performance evaluation into its corporate governance practices in accordance with the GOST R 71785-2024 standards (Environmental Management. Climate Performance Evaluation. Guidelines).

Key documents on climate change

Internal documents:

- Severstal's Position on Climate Change
- Decarbonisation Strategy 2030¹
- Achieving a Low Carbon Future Together Climate Memorandum
- Corporate GHG Emissions Management Standard
- Corporate Climate Risk Management Standard
- Severstal's Climate Performance Evaluation Methodology

External documents:

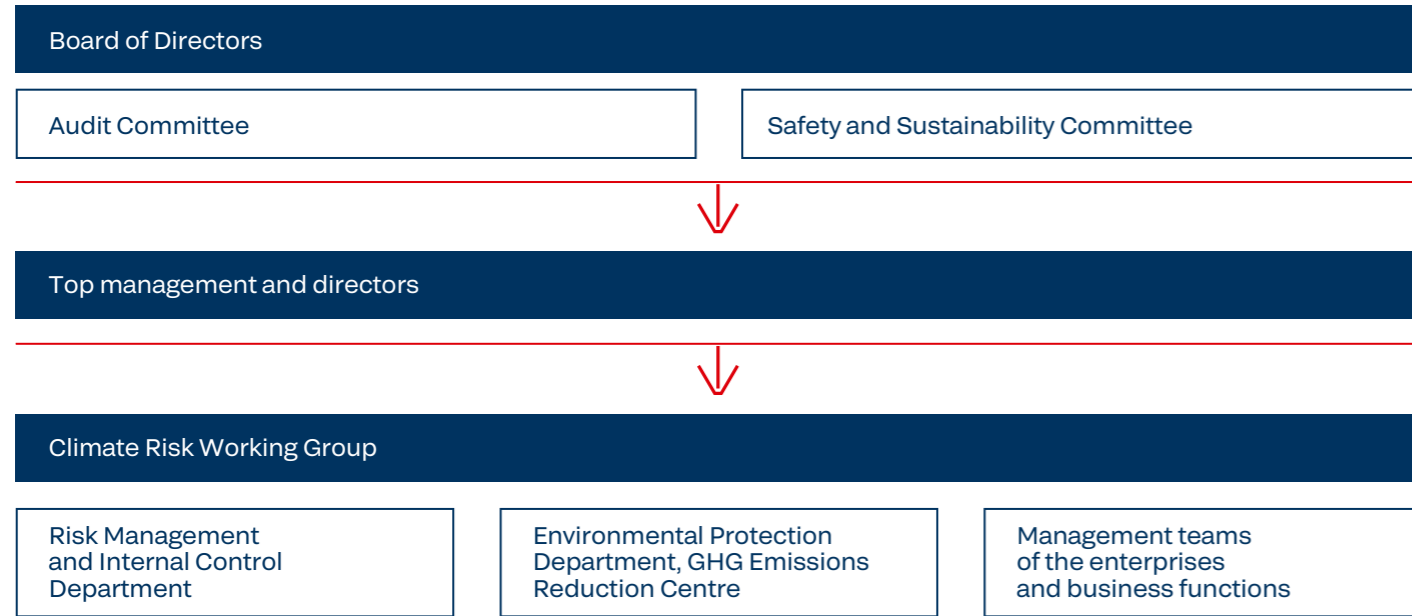
- Strategy of Social and Economic Development of the Russian Federation with Low Greenhouse Gas Emissions up to 2050
- Federal Law dated 02.07.2021 No. 296-FZ on Limiting Greenhouse Gas Emissions
- National Action Plan of the Second Stage of Climate Change Adaptation up to 2025
- Development Strategy for the Metallurgical Industry of the Russian Federation up to 2030
- GHG Protocol: A Corporate Accounting and Reporting Standard
- World Steel Association's CO₂ Data Collection User Guide
- GOST R ISO 71785-2024 Environmental Management. Climate Performance Evaluation. Guidelines
- Methodological recommendations of the Ministry of Economic Development of the Russian Federation on assessing potential damage from the impact of climate risks
- Methodological recommendations of the Ministry of Economic Development of the Russian Federation on monitoring and assessing the efficiency and effectiveness of climate change adaptation measures

¹ Against the emissions baseline with reference to a share of cast iron in the steelmaking charge pursuant to Severstal's Climate Performance Evaluation Methodology verified by DQS RUS for compliance with the criteria set forth by the GOST R ISO 14064-1-2021, GOST R ISO 14031-2023, GOST R 71785-2024 (reg. number 11110576 GHG dated 31.01.2025) standards.

¹ This document is only available in Russian.

At Severstal, managerial climate change-related issues are addressed at various levels and fall within the scope of responsibility of both the Company's senior executives and heads of enterprises and divisions.

Responsibility for addressing managerial climate change-related issues



For more details regarding the functions responsible for addressing managerial climate change-related issues, see Severstal's Sustainability Report 2023 and the Climate Report¹.

The key aspects and issues related to climate change are subject to discussion at meetings of the Board of Directors' committees. In 2024, the following issues were examined:

- meeting the Decarbonisation Strategy 2023 goals, including the progress of achieving the short-term goal of reducing the carbon intensity by 3% in 2024;
- pre-estimate of the costs of reducing greenhouse gas emissions after 2030; and
- current status of delivering climate projects and the possibility of their registration in the Russian Registry of Carbon Units.

Severstal established the key performance indicators (KPIs) for managers and responsible employees linked to climate performance. KPIs cover a number of metrics, such as the reduction of gross and specific GHG emissions and energy efficiency improvement. The achievement of KPIs affects the remuneration for top managers and amounts

to 5% of such remuneration. Employees who have achieved and overachieved KPIs receive a bonus of at least 10% of their annual remuneration. Such system incentivises employees to attain the climate goals set.

Maintaining employee awareness also contributes to attaining the goals. To this effect, the Company holds annual training events, involving both the GHG Emissions Reduction Centre and third-party professionals in designing educational programmes. Severstal's core educational programme - ProClimate - tells about the Decarbonisation Strategy, administration of GHG emissions and climate risks. In 2024, the course was completed by 108 people. In addition, Severstal held seven training events for university and school students on climate issues, including corporate governance practices, climate project implementation, and the relationship between climate change and biodiversity, with 119 attendants.



In the reporting period, Severstal's climate change activities were appreciated by the following awards:

- winning in the Enterprise Climate Strategy nomination of the ECOTECH-Leader 2024 national environmental technology award; and
- running third in the Green Construction nomination of the Green Eurasia 2024 international climate competition.

¹ This updated Report is only available in Russian.

On top of that, the Company keeps on making climate-related disclosures as part of the CDP rating, despite the suspension of the rating process for Russian companies, in order to provide for data continuity and notify external stakeholders.

Management of Climate-Related Risks and Opportunities

GRI 201-2

In 2021, Severstal assessed the relevant climate change risks and opportunities, which it revised in 2023, being governed by the internal Climate Risk Management Standard. In the previous reporting period, the Company also applied the ALARP (As Low As Reasonably Practicable) principle, underlying the assessment of the feasibility of additional mitigation measures, to the risk assessment and analysis of risk management measures.

Severstal assessed physical¹ and transition² climate-related risks for the short- (up to 2024), mid- (up to 2030) and long-term (up to 2050–2060) under three climate change scenarios³ up to 2100:

- Sustainability (SSP126): curbing the global average temperature rise to +1.8 °C by 2100;
- Middle of the Road (SSP245): intermediate scenario, curbing the global average temperature rise to +2.8 C by 2100; and
- Taking the Highway (SSP585): curbing the global temperature rise to +4.4 °C by 2100.

Company's most relevant climate change-related physical risks

Risk type	Risk factor	Consequences	Relevance (for the SSP 245 scenario)	Management response
Acute	Strong wind	Damage to infrastructure facilities	●●	Enhanced structural stability, power supply redundancy
	Continuous heavy rains	Increased load on infrastructure facilities	●●	Enhanced structural stability, monitoring, timely maintenance, and repair of structures
	Icy conditions	Deterioration of conditions for transporting cargoes, load on power transmission lines	●	Redundancy of feedstock and fuel reserves, monitoring and timely repair of power transmission lines
Chronic	Rise in average annual temperatures and precipitation combined with acute climate risks	Significant increase in exposure to weather-related climate change factors in the key iron ore and coking coal producing regions for the global market	●	Management of raw material supply chains (including the diversification of transport supply schemes, redundancy of reserves)

¹ Risks whose occurrence results in direct damage to business operations, infrastructure facilities, and the environment. Such risks can be both acute, i.e. event-driven (as a rule, dangerous hydrometeorological phenomena), and chronic, i.e. caused by the global dynamics of climate changes (including temperature rises, changes in the amount and seasonality of precipitation, increase in the number of crossings over the zero mark, etc.).

² Risks, whose occurrence gives rise to extra financial and administrative burden for business operations.

³ Scenarios from the [Sixth Assessment Report](#) of the Intergovernmental Panel on Climate Change were used.

Company's most relevant climate change-related transition risks

Risk type	Risk factor	Consequences	Relevance (for the SSP 245 scenario)	Management response
Regulatory	Introduction of the carbon border adjustment mechanism (CBAM)	Extra costs, including on preparation and verification of carbon reporting	●	Reducing GHG emissions down to the level of European manufacturers
	Adoption of national carbon regulation	Extra costs related to the introduction of limits on GHG emissions, including the costs of preparation and verification of carbon reporting	●	Reducing GHG emissions down to the BAT level
Technological	Emergence of low-carbon technologies	Extra implementation costs	○	Integration of commercially-available low-carbon technologies
Reputational	Need to draft climate-related reporting	Reduced investment appeal of the Company because of insufficient climate risk management disclosures	●	Preparation of reporting in accord with the primary Russian and international standards, including IFRS S2
Market	Loss of markets owing to high carbon intensity of products	Decreased demand for goods with high carbon footprint	○	Reducing GHG emissions down to the level of European manufacturers, manufacturing of green products

Legend:

- – low priority
- – moderate priority
- – high priority

For more details regarding Severstal's climate-related risks, see the Climate Report¹.

To decrease the likelihood of transition risks related to climate change, Severstal monitors statutory requirements for reducing greenhouse gas emissions. For example, to get ready for the introduction of carbon regulation mechanisms in the Russian Federation and abroad, the Company established an internal carbon price. In addition, the Company completed the implementation of an automated GHG emissions accounting system covering its key assets: PAO Severstal (Cherepovets Steel Mill, rolling shop for the production of tubes and pipes, TPZ-Sheksna), Karelsky Okatysh, Olcon, Yakovlevskiy Mine, Severstal-Metiz, which means the coverage of over 98% of greenhouse gas emissions with an automation level of 95% for Scope 1 and 2 and 80% for Scope 3. The system integration makes sure that the GHG data is collected promptly and accurately and enables to monitor and, as and where necessary, make adjustments to decarbonisation measures.

¹ This updated Report is only available in Russian.

In 2024, the Company did not identify any new climate change-related risks for itself but recorded the occurrences of the risks identified earlier. During the winter period, equipment downtime occurred at Belorucheykskoye Ore Department due to fuel freezing. To address the issue, Severstal acquired a new batch of winter diesel fuel with special additives to prevent thickening at low temperatures. To prevent the risks of product transportation difficulties due to heavy snowfalls from recurring, Severstal purchased, tested, and successfully made use of snow removal equipment in the reporting year.

The Company assessed the relevant opportunities related to climate change:

- enhancing investment appeal, increasing profits: to do so, Severstal makes sure that its in-house GHG emissions accounting system is aligned with international standards and improves its climate rating;

- using green finance tools: the Company delivers climate change projects, benefits from investment support tools and government subsidies for retooling projects with positive climate and environmental effects;
- upgrading the equipment, embedding cutting-edge technologies, reducing fuel and energy costs: the Company pursues implementing the Decarbonisation Strategy; and
- manufacturing green products and incorporating climate change adaptation solutions.

[For more details regarding the assessment of climate change-related risks, relevant risks and opportunities, and the consequences of their occurrence, see the Company's Climate Report 2023¹.](#)

Climate Change Adaptation Activities

Severstal elaborates and implements climate change adaptation measures, thus providing for employee safety and production continuity. The Company has already drawn up adaptation plans for Karelsky Okatysh and Olcon and is currently drafting similar documents for PAO Severstal's enterprises in the Vologda Region: in particular, it is assessing physical risks and examining management practices based on the existing list of the key climate risk factors. The Company intends to complete this work in 2025 and then proceed with drafting such plan for other enterprises in the corporate loop.

Severstal engages with executive authorities in the regions of presence (the Murmansk Region, the Vologda Region, the Republic of Karelia) on climate change adaptation and climate risk management agenda. In particular, a cooperation agreement was signed with the Ministry of Natural Resources, Ecology and Fisheries of the Murmansk Region in 2024 on eleven focus areas, including the development and implementation of climate change adaptation programmes.

To provide for the safety of Severstal's and contractors' employees, the Company takes the following measures:

- monitors the condition of production sites and buildings and, as and where necessary, carries out repair works to avoid accidents, disruption of production continuity, and loss or destruction of building elements. In 2024, as part of delivering the strategy for maintenance of buildings and facilities, Severstal set up a unified register of their condition and maintenance;
- provides employees with the necessary PPE and takes robust actions to protect employees from adverse climate conditions. For example, Severstal is implementing an air-conditioning programme at its enterprises, which entails the installation of ventilation, air conditioning and aeration systems in administrative and amenity, production, and other buildings; and
- maintains stockpiles of the necessary materials (e.g. limestone, lining materials, fuel and lubricants, and products ready for shipment), provides for the functioning of backup power sources and normal operation of transport and transporting infrastructure (upgrade of railway tracks and related infrastructure, outfitting, modernisation and clean-up of water withdrawal systems, acquisition of snow removal equipment, sanding up of icy roads and access roads).

¹ Report for 2023 is only available in Russian.

Selected climate change adaptation activities being implemented at the enterprises

Karelsky Okatysh

- Reinforcing of open pit walls to minimise the risk of rock mass collapses, monitoring the condition of production sections using aerial photography tools
- Acquisition of drainage, submersible, and centrifugal pumps for various drainage sections, improvement of the supporting water withdrawal infrastructure
- Acquisition of a mobile diesel power plant to provide for the autonomous power generation capability
- Acquisition and installation of a heating system for receiving hoppers

Olcon

- Installation of stability control systems for the Olenegorsk open pit walls
- Acquisition of drainage pumps, enhancement of the supporting water withdrawal infrastructure

PAO Severstal

- Modification of station track development, including the upgrade of climate-sensitive sections of railway tracks and switches
- Organisation and digitalisation of large-scale monitoring of the condition of buildings, structures, and equipment
- Installation of a roof heating system to prevent icing and icicles on the roofs of buildings vulnerable to cold weather
- Installation of protective canopies under power transmission lines
- Construction of drainage systems, wastewater treatment, maintenance and inspection of pumping equipment to make sure that Cherepovets Steel Mill is prepared for spring floods
- R&D work to install hydro-monitoring wells at the Belorucheskoye Ore Department open pit to monitor the stability of open pit walls and ledges, cuts and dump slopes, as well as to monitor the groundwater regime during mining operations with reference to projected climate changes

Severstal-Metiz, OSPAZ

- Creation and replication of a system of projection, light demarcation, and visualisation of hazardous areas to ensure traffic safety in the conditions of limited visibility
- Reconstruction of heat supply system pipelines

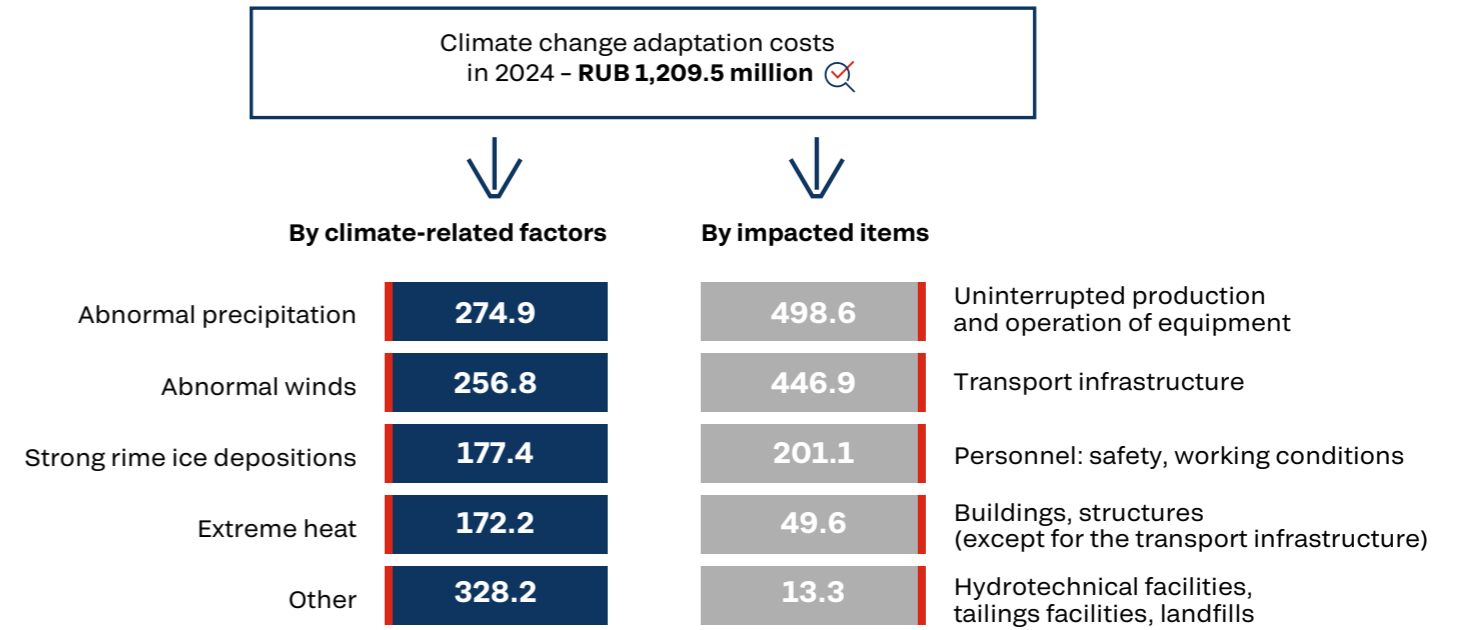
Reinforcing of open pit walls

In 2024, the Company’s specialists identified a dangerous overhang of rock mass fragments in the open pits of Karelsky Okatysh and Olcon. In the event of poor weather (including abundant precipitation or active snow melting) and intensified climate-related geomorphological processes, they might have collapsed under the weight of surface water. Severstal reinforced the walls of open pits using in-house designed and manufactured rock steel utility networks.

MED-21

The Company allocates funds for climate change adaptation measures. Over the last four years, RUB 4.1 billion has been allocated for adaptation measures, including RUB 2 billion for resource assets and RUB 2 billion for other enterprises. Total investments in environmental protection measures in 2024 amounted to RUB 1.21 billion.

Structure of Severstal’s costs of adapting its enterprises to climate change in 2024



For an exhaustive list of climate change adaptation activities and related costs, see the Appendix 5.

Decarbonisation Strategy

Strongly focused on the climate change agenda, Severstal abides by the [Decarbonisation Strategy 2030¹](#) in this practice area. The document sets forth five pillars to reduce greenhouse gas emissions.

Severstal’s decarbonisation pillars

- Goals and measures to achieve them
- Innovation for decarbonisation
- Green products
- Green finance
- External stakeholder engagement

Decarbonisation Cooperation

Severstal is boosting cooperation with stakeholders on climate change issues. In 2021, the Company elaborated and launched the [Achieving a Low Carbon Future Together Climate Memorandum](#), adhered to by the leading Russian companies. Its mission is to join efforts to prevent climate change-related risks, reduce negative climate impacts, and adapt to the consequences of climate change. The partners sum up the results of compliance with the key principles at least once a year.

The Company is working to expand its partner network. In 2025, a number of major Russian universities, academic institutions, and climate competence centres from Moscow and the regions of the Company’s presence are scheduled to join the memorandum. It is also expected to enhance cooperation with educational and research organisations on training for low-carbon evolution and climate risk management, elaboration and implementation of climate projects, formation of climate scenarios, assessment of climate risks and damages, search and development of practices and technologies that contribute to the decarbonisation of production and increase the efficiency of adaptation measures.

¹ This document is only available in Russian

In 2024, the Company's experts discussed aspects of regulation and delivery of climate projects together with members of the following associations and working groups:

- Expert Council on Sustainable Development under the Ministry of Economic Development of the Russian Federation;
- 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;
- Climate Club chaired by the Advisor to the President of the Russian Federation and Special Presidential Representative on Climate Issues;
- Russian Union of Industrialists and Entrepreneurs (RSPP); and
- Russian Steel Association.

Severstal contributes to the proceedings of forums, roundtables, and other activities on the climate change agenda. In particular, the Company participated in the 29th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP29) in 2024.

Participation in COP29

In November 2024, Baku hosted the 29th session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP29), at which Severstal presented ten reports and shared experiences in implementing its own Decarbonisation Strategy and the ProClimate educational programme for employees. In addition, Severstal spoke about its participation in the Clean Air federal project, including its activities and their impact on reducing greenhouse gas emissions.

In the reporting year, the Company also took part in the following events dedicated to climate change issues:

- BRICS Climate Agenda in Modern Conditions Forum;
- Low-Carbon Market in Russia: Challenges, Proposals, Growth Prospects Panel Session at INNOPROM-2024;
- Plenary session of the Day of Ecology as part of the Russia international exhibition; and
- 21st Russian Steel: Growth Strategy Metallurgical Summit.

Green Products

One of the pillars of the Company's Decarbonisation Strategy is the production and sales of green products. These are products for climate change adaptation, products for carbon-free and low-carbon energy, low-carbon products, products with improved performance, and environmental products.

For an exhaustive list of the Company's green products, see the [Decarbonisation Strategy](#)¹.



Products for carbon-free and low-carbon energy

The Company facilitates a gradual transition to the use of energy from low-carbon and renewable sources by manufacturing goods for the construction of carbon dioxide and hydrogen generation, transport, and storage facilities.

Example. In 2024, the Company resumed the production of wind turbine towers at Severstal Steel Towers: the capacity is now fully utilised, the order book covers 90 sets of towers for wind power plants under construction in the European part of Russia, production is being upgraded, and new jobs are being created.



Products for climate change adaptation

Climate change significantly increases the likelihood of natural hazards to occur, which, in turn, may lead to the destruction of infrastructure facilities. Severstal manufactures facilities and structures enabling to prevent the occurrence of climate change-related physical risks or eliminate their consequences.

Example. In 2024, the Company introduced the Grani sheet pile, a metal profile designed to hold soil in place. It may be used in building structures to reinforce the walls of pits and trenches to prevent the scouring and landslides during the periods of active snow melting or abundant precipitation.

The sheet pile is already in used for the construction of urban green infrastructure (Slavyanka tram line in Saint Petersburg) and implementation of national projects (including the construction of major federal highways), as well as various infrastructure projects abroad (the Company has made deliveries to Belarus).

Another Severstal product is Armanorma alloyed rebar, which is resistant to both very high and low temperatures. Over the reporting period, the Company supplied it to the Republic of Sakha (Yakutia), a region with extreme climatic conditions.



Low-carbon products

Severstal offers low-carbon products that enable its customers to reduce their carbon footprint and gain a competitive edge in the market. The Company's product range includes products, whose carbon footprint is by 25%, 50% and 75% below the standard level. Moreover, Severstal is well-positioned to manufacture climate-neutral products with greenhouse gas offsets through the acquisition of high-quality carbon units.

The Company reduces the carbon footprint of its products by streamlining production routes, equipment operation modes, logistics and through the use of low-carbon feedstock and energy.



Products with improved performance

This category includes products that enable to reduce greenhouse gas emissions throughout the product life cycle, such as steel with improved strength and resistance to external factors, rolled products with antibacterial properties, and other long-life products.

Example. One of Severstal's products in this category is Iconball iron ore processing balls of hardness group 5. They last longer, allow grinding more materials and loading grinding bodies into the pulley up to 11% less frequently. Balls are supplied to the enterprises of the Russian Federation, Transcaucasia, and Central Asia.

In the reporting period, Severstal presented Powerhard Duo, a new bimetallic rolled product in the high-strength steel range, at the INNOPROM-2024 exhibition. Promising rolled steel uses include the construction of equipment for nuclear power plants, coke processing units, and the cladding of nuclear icebreakers, among others.

At the Green Eurasia 2024 international climate competition, the Company presented its project for the steel-frame housing construction in the Arctic zone of the Russian Federation. This engineering solution reduces carbon dioxide emissions by 10% during the construction of the building and 40% during its dismantling. The steel frame is also well suited for permafrost areas, earthquake-prone areas, and hard-to-reach areas due to its light weight compared to conventional concrete-based solutions, ease of transport, and speed of installation. Achieving such results became possible due to reduction of the weight of concrete used. The Company is currently implementing a project on erection of steel-frame buildings in Moscow and Saint Petersburg.

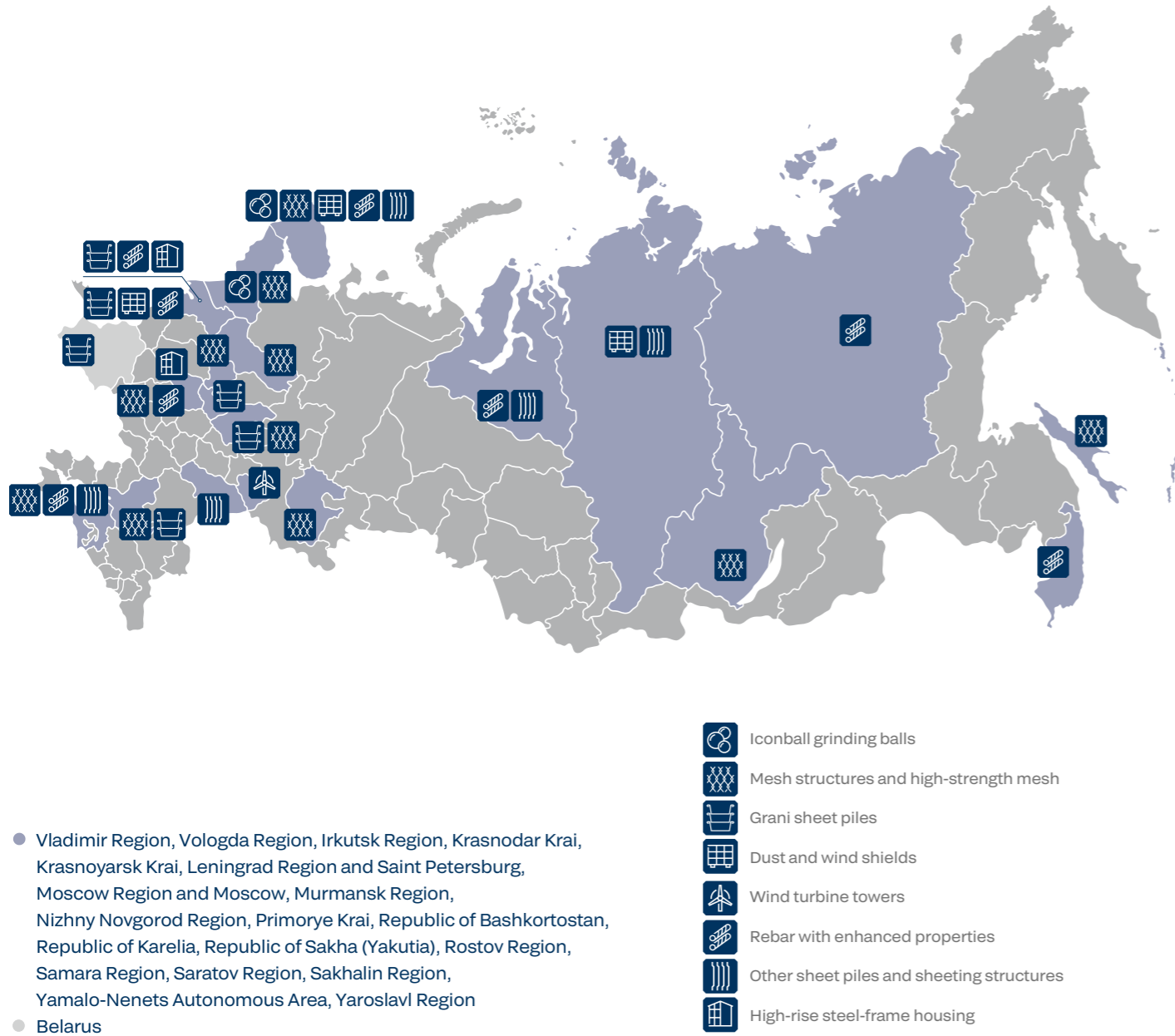


Environmental products

The category is represented by structures designed to protect the environment from pollution. These are, for example, dust and wind shields. Their supplies in 2024 amounted to 300 tonnes. The geography of supplies covers ports in the Leningrad Region, Murmansk Region, and Krasnoyarsk Krai.

¹ This document is only available in Russian.

List of products with an indication of locations



As requested by customers, the Company provides data on the carbon intensity of specific types of its products. Severstal assesses the carbon footprint of its products based on the ISO and GHG Protocol standards using its own data and information from suppliers.

In the reporting year, the Company sold 273.3 thousand tonnes of green products, which constitutes 3.4% of the Company's annual revenue. Severstal estimates that the demand for green products may demonstrate further growth due to the implementation of major infrastructure projects, steel-frame housing projects, and interest of machine building companies in using high-strength steel grades.

Emissions Reduction Goals, Metrics, and Activities

GRI 305-4 SASB EM-IS-110a.2
SASB EM-MM-110a.2

Severstal's Decarbonisation Strategy sets forth voluntary obligations to reduce the CO₂ intensity of steel production by 3% in 2024 (short-term goal) and by 10% in 2030 (mid-term goal) against the 2020 baseline. To fairly present information regarding the efficiency of implemented GHG emissions reduction measures over the past period, Severstal elaborated the Climate Performance Evaluation Methodology to ensure the comparability of CO₂ intensity estimates in the reporting period and in baseline conditions.

For a detailed description of the Climate Performance Evaluation Methodology, see the Appendix.

In 2024, the emissions intensity determined using the WSA methodology was 2.180 tonnes of CO₂/tonne of steel (at a consumption of 910 kg of cast iron/tonne of steel), which corresponds to a 3.4% reduction in emissions against the baseline of 2.256 tonnes CO₂/tonne of steel (determined for a comparable cast iron consumption). The baseline is adjusted in accordance with the Methodology of Accounting for the Actual Steelmaking Structure and Share of Cast Iron / Steel Scrap in the Steelmaking Charge.

Severstal's Decarbonisation Strategy provides for the reduction of greenhouse gas emissions through a set of activities aimed at:

- retooling and improvement of the equipment energy efficiency;
- increasing a share of recycling of secondary energy resources and in-house electricity generation;
- improving the quality of iron ore feedstock and a share of low-carbon fuel; and
- digitalising and automating technological processes.

Between 2020 and 2024, Severstal completed the implementation of 35 activities at Cherepovets Steel Mill intended to reduce GHG emissions, including:

- 14 activities in coke agglomeration and blast furnace process;
- 10 activities in production of energy resources;
- 9 activities in rolling; and
- 2 measures in steelmaking.

Investments in those activities amounted to RUB 24.7 billion. The effect of those activities is estimated at up to 1.2 million tonnes of CO₂/year. The creation of a large package of decarbonisation activities was achieved through the robust implementation of the Corporate GHG Emissions Management Standard, which provides for setting up a funnel of initiatives to be implemented and the application of an internal carbon price mechanism to support the most effective projects.

Key decarbonisation projects implemented between 2020 and 2024

Goal	Measures for achievement	Expected emissions reduction, tonnes of CO ₂ e per year
By 2024: reduce specific GHG emissions by 3% ¹	Rolling production upgrade (replacement of reheating furnaces Nos. 1 and 2)	180 thousand
	Programme for 95% of in-house electricity generation in total consumption (upgrade of steam turbines, construction of the boiler plant with boiler unit No. 11, installation of top-pressure recovery turbines)	150 thousand
	Retrofitting of the solid fuel preparation unit	100 thousand
	Creation of a Blast Furnace Expert System	50 thousand
	Overhaul of blast furnace No. 5	600 thousand

¹ Hereinafter, against the baseline 2020.

Key figures achieved before 2024

Indicator	2020 (baseline indicators)	2024 (indicators achieved)	Change	Comment
Intensity of CO ₂ emissions	2.256 tonnes of CO ₂ /tonne of steel	2.180 tonnes of CO ₂ /tonne of steel	-3.4% ✓	Reduction due to the activities carried out
Natural gas consumption in blast furnace process	129 m ³ /tonne of cast iron	190 m ³ /tonne of cast iron	+47.3%	Increase due to changes in blast furnace tuyere designs and melting technology
Share of iron ore pellets in blast furnace charge	33.2%	59.9%	+26.7%	Increase due to changes in the blast furnace design and melting technology
Solid fuel consumption in blast furnace process	388 kg/tonne of cast iron	352 kg/tonne of cast iron	-9.3%	Reduction due to the replacement of coke with natural gas and improved coke quality
Natural gas consumption in rolling at rolling shop No. 2	57.1 m ³ /t	48.0 m ³ /t	-15.9%	Reduction in specific fuel consumption for billet heating due to furnace upgrade

Key decarbonisation projects until 2030

Goal	Measures for achievement	Expected emissions reduction, tonnes of CO ₂ e per year
By 2030: reduce specific GHG emissions by 10%	Transformation of the core technological chain (building a pellet production complex, increasing the natural gas consumption in blast furnaces, decommissioning the inefficient facilities)	2,700 thousand
	Programme for 95% of in-house electricity generation in total consumption (recycling of secondary energy resources, upgrade of turbine generators, increase in energy efficiency, reduction in energy consumption)	350 thousand
	Rolling production upgrade (replacement of reheating furnace No. 3)	150 thousand

GRI 305-5

Building a pellet production complex

Severstal is gradually decommissioning Cherepovets Steel Mill's sinter units that fail to comply with today's environmental requirements. In 2024, the Company stopped three more units and intends to decommission seven machines out of eight installed at the site. Construction of an advanced iron ore pellet production complex is already underway at the site, which will make it possible to increase the productivity of blast furnaces and provide feedstock for the blast furnace process. Pellet firing requires five times less solid carbon fuel than in the sintering process. Increasing a share of pellets in the charge also increases natural gas consumption in blast furnaces and reduces coke consumption. Accordingly, the Company will be able to reduce greenhouse gas emissions by more than two million tonnes of CO₂e/year. Project investments will amount to RUB 116 billion. The complex launch is scheduled for 2026.

Overhaul of blast furnace No. 5

In 2024, Severstal carried out an overhaul of the Severyanka blast furnace No. 5. During the overhaul, the natural gas supply system was upgraded, which will reduce not only solid fuel consumption but also CO₂ emissions during cast iron production.

In addition to those works, all casthouse aspiration ducts were replaced. The furnace was also fitted with an advanced dust collector, which will improve the efficiency of cleaning the blast furnace gas and the degree of dust capture, and with a modern aspiration system, which is necessary to remove dusty air from cast iron overflow and transportation areas.

Climate-Related Projects

In addition to measures to reduce greenhouse gas emissions, Severstal is considering the implementation of natural and climatic projects. One of them is the rewetting of previously drained peatlands in the Vologda Region. In 2024, the Company completed a pre-feasibility study for the project. The study identified ten drained peatlands with a total area of 24.4 thousand hectares and the potential to reduce emissions to 225.7 thousand tonnes of CO₂e/year.

On top of that, Severstal, together with the Belgorod State National Research University, is looking into the possibility of using ameliorants based on secondary metallurgical products in agriculture. In 2024, field studies were completed, attesting to the safety of ameliorants, their positive impact on soil quality and fertility, and the reduction of greenhouse gas emissions.

In the reporting year, Severstal drafted documentation for two investment activities as climate projects: improving the energy efficiency of rolled products production and recycling of blast furnace gas to generate electricity. An accredited organisation has already validated these projects, and they will be entered on the Russian Registry of Carbon Units in 2025. The expected emissions reduction as a result of their implementation will exceed 3.7 million tonnes of CO₂e for the reporting period. The release of carbon units is scheduled for 2025-2026.

Recycling of blast furnace gas secondary energy resources with electricity generation



About the project

The combined heat and power plant is a steam blower station at Cherepovets Steel Mill that operates in the mode of combined heat and power generation for the enterprise. The blast furnace gas, coke oven gas, and natural gas are used as the primary fuels.

As part of the project, the Company is building a new boiler unit No. 11, which will generate heat in the form of steam by burning a fuel mixture basically consisting of the blast furnace gas, which was burnt at the gas bleeder before the project implementation

Emissions reduction mechanisms

The commissioning of boiler unit No. 11 ensures an increased recycling of blast furnace gas and its share in the fuel balance, which will lead to a decreased natural gas combustion and the resulting reduction in Scope 1 GHG emissions. In addition, the project will increase the Company's in-house electricity generation to enable it to purchase less energy from third-party suppliers and, thus, reduce Scope 2 GHG emissions. The total expected emissions reduction over a ten-year period is 1.8 million tonnes of CO₂e.

Improving the energy efficiency of rolled steel production



About the project

There are four reheating furnaces operating at mill 2000 in Cherepovets Steel Mill's rolling shop No. 2, which heat slabs up to 1,250 °C before rolling with the use of natural gas as fuel. Furnaces Nos. 1 and No. 2 are newer, the slab heating accuracy for them is 20-30 °C. For the older furnaces Nos. 3 and No. 4, this indicator is 40-70 °C.

Severstal is implementing a project to replace furnace No. 3 with a new furnace that will not use evaporative cooling systems and has low energy consumption

Emissions reduction mechanisms

The project to replace reheating furnace No. 3 at Cherepovets Steel Mill's rolling shop No. 2 with improved energy efficiency of rolled steel production provides for a reduction in natural gas consumption for metal heating and the resulting reduction in direct greenhouse gas emissions from natural gas combustion.

The expected emissions reduction over a ten-year period is 1.9 million tonnes of CO₂e.

Severstal also continues implementing a carbon landfill project together with the Belgorod State University. In 2024, extra surveys were carried out at the western section of the Yakovlevskiy Mine's backfilling sand pit to accommodate the carbon landfill after sand mining completion. Starting from 2026, after mining of this section, the technical stage of its reclamation will be performed, and the creation of the carbon landfill will continue in 2027. The carbon landfill is currently being considered for inclusion in the reclamation project being developed for the backfilling sand pit.

Performance in 2024

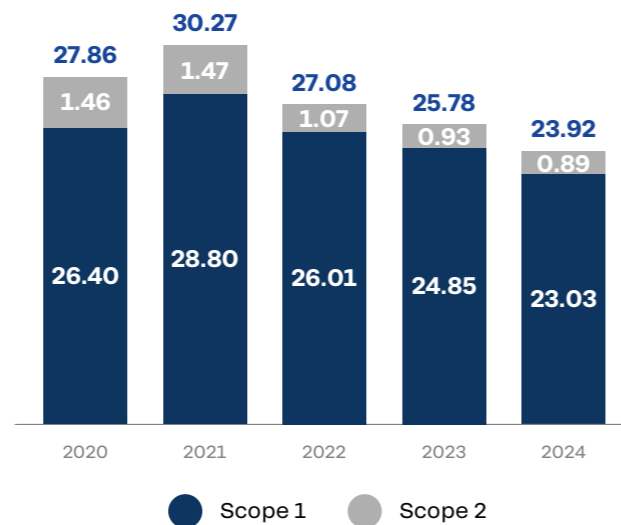
GRI 305-1 GRI 305-2 GRI 305-3
SASB EM-MM-110a.1 SASB EM-IS-110a.1 MED-20

When quantifying greenhouse gas emissions, Severstal factors in such emissions, as CO₂, CH₄, N₂O, PFCs, HFCs, SF₆, NF₃, and assesses them in accordance with the GHG Protocol standards for Scope 1, 2 and 3¹. The Company estimates Scope 2 emissions using market-based and location-based methods.

Total² Scope 1 and 2 emissions in 2024 amounted to 23.92 million tonnes of CO₂e, down 7.2% YoY owing to the completion of a number of investment activities and due to lower cast iron and steel production during the overhaul of blast furnace No. 5. Most Scope 1 and 2 emissions accrue to Cherepovets Steel Mill (92.3%).

GRI 305-1 GRI 305-2 SASB EM-MM-110a.1
SASB M-IS-110a.1 MED-20

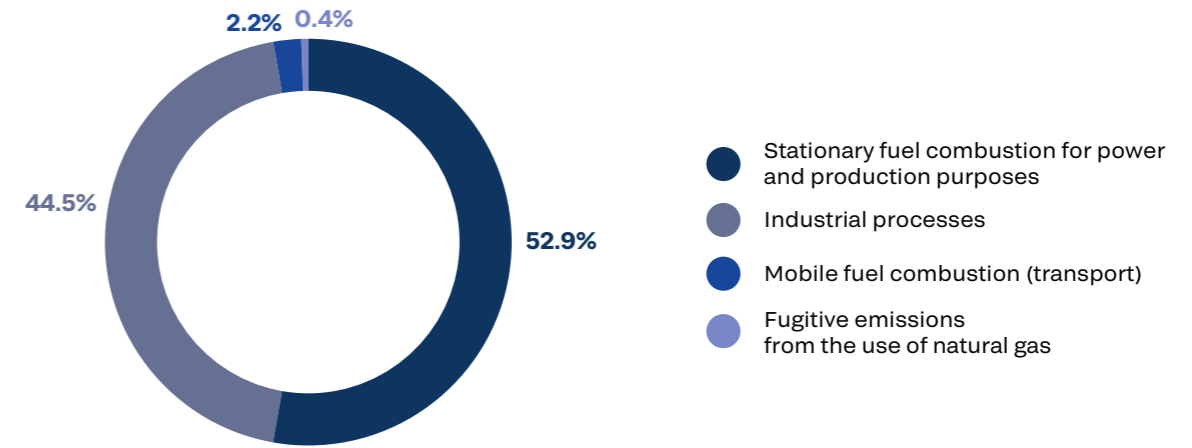
Gross GHG emissions (Scope 1 and 2), million tonnes of CO₂e



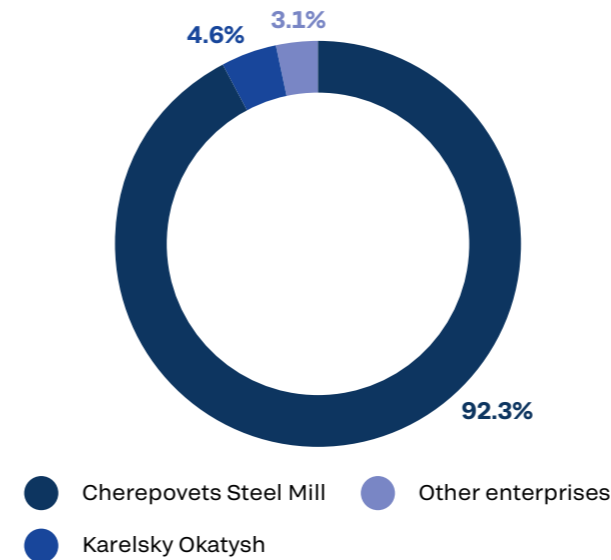
¹ GHG Protocol Corporate Accounting and Reporting Standard, GHG Protocol Scope 2 Guidance, GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

² 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).

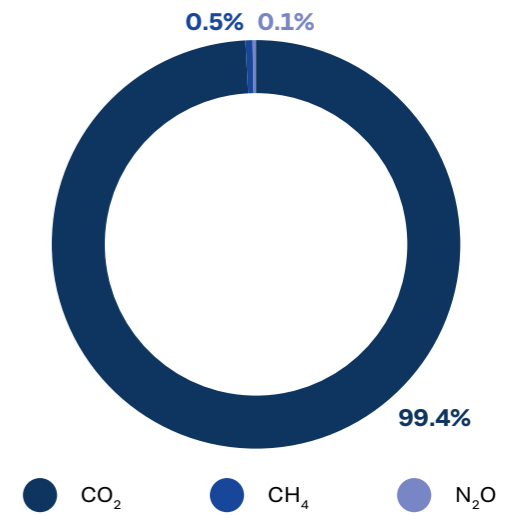
Key sources of Scope 1 GHG emissions in 2024



Major GHG emitters in 2024 (Scope 1 and 2)



Structure of GHG emissions in 2024 (Scope 1 and 2)¹



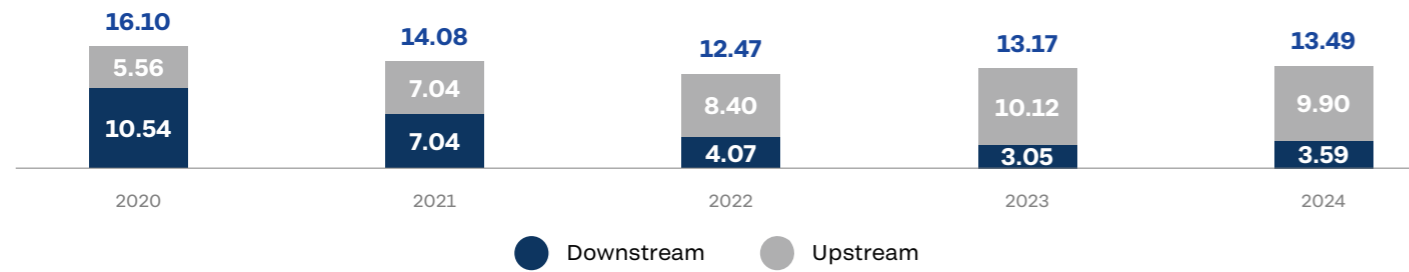
In 2024, the structure of GHG emissions remained intact versus 2023. Most emissions accrued to CO₂ (23.77 million tonnes of CO₂e), while CH₄ emissions amounted to 0.11 million tonnes of CO₂e and N₂O - to 0.04 million tonnes of CO₂e.

GRI 305-3

Scope 3 emissions in 2024 amounted to 13.49 million tonnes of CO₂e, up 2.4% against the previous reporting period, mainly as a result of increased shipments of iron ore products to third-party customers for further processing. Upstream and Downstream accounted for 73% and 27% of emissions, respectively.

¹ Severstal's enterprises emit almost no other greenhouse gases (PFCs, HFCs, SF₆ and NF₃), or those emissions are immaterial.

Gross GHG emissions (Scope 3), million tonnes of CO₂e



For detailed quantitative data regarding GHG emissions, see the Appendix 5.

GRI 305-4

In the reporting year, the intensity of greenhouse gas emissions determined under the WSA methodology was 2.180 tonnes of CO₂/tonne of steel , which is 6% below the global average for integrated enterprises. The emissions intensity increased by 0.9% year-on-year primarily as a result of an increased natural gas consumption and electricity purchases during the overhaul of blast furnace No. 5. At the same time, the emissions intensity decreased by 3.4% against the baseline level of emissions¹ .

Plans for 2025 and Mid-Term

Severstal intends to perform the following climate change activities in 2025 and mid-term:

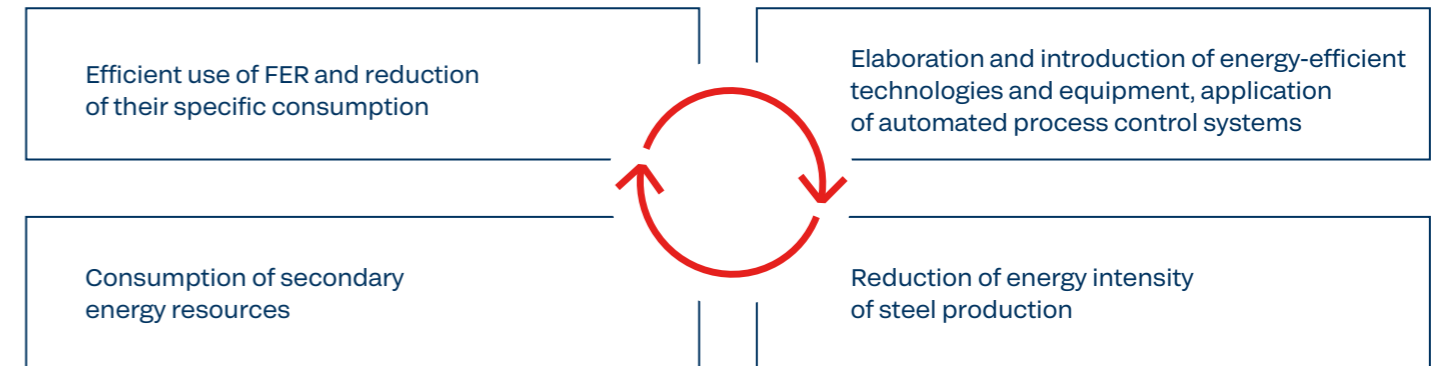
- continued activities to reduce greenhouse gas emissions covered by the Decarbonisation Strategy;
- completion of a climate physical risk assessment and compilation of a list of climate-vulnerable facilities for Severstal's operations in the Vologda Region;
- recording climate-related projects in the Russian Registry of Carbon Units;
- elaboration of a list of the best technological solutions and practices for mitigating physical risks associated with climate change;
- search and analysis of promising niches in the creation of green products; and
- implementation of R&D aimed at finding solutions to reduce greenhouse gas emissions and increase their absorption, including through natural and climatic solutions.

Energy Efficiency

Improving energy efficiency is an important element of Severstal's efforts to reduce greenhouse gas emissions. Elaboration of measures and activities in this area is the responsibility of the Energy Resources Production's (ERP) Technology Development Centre that consolidates the services for managing, planning, and analysing the use of fuel and energy resources (FER) and the team of experts in heat and power engineering, metallurgical heat engineering, gas and water supply. The Centre is also tasked with supplying the Company with FER in line with the production programme and providing for uninterrupted operation of the power-generated equipment. In the reporting year, the Company introduced a new position of Energy Director – Head of Energy Resources Production.

ERP regularly shares the deliverables of the energy efficiency improvement activities with energy specialists at the Company's enterprises, which contributes to achieving the goal of the Company's End-to-End Energy Efficiency Management Programme, that is elaboration of a strategy for centralised management of energy flows and its implementation. Such exchange of information makes it possible to identify areas for further FER use efficiency improvement.

The core internal document governing the Company's activities to enhance the FER use efficiency is [PAO Severstal's Energy Conservation Policy](#). The said Policy sets out the following commitments of the Company:



The Company's energy management system was elaborated in accordance with the requirements of ISO 50001:2018. Severstal conducts internal energy audits on a scheduled basis. In the reporting period, the Company conducted 11 audits followed by relevant recommendations. Compliance therewith enabled the Company to save more than RUB 570 million.

To manage energy consumption issues, Severstal uses digital tools, including mathematical models for improving the compressor load distribution, controlling the air pressure in the industrial network, and maintaining the compressed air quality. In addition, online dashboards are used to display the data on energy generation and distribution (steam, recycled water), specific energy consumption projections, and compliance with the KPIs established for the energy production shop. Owing to these engineering solutions, Severstal manages to save over RUB 1.4 million per annum.

On a compulsory basis, the Company identifies and assesses energy-related risks and takes measures to manage them. One of the current risks is the inability to use renewable energy. To mitigate it, Severstal provides for a backup power supply from other sources, including in-house generation.

¹ See the Severstal's Climate Performance Evaluation section.

The Company sets the minimum energy consumption levels for its divisions and elaborates plans for achieving them subject to annual revision. Severstal's employees are to follow the KPIs established by the Company for attaining specific energy consumption targets, which, if achieved, is rewarded. In the reporting period, Severstal added new KPIs on energy consumption reduction and on an increase in the share of in-house generation in the total energy consumption of the Company's main asset – Cherepovets Steel Mill. Apart from this, Company employees are in a position to put forward their own initiatives to improve the energy efficiency under the Idea Factory programme and to apply for bonuses.

Severstal employees are members of the national Energy and Environment expert community, where they share experiences and best practices, which includes energy efficiency, with other experts. One of the most distinctive results of the community's work in 2024 is the participation in the construction project for boiler unit No. 11 along with the project for using high-temperature fibre for skid pipes insulation, which led to a reduction in the specific cost of natural gas for heating slabs. Another key point is the implementation of energy saving initiatives under the Expert Career Ladder programme for experts capacity building, which resulted in a RUB 435 million decline in energy costs and carbon dioxide emissions.

To maintain employee power engineering excellence at a high level, the expert community arranges training for them. In the reporting year, 64 educational events were organised and conducted, including in the power engineering sector, with over 800 attendees.

Energy Efficiency Improvement Measures

For Cherepovets Steel Mill, the main consumer of energy resources at Severstal, the Company set the goal of achieving a 95% share of in-house generation consumption.

Medium-term goal	Progress in 2024
95%	79.1%
the share of in-house electricity generation in the total energy consumption at Cherepovets Steel Mill by 2030	of electricity consumed by the enterprise was generated by Cherepovets Steel Mill (↑1.3 p. p. against 2023) 4,696,729 million kWh generated (↓2.6% against 2023)

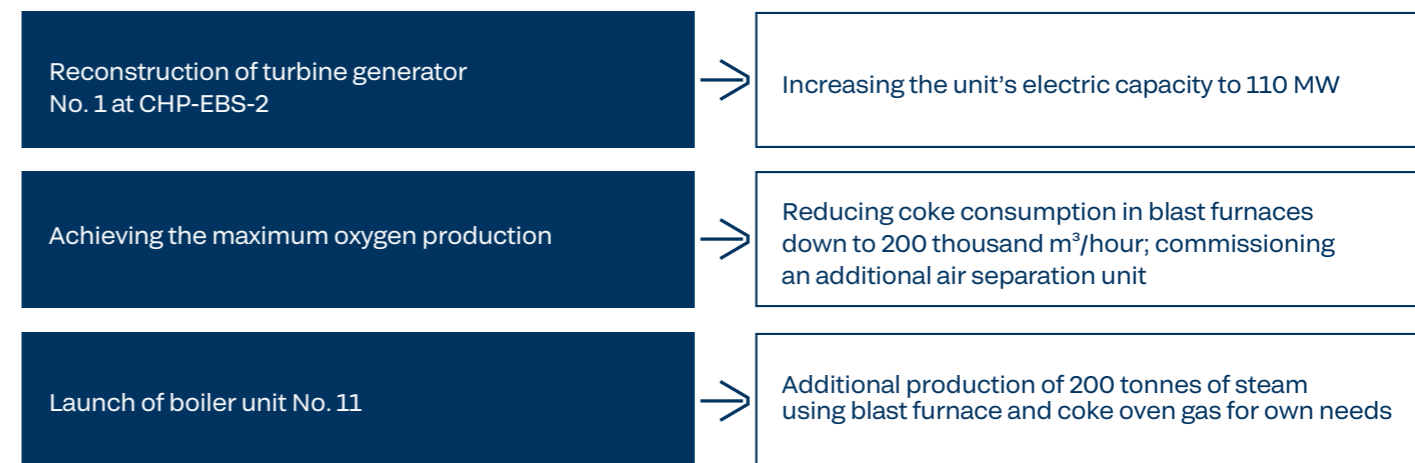
Representatives of the expert community organise learning sessions for students and schoolchildren. In 2024, lessons were held for schoolchildren of Severstal's engineering classes under the Energy School project. They visited the energy production shop on an excursion organised for them and college and university students.

Moreover, Severstal's Energy and Environment expert community arranged a number of events to share experiences with subject matter experts. In the reporting period, the community's experts made presentations at panel sessions at the Systeme Electric Innovation Summit on the following topics: Business Adaptation to the New ESG Regulation, Energy Transition 4.0 – Reality and Opportunities. In this context, the high level of community members' expertise was appreciated by external companies. Specifically, as part of the GreenTech Sustainability Accelerator of the Skolkovo Foundation's Industrial Technology Development Centre, Severstal's experts are involved in the assessment of startups from innovative companies from across Russia participating in the competition.

Severstal's enterprises conduct annual internal energy audits that help identify the most energy-intensive processes and elaborate measures to optimise energy consumption.

In 2024, specialists of the Energy and Environment expert community conducted nine energy audits at the Company's enterprises, whereupon the energy efficiency improvement measures were implemented. The effect from the activities proposed for development and implementation exceeded RUB 570 million.

Cherepovets Steel Mill implemented various projects aimed at both increasing the share of in-house generation and improving the energy resources use efficiency in general.



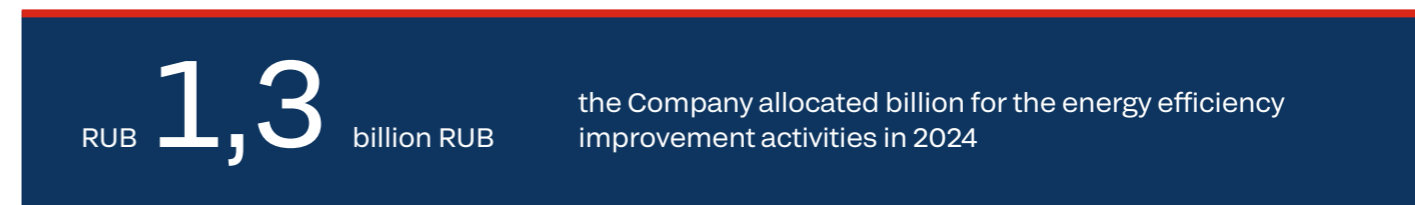
The scheduled overhaul of blast furnace No. 5 at Cherepovets Steel Mill was among the hallmarks of the reporting period. The Company was tasked with preventing overconsumption of energy resources at the time of furnace downtime. Severstal successfully achieved the goal and, moreover, put the equipment into operation earlier than planned. In addition, as a result of the overhaul, Severstal significantly increased the blast furnace gas consumption in Q4 2024. The Company expects that the modernisation of the natural gas cooling and feeding systems carried out during the overhaul will reduce the solid fuel consumption in cast iron production.

To follow up on the results achieved, Severstal intends to start similar operations at blast furnace No. 4 in 2025. The repair works also covered the

hot rolling machine: the specialists restored the fireproof protection of reheating furnaces, which shall significantly reduce gas consumption. Additionally, the Company deploys an automatic regulation system at boiler units in order to stabilise superheated steam parameters, increase power generation, and reduce natural gas consumption.

The Company combines its energy efficiency activities with implementation of the measures for increasing energy consumption from renewable sources. In particular, in the reporting year, Severstal was ranked seventh in the RAEX Renewable Energy Leader Rating, and the Company's experts assessed the potential for wind energy use in Cherepovets. Based on the results of the assessment, the estimated electric capacity of wind turbines will constitute about 25 MW.

MED-21



For the full list of energy efficiency improvement activities and related costs, see Appendix No. 5.

Performance in 2024

GRI 302-1 **GRI 302-4** **SASB EM-MM-130a.1** **SASB EM-IS-130a.1** **SASB EM-IS-130a.2** **MED-22**

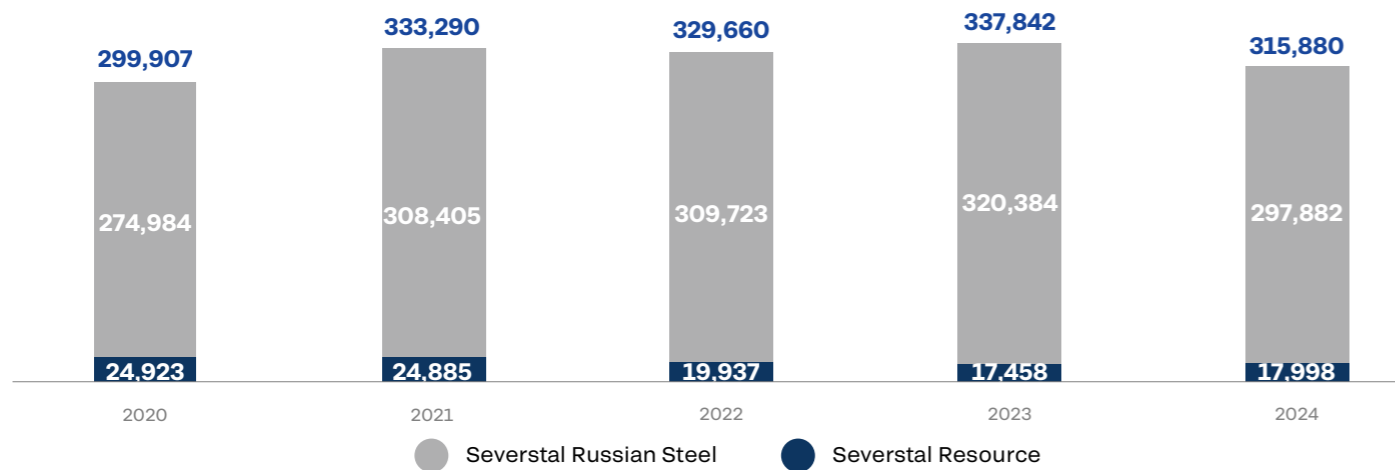
Over the reporting period, energy consumption by the Company's enterprises totalled 316 thousand TJ, down 7% YoY. The change was caused by the suspension of operations due to the overhaul of blast furnace No. 5. At the same time, blast furnace and coke oven gas consumption also decreased in 2024 (by 8% and 6%, respectively). More than 5 thousand TJ (1.7%) of the energy consumed by the Company was generated by renewable and carbon-free sources. The share of grid electricity in the total energy consumption was 4%.

Severstal's energy consumption¹, TJ

Indicator	2020	2021	2022	2023	2024
1) Fuel consumption, including	289,917	321,367	320,877	329,825	308,523
from non-renewable sources, including	289,655	321,200	320,664	329,687	308,464
gaseous fuel ²	95,091	106,528	106,283	116,499	114,854
liquid fuel ³	12,440	13,472	12,296	12,257	12,133
solid fuel ⁴	182,123	201,200	202,085	200,930	181,477
from renewable sources (biofuel) ⁵	262	167	213	138	59
2) Energy consumption (third-parties), including	16,322	18,908	15,457	14,513	13,965
electricity, including	15,143	17,643	14,357	13,676	13,123
purchased from RES and carbon-free sources ⁶	7,232	8,058	6,442	6,036	5,762
heat, including	1,179	1,265	1,100	836	842
steam	596	607	523	484	474
hot water	583	657	577	352	368
3) Sales of energy generated (to third parties), including		6,985	6,674	6,496	6,608
electricity	1,528	1,585	1,530	1,553	1,556
heat, including	4,803	5,400	5,144	4,944	5,052
steam	628	697	670	609	629
hot water	4,176	4,702	4,474	4,334	4,423
Energy consumption, total (1) + (2) - (3)	299,907	333,290	329,660	337,842	315,880

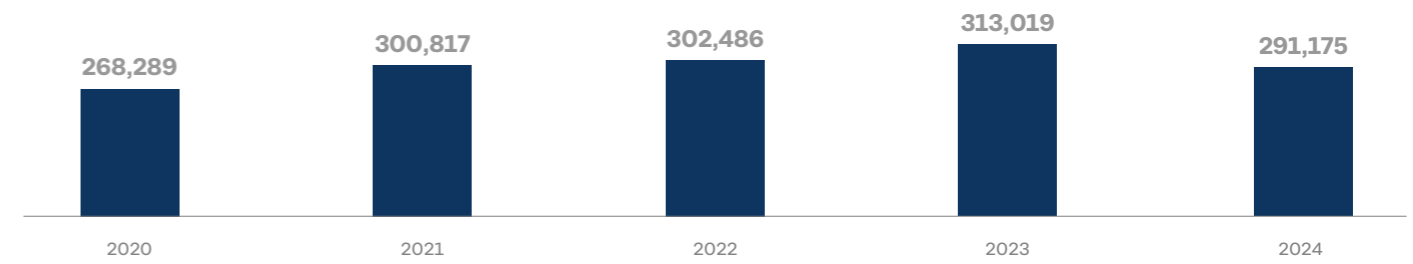
Most of energy is consumed by Severstal Russian Steel (94.3% in 2024).

Severstal's energy consumption by segment, TJ



¹ To convert the indicators from physical quantities to GJ, the data from Severstal's fuel suppliers and laboratories and from the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2, Energy (in the absence of data from Severstal's suppliers and laboratories), was used.
² Severstal makes use of the following gaseous fuels: natural gas, methane, propane, propane-butane. Cherepovets Steel Mill also consumes coke oven gas and blast furnace gas, but these fuels are not covered by the calculation of energy consumption, as they are derived resources from primary fuels. In 2024, coke oven gas and blast furnace gas consumption totalled 104.2 TJ..
³ Liquid fuels used by Severstal include: fuel oil, diesel oil, gasoline, kerosene, including jet fuel.
⁴ Solid fuels used by Severstal include: coking coal, steam coal, anthracite, peat.
⁵ Wood chips.
⁶ 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 (UES of Russia).

Cherepovets Steel Mill's energy consumption, TJ

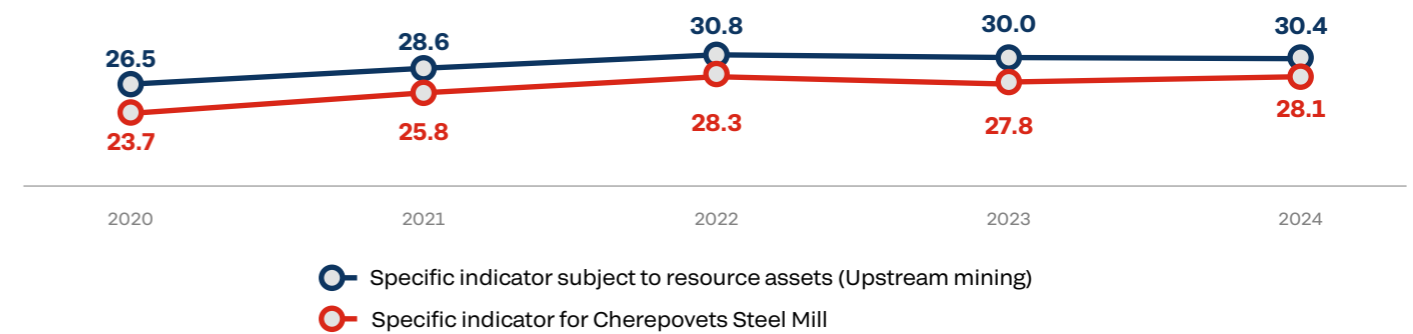


MED-23

In 2024, Severstal's specific energy consumption, including the resource assets, increased by 1.4% YoY to 30.4 GJ/tonne of steel, which is also explained by the suspension of blast furnace No. 5 for the overhaul. The Company's specific energy consumption per revenue and net added value totalled 380.7 GJ/RUB million and 1,205.6 GJ/RUB million respectively.

GRI 302-3

Severstal's energy intensity, GJ/tonne of steel¹



Plans for 2025 and Mid-Term

The Company sets the following energy efficiency objectives for 2025 and the medium term:

- Upgrading the second turbine generator at CHP-EBS-2;
- Achieving the in-house generation at 5 billion kWh;
- Calculating an economic probability of success (POS) model for construction of a wind farm in Cherepovets;
- Increasing the share of energy from secondary sources in the Company's total energy consumption.

¹ The numerator is energy consumption calculated at the GRI 302-1 formula, and the denominator is total crude steel production.

Environmental Protection

2024 Highlights

RUB **10.3** billion

environmental protection expenditures

98.4%

the share of water recycling

98.1%

the share of waste recycling

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

Material Topics

- Air quality
- Water use and impact on water resources
- Waste and tailings management
- Land resources and biodiversity

UN Sustainable Development Goals



Environmental Management System

GRI 3-3

The Company's production activities are associated with their negative impact on the environment. To prevent and minimise this impact, Severstal applies a systemic approach to environmental management. At all stages of its operations, the Company strives for rational use of energy, water, and material resources as well as for efficient waste management.

To manage the environmental protection issues, Severstal is guided by the requirements of environmental laws, the national development goals of the Russian Federation, and the International Sustainability Agenda.

In 2024, the Company adopted its Conserve Biodiversity – Preserve Life Strategy 2024–2036 and [Policy for Conservation of Biodiversity, Ecosystems and Ecosystem Services of the Severstal Group](#). The approved documents outline the Company's commitment to biodiversity, ecosystems and ecosystem services conservation and recommend similar approaches to all stakeholders.

[For more information regarding the strategic biodiversity documents, see the Biodiversity and Land Resources section.](#)

In the reporting year, Severstal supplemented the list of the key documents with the Mine Closure or Mothballing and Land Reclamation Standard. The document sets forth the fundamental principles of planning and arranging mine closure activities to ensure compliance of the Company's operations with statutory requirements and sustainable development principles. In addition, Severstal elaborated the Climate Performance Evaluation Methodology to be able to determine the efficiency of its climate change-related measures.

Key environmental protection documents

- **Internal**
 - [Environmental Policy](#). Contains Severstal's environmental protection priorities and responsibilities at different management levels
 - [Policy for Conservation of Biodiversity, Ecosystems and Ecosystem Services of the Severstal Group](#). Determines the Company's targets and obligations in biodiversity, ecosystems and ecosystem services conservation
 - Conserve Biodiversity – Preserve Life Strategy 2024–2036
 - Target-oriented environmental programme. Determines measures in the priority areas of environmental protection spanning all business units of the Company
 - Mine Closure or Mothballing and Land Reclamation Standard
 - [Biodiversity Standard](#). Establishes the procedure for elaborating programmes and arranging biodiversity conservation and monitoring activities
 - [Management of Used Water Resources Guidelines](#). Stipulates the principles of rational water use and integration of the unified water protection principles across the Company's enterprises
 - [Ensuring the Safety of Hydrotechnical Facilities Guidelines](#). Stipulates the procedure for observing the safety requirements throughout the life cycle of hydrotechnical facilities
 - [Emergency response plans for hydrotechnical facilities](#). Specify the sequence of actions upon the occurrence of emergencies at hydrotechnical facilities
- **External¹**
 - Federal Law dated 10.01.2002 No. 7-FZ on Environmental Protection
 - Federal Law dated 03.06.2006 No. 74-FZ 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 21.02.1991 No. 2395-1 on Subsoil
 - Federal Law dated 24.04.1995 No. 52-FZ on Fauna

¹ The Company also adheres to the following laws and decrees: 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 07.05.2024 No. 390 on the National Development Goals of the Russian Federation for the Period up to 2030 and for the Planning Period up to 2036.

In the reporting year, the Company worked on revising the set goals to be published in 2025¹.

Achievement of Severstal's public environmental goals

Goal	Actual
Reduce gross pollutant emissions by 13% by 2025 against 2017 ²	13.78% (achieved by 100%)
Reduce the amount of pollutants discharged into water bodies over the permissible discharge limits by 12% by 2025 against 2017 for PAO Severstal, Cherepovets industrial site	12.04% (achieved by 100%)
Reduce the amount of disposed waste by 20% by 2025 (of the amount of disposed waste in 2017, net of bulky mining waste)	70% (achieved by 100%)
Achieve the waste recycling share of 98.5% by 2030 (net of bulky waste against 2019)	98.1% (achieved by 75% and higher)

To achieve the strategic goals, the Company implements the measures under the Targeted-oriented Environmental Programme (TEP). In 2024, the Company delivered 72 projects, almost half of which are aimed at efficient waste management, nine projects aim to improve wastewater quality and 29 projects are targeted at atmospheric air protection. At year-end, the funding for the programme totalled RUB 2.4 billion.

Key projects implemented under TEP in 2024

	Project	Project description	Results
Cherepovets Steel Mill	Modernisation of the oil emulsion section	Replacement of flotators, hydrocyclones, installation of a three-phase separator	Obtaining recycled water of required quality, waste minimisation
	Replacement of the right-handed electric filter	Replacement of the electric filter for dust-free coke delivery from coke batteries	Reduction of residual dustiness (dustiness not exceeding 30 mg/m ³ after cleaning)
	Replacement of electric filters	Replacement of the outdated electric filters in sinter plant No. 3 with units of new design	Reduction of emitted dust concentration from 170 mg/m ³ to 30 mg/m ³
Olcón	Purchase of a of dusting surfaces treatment machine	Purchase of specialised equipment for the tailings' dusting surfaces treatment	The equipment is designated for dust suppression. Equipment application scheduled for 2025
	Construction of the 15th Anniversary of October pit wastewater outlet	Installation of local treatment facilities	Cleaning the pit wastewater from pollutants
Karelsky Okatysh	Construction of truck scales and a canopy over them	Construction of scales and canopy	Improving the quality of industrial waste accounting data, cost reduction

To manage its strategic objectives, the Company elaborated the Alfa digital system that allows to:

- monitor the key performance indicators over an annual time horizon;
- determine deviations from the goals, business plans and actual values in the comparable periods a year earlier;
- compare target values with those of competitors;
- build long-term forecasts, and
- monitor the implementation of measures, identify deviations and their impact on the strategic goals' achievement.

¹ The Strategy's version in effect is available on the [website](#).

² Severstal Russian Steel and Severstal Resource segments of the 2017 emissions.

At its enterprises, the Company implemented the environmental management system (EMS) to help bolster Severstal's environmental performance. Certification under ISO 14001:2015 was completed by nine Severstal's enterprises (12 industrial sites) employing 93% of Severstal's staff¹. The results of external audits in 2024 reaffirm that the certified sites are compliant with the requirements of the international standard.

Environmental Protection Management Structure

Environmental protection issues are administered by the business units at different managerial levels with a clear determination of accountability and liability.

Environmental protection management structure

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 efficiency of environmental measures and achievement of environmental protection target values
Safety and Sustainability Committee	<ul style="list-style-type: none"> ▪ Providing recommendations to the Board of Directors on the compliance with best available environmental practices, environmental reporting standards, applicable national environmental laws, and nature-related criteria of ESG ratings ▪ Coordination of the environmental reporting preparation process and actualisation of the key internal documents on environmental protection ▪ Assessment of progress in achieving the environmental goals ▪ Identification of material environmental risks, reviewing risk mitigation plans ▪ Analysis of material environmental incidents and breaches of statutory requirements in environmental protection
At the managing company level	
CEO of AO Severstal Management	<ul style="list-style-type: none"> ▪ Supervision over the functional units' activities, including those in environmental protection
Director of Occupational Health, Safety and Environmental Protection / Director of Ecology	<ul style="list-style-type: none"> ▪ Ensuring the implementation of strategic environmental protection decisions adopted at the supreme management level
Head of the Environmental Protection Department	<ul style="list-style-type: none"> ▪ Developing the cooperation and interaction between all divisions of the Company with the purpose of implementing the environmental protection measures
Sustainable Development Working Group	<ul style="list-style-type: none"> ▪ Addressing the current challenges, including those in environmental protection, by representatives of the member divisions of the working group
At the level of the segments and enterprises	
Severstal Russian Steel's HSE department	<ul style="list-style-type: none"> ▪ Control over the observance of the environmental protection standards and requirements in effect
Heads and functional units of the enterprises	<ul style="list-style-type: none"> ▪ Implementing the environmental protection objectives at the enterprises' level

¹ Among the Company's enterprises with an environmental footprint.

Environmental protection issues are reviewed at the Company's supreme level. In 2024, the key topics discussed at Board meetings included:

- the environmental goals of the Company for 2024–2028;
- policy for Conservation of Biodiversity, Ecosystems and Ecosystem Services;
- environmental indicators for the reporting year;
- key performance indicators of the Environmental Protection Department in 2024;
- achievement of the public environmental goals of the precedent period, and
- plans and objectives of the Environmental Protection Department for 2025.

In the reporting year, the Safety and Sustainability Committee comprised of five independent directors resumed its work. The Chairman of the Committee was elected from among the independent directors, and two off-site meetings were held to discuss the achievement of the key environmental indicators and plans for 2025.

For the business units' managers, Severstal established environmental key performance indicators (KPIs) linked to the observance of environmental laws' provisions, absence of accidents, and achievement of the target values. In 2024, the Company added a new indicator to the KPIs, that is endorsement by Rosprirodnadzor

of the implementation of the activities under the Clean Air federal project, which is attributable to the crucial importance of this project and control over the project implementation by the enterprises' management.

To attain its environmental protection goals, the Company conducts employee training events. Following the environmental laws of the Russian Federation¹, Severstal obliges its employees to attend training courses on such topics as:

- organisation of hazardous waste management work, and
- provision of environmental safety by managers and specialists in charge of general business management systems.

Additionally, the Company trains its employees on the following subjects:

- environmental management system;
- operating and maintenance rules for water facilities of ferrous metals enterprises;
- operating and maintenance rules for gas treatment units;
- ProClimate: the course covers the Company's Decarbonisation Strategy, GHG emissions and climate-related risks management, and
- HSE agenda.

As at year-end 2024, 8,785 employees completed the environmental protection training.

Among the material environmental risks, Severstal highlights the following:

- regulatory risks (complying with environmental laws, shaping new regulatory requirements);
- reputational risks (minimising the occurrence of accidents), and
- technological risks (changing charge components, maintaining equipment operability).

Severstal organised on-site environmental audits to identify and assess risks at its new sites¹. Their results demonstrated that the most common risks at the production sites are violations of waste management rules, issues of obtaining permits and organising laboratory control at sources of emissions and discharges. To eliminate the risks identified, in 2024, the Company elaborated and sent an environmental risk minimisation plan to the accountable persons for implementation.

Stakeholder Engagement on Environmental Agenda

Efficient management of environmental issues implies the Company's clear understanding of the needs and expectations of its stakeholders – employees, local communities, industry-specific organisations, governmental authorities, etc. To this effect, Severstal enhances mechanisms of multilateral cooperation with its stakeholders, including participation in the following organisations' activities:

- Commission on Occupational Health and Safety, Environmental Safety of the Russian Steel Association;
- Committee on Ecology and Environment Management, Committee on Biodiversity Conservation of the Russian Union of Industrialists and Entrepreneurs (RSPP);
- Technical working groups of the BAT Bureau on updating information and technical reference books on the best available technologies;
- UN Global Compact Local Network;
- Interdepartmental working group on regulation of pollutant discharges into water bodies;
- Scientific and Technical Council and working groups under the Federal Service for Supervision of Natural Resources (SER Organisation and Implementation, BAT and CEP, Air Protection, Water Bodies Protection, Biodiversity Conservation, Subsoil Protection and Sustainable Use);
- Expert Council for Technical and Economic Evaluation of Investment Projects on Integration of the best available technologies;
- 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, and
- Environmental commissions of the Chamber of Commerce and Industry of Russia's Council on Sustainable Development of Business, Corporate Social Responsibility and Volunteering.

In 2024, following the requirements of environmental laws, Severstal organised public debates with stakeholders on the topic of planned economic activities notifying them of the venue, date and time of the event through various communication means. The Company received 12 positive conclusions for the objects of state environmental expert review (hereinafter referred to as SEER). No points of criticism were raised either by the general public or the administration.

Severstal keeps on developing cooperation with the Russian Union of Industrialists and Entrepreneurs (RSPP). In particular, the Company's 2023 Report successfully passed the public assurance procedure by the RSPP Board of Non-Financial Reporting. Prepared in accord with the requirements of international standards, the document discloses most indicators in line with the recommendations of the Russian Ministry of Economic Development and reflects the Company's contribution to achieving the UN Sustainable Development Goals (SDGs) and national projects.

Severstal extensively engages its employees in environmental management through organising and conducting environmental events and clean-up days. Since 2022, corporate volunteering has become the Company's separate HR area.

In the reporting year, Severstal held over 270 volunteer events in 18 cities of presence. About 1,000 employees took part in those events.

Environmental Risk Management

To manage environmental risks, the Company forms their register that is subject to annual review at the level of the Chairman of the Board as part of the procedure for supporting the strategic and investment environmental programmes.

Severstal defines the risk list for the period of delivering the Target-oriented Environmental Programme up to 2030, encompassing the main areas of the environmental protection activities: air, water, waste, and operation of hazardous production facilities.

The Company ranks the said risks according to the established scale with reference to their impact on the fixed assets (infrastructure), people, environment, and the Company's reputation, as well as risk occurrence probability.

Risk ranking scale

Risk	Estimated potential damage, USD thsd.
High	250–500
Medium-high	50–250
Medium	10–50
Low	less than 10

¹ Federal Law dated 24.06.1998 No. 89-FZ on Industrial and Consumption Waste. Article 15. Requirements for persons allowed to collect, transport, treat, recycle, neutralise, dispose of waste of hazard classes I-IV; Federal Law dated 10.01.2002 No. 7-FZ on Environmental Protection. Article 73. Training of managers of organisations and specialists in the field of environmental protection and environmental safety.

¹ In 2024, new businesses joined the company: Mineralovodskoye OOO Stavropolsnab Wholesale Trade Enterprise, OOO Ventall Steel Solutions, OOO Severstal Steel Towers, OOO Stilleys LLC

Primary volunteer environmental campaigns

Clean Industrial Spring environmental campaign

Joined by the colleagues from five cities. As part of the initiative, the volunteers cleaned up rubbish and conducted clean-up days in different areas.

Environmental Clean-up Day

Employees of Severstal Steel Solutions cleaned up rubbish from the relevant territory – the Victory Park with nearby pavements – and looked after the young linden trees planted there in October 2021.

Big Arctic Clean-up Day

Organised by the Ministry of Natural Resources, Ecology and Fisheries of the Murmansk Region and the Directorate of Specially Protected Natural Areas of Regional Importance with financial support from Severstal. It stands for a large-scale clean-up in the format of environmental competitions held within the territory of the natural park and in the riverfront zone of the village of Teriberka. More than 300 volunteers from large enterprises and public organisations, including over 50 Olcon employees, took part in the event.

Clean Games on the Volga River

Volunteers from Severstal Kanaty took part in the international competition in separate waste collection. The participants landscaped the area around the cultural centre. In total, all teams collected more than one thousand tonnes of rubbish in Volgograd.

Environmental recyclables collection campaign

Karelsky Okatysh together with partners and volunteers conducted an environmental campaign to collect recyclable materials for further recycling. The organisers accepted more than 50 different types of waste for recycling, including tyres, glassware, waste paper, and office equipment.

Clean Games in Oryol

As part of the Eurasian Clean Cup, OSPAZ’s employees participated in the team competitions in cleaning up the Shchekotikha forest.

Cleaning in the national park

A team of volunteers employed by OSPAZ cleaned the nature trails with a total length of more than one kilometre in the Orlovskoye Polesye National Park. They also arranged for campfire areas by creating safe and favourable recreation conditions for visitors.

The Company implements environmental initiatives in the regions of presence that contribute to improving the environmental culture of local communities.

Environmental awareness activities

	Activity	Description
Olcon	Environmental lessons	A series of meetings with second-graders on the occasion of the Environmental Knowledge Day: an environmental quiz, cartoons screenings, rebus puzzles solving
	Open lessons on environmental protection issues	Four open lessons on the topic of environmental protection for primary school students held at the city library for secondary school students with interactive games on separate waste collection
	Excursion	Excursion for the students of the Mendeleev University of Chemical Technology of Russia to the observation platform of the Olenegorsk open pit, introduction to the phytoremediation system of the Kirovogorsk open pit
Cherepovets Steel Mill	Excursion routes across environmental sites	Excursion for the teaching staff of the Women’s Humanitarian Gymnasium to Cherepovets Steel Mill along the following route: the blast furnace, slag sites, steelmaking. Introduction to the key environmental projects
	Interactive environmental excursion	Introduction of engineering class seventh graders to the system of local treatment facilities for industrial storm water from the coke agglomeration / blast furnace process

Severstal also participates in scientific conferences on environmental issues and cooperates with innovation centres and educational institutions. Specifically, in the reporting year, the Company became an official partner of the Skolkovo GreenTech programme, Russia’s largest programme for search, expert review and integration of innovative projects and technologies in the production processes of industrial partners.

The reporting year marked the start of Severstal’s cooperation with the Sirius University of Science and Technology on the Unified National Monitoring System for Climate Active Substances project carried out pursuant to the Instruction dated 20.04.2023 No. Pr-800 by the President of the Russian Federation.

Jointly with the Belgorod State University, Severstal implements the programme for setting up a carbon balance monitoring network and carbon landfills in the Belgorod Region and performing phytoremediation of wastewater, as well as the world-class project titled ‘Blast Furnace Slag Ameliorants and Fertilisers for Improved Soil Fertility and Carbon sequestration’.

Participation in RUSSIA EXPO

In 2024, the Clean Air: Balance between Economy and Environment expert session was held at the VDNKh in Moscow within the framework of RUSSIA EXPO. The business programme was attended by representatives of business and government, including the authorities of the constituent entities of the Russian Federation. The agenda for the general public was based on the issues of achieving the goals of the Clean Air federal project under the Ecology National Project. At the plenary session, the Chairman of Severstal’s Board of Directors made a report on the outcomes and plans in pollutant emission reduction.

Events of such format facilitate an open dialogue, exchange of experience, and the of government’s and businesses’ united efforts in achieving Russia’s national goals.

In addition, Severstal took part in the following environmental events:

- Section meetings of the international scientific and practical conference ‘Ecology and Society: Balance of Interests’;
- Roundtable titled ‘Assessing the Environmental Openness of Mining and Metals Companies in Russia 2023’ at the Institute of Geography of the Russian Academy of Sciences;
- Roundtable on reducing the environmental footprint;
- Meetings of the Environmental Council under the Governor of the Volgograd Region;
- Dust and Gas Treatment 2024 international conference;
- EcoExpert 2024 practical conference on industrial environmental monitoring;
- BRICS Scientific and Educational Congress on Ecology and Climate Change organised by the Sirius University of Science and Technology;
- Ecology: City, Economy, People IV International Environmental Forum in Vologda;
- Siberian Perspective Summit;
- Environmental Wellbeing Forum;
- Forum of Environmental Technology Leaders, and
- Training programmes and workshops on the following topics: Sampling as part of IEC and Supervisory Activities: Special Aspects and Recommendations; Licensing of Waste Management: Do We Know Everything about Licences and Licensees?; Assessment, Calculation and Compensation for Damage Caused to Soils, Water Bodies and Biological Resources.

Cooperation with the Ministry of Natural Resources of the Murmansk Region

At the first regional environmental forum held in Murmansk, Olcon signed a cooperation agreement with the Ministry of Natural Resources, Ecology and Fisheries of the Murmansk Region. Strengthening the relationship with the Ministry is an important step for Severstal in the light of the opportunity to increase funding, expand the existing programmes and introduce new ones that would reduce the environmental burden associated with the Company’s operations.

In 2024, Severstal received the following awards for its strong environmental performance:

- first degree laureate of the Leaders of Responsible Business national award;
- commendation of the Protected Area Embassy (Zapovednoe Posol’stvo) charitable foundation for supporting nature conservation projects, and
- finalist of the Rassvet national award for nature photography and environmental education.

In the reporting year, Severstal conducted an annual sociological survey in Cherepovets, Kostomuksha and Olenegorsk covering the issues related to the Company's contribution to the Clean Air federal project, among others. The Company chose the interviewing method for data collection. The survey results demonstrated that in all the three cities over 50% of respondents believe that the Company takes good care of its environmental impact reduction. To date, Severstal marks the positive dynamics on this issue over the last three years. At the same time, the Company revealed the low awareness of the cities' residents about the environmental projects being implemented in those locations.

[For more information regarding the Clean Air federal project, see the Air Emissions section.](#)

The Company operates the Unified Hotline and other feedback channels for dealing with individuals' submissions and grievances on environmental impact issues. In 2024, the Company received ten air

pollution submissions and grievances related to the tailings dusting. The Company reviewed and acted upon all the ten submissions in accordance with the established procedure.

Environmental Supply Chain Responsibility

In the reporting year, the Company's approach to screening contractors by environmental criteria and monitoring their compliance with environmental requirements remained unchanged. Severstal's vertically integrated business model enables the Company to manage environmental risks in a considerable part of the supply chain. At the same time, the Company's environmental requirements and expectations are set forth in the documents governing the counterparty engagement and form an integral part of their ESG pre-qualification procedure.

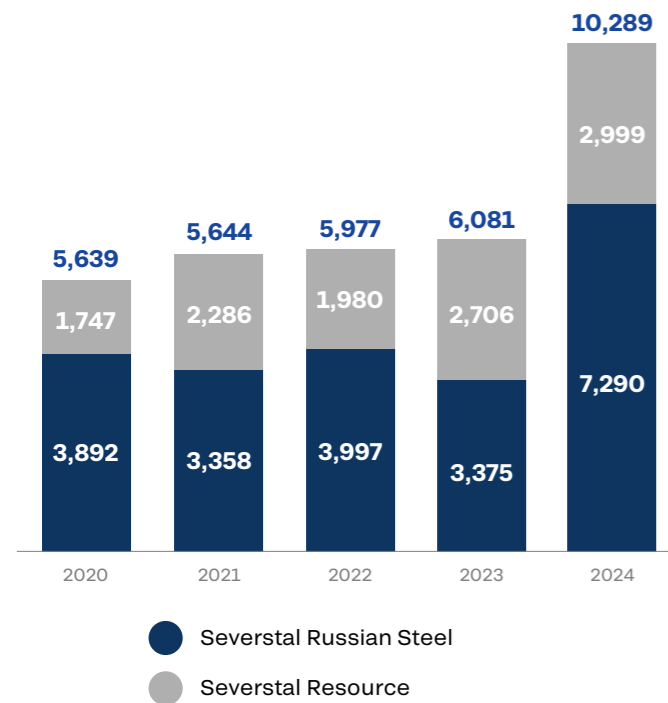
[For more details regarding the supplier assessment according to environmental criteria, see the Responsible Supply Chain section.](#)

Environmental Expenditures and Environmental Compliance

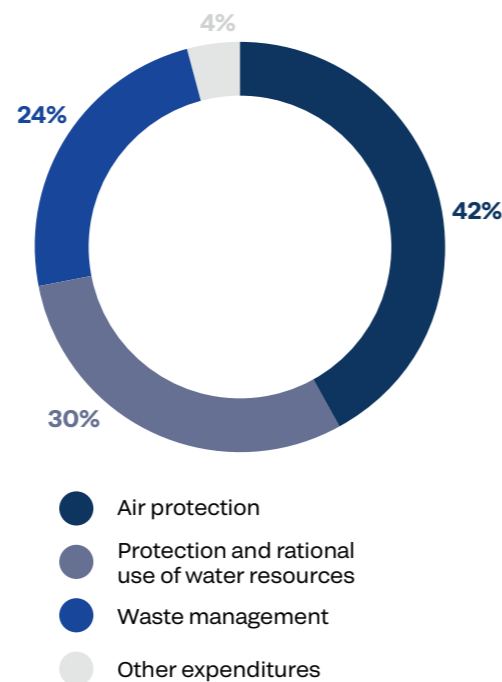
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In 2024, Severstal spent RUB 10.3 billion on the environmental protection activities, up 69% YoY. The increased environmental expenditures are attributed to the large-scale investment environmental programme underway.

Environmental protection expenditures, RUB million



Key environmental protection funding areas in 2024



Most expenditures (44%) accrue to air protection. The amount of funding for water protection and waste management in the total structure of expenditures is 30% and 24% respectively. Other expenditures¹ account for less than 2% of the total funding. The structure of environmental expenditures changed due to an increase in the expenditures on the measures for reducing the impact on atmospheric air.

¹ Other expenditures include, inter alia, the following areas: biodiversity and protection of natural areas, protection and rational use of land, land rehabilitation, environmental protection from noise, vibration and other types of physical impact, ensuring radiation safety of the environment.

GRI 2-27

In 2024, the governmental control and supervisory authorities conducted 13 inspections at four Severstal's enterprises. The inspections did not reveal any significant environmental damage¹. The Company also carries out audits at Cherepovets Steel Mill related to the implementation of the measures included in the plan for achieving emission quotas for hazardous (priority) pollutants².

In the reporting year, there were no incidents or major accidents with a significant environmental effect at the Company's enterprises.

Plans for 2025 and Mid-Term

Severstal's plans for its environmental management system are as follows:

- Ensuring a stable and sustainable state of biodiversity within the impact boundaries of the Company's enterprises;
- Achieving the effect of zero net loss of biodiversity and, where possible, biodiversity net gain effects;
- Avoiding the use of equipment containing sovtol by 2026;
- Exploring an efficient and economically feasible technology for mine wastewater treatment (Yakovlevskiy Mine), and
- Implementing the carbon landfill project (Yakovlevskiy Mine).



¹ The Company considers an amount exceeding USD 1,000,000 as a materiality criterion.

² Comprehensive Plan of the Clean Air Federal Project.

Air Emissions

Approach to Management

GRI 3-3 GRI 14.3.1

The most substantial negative impact on the atmospheric air associated with the Company's operations is produced by the steelmaking process. Severstal takes measures to provide for meeting the air quality norms in the areas of presence as this is crucial for the health of people in general and Company employees in particular.

Severstal sets targets to reduce its impact on air quality. To attain them more efficiently, the Company established the key performance indicators (KPIs) for managers that are aligned to zero over-limit emissions, reduction of emissions at Cherepovets Steel Mill under a respective comprehensive programme for achieving the goals of the Clean Air federal project, as well as to Rosprirodnadzor's endorsement of the implementation of the said measures. Achieving the KPI targets by managers influences their remuneration.

The principal internal document governing the Company's air protection activities is the Environmental Policy. On top of that, the Company operates the Targeted Environmental Programme that encompasses the emission reduction measures. The Programme covers Cherepovets Steel Mill, Karelsky Okatysh, Yakovlevskiy Mine, and Olcon. Also, Severstal implements its programme for the aspiration and gas treatment systems replacement at Cherepovets Steel Mill and Karelsky Okatysh.

In addition, the Company regularly assesses environmental risks, including those associated with air emissions. Among these, the most relevant for the Company are non-observance of statutory requirements, introduction of newer requirements under the Clean Air federal project, and occurrence of emergency situations.

Apart from this, Severstal conducts air monitoring as part of its industrial environmental control. Representatives of accredited laboratories take air samples at the sources of emissions, in the area of their impact and at the boundaries of sanitary protection zones to analyse their composition. In addition, to improve the accuracy of data collection and analysis, in 2024, the Company launched the programme for equipping Cherepovets Steel Mill's stationary sources of emissions with automatic control systems designated for emissions accounting and submitting this data to supervisory authorities. The systems are to be installed at the stationary

sources of emissions in coke agglomeration / blast furnace, steelmaking, and energy production sections. In 2025, this programme is expected to be joined by Karelsky Okatysh: fitting with automatic control systems will start with the boiler house.

GRI 2-29

Severstal also engages with stakeholders on issues of providing for the atmospheric air quality normalcy. In particular, the Company operates the Hotline for local residents' submissions. In 2024, Severstal reviewed and acted upon all the ten air quality submissions received. In the reporting period, there were no incidents related to air emissions that might result in significant environmental damage.

Cherepovets Steel Mill's Participation in the Clean Air Federal Project

GRI 3-3 GRI 14.3.1

The Company's main asset - Cherepovets Steel Mill - is based in Cherepovets (Vologda Region) that participates in the Clean Air federal project. Being strongly focused on the air quality in the region, Severstal takes measures for achieving the federal project's emission reduction goals, while following the internal Comprehensive Programme for Pollutant Emissions Reduction Measures. As at year-end 2024, all the 26 scheduled activities were accomplished. The amount of financing totalled RUB 47.5 billion. The activities on the Programme are included in the Comprehensive Action Plan for Pollutant Emissions Reduction in Cherepovets under the Clean Air federal project. The measures for upgrading the production facilities and replacing the air purification equipment with more efficient alternatives are among them.

GRI 2-29

The Company shares its emission reduction expertise at various topic-specific platforms. In 2024, the Clean Air: Balance between Economy and Environment expert session was held at VDNKh within the framework of RUSSIA EXPO attended by representatives of business and government. Severstal's experts spoke about the Company's early achievement of the Clean Air project targets for 2026, that is air emission reduction by at least 20% against the 2017 baseline. In this context, the Company successfully attained its own short-term goals set for Cherepovets Steel Mill.

Short-term goals of Cherepovets Steel Mill	Progress in 2024
<p>↓ by at least 20%</p> <p>reduction in Cherepovets Steel Mill's gross pollutant emissions by 2025 against the 2017 baseline</p>	<p>↓ 30.7%</p> <p>reduction in Cherepovets Steel Mill's gross pollutant emissions against the 2017 baseline</p>
<p>↓ by at least 20%</p> <p>reduction in Cherepovets Steel Mill's hazardous (priority) pollutant emissions by 2025 against the 2017 baseline</p>	<p>↓ 27.6%</p> <p>reduction in Cherepovets Steel Mill's hazardous (priority) pollutant emissions against the 2017 baseline</p>

Achieving the set goals became possible owing to the consistent implementation of the emission reduction initiatives at Cherepovets Steel Mill. The activities accomplished during the reporting period are presented in the table below.

Cherepovets Steel Mill's air emission reduction activities under the Clean Air project

Activity	Progress in 2024	Expected effect	Status
Implementation of the programme for replacing the electric filters of the aspiration air purification system from the sintering machines (running since 2020)	Reconstruction of five electric filters in the sintering shop	Fivefold reduction of dust content from waste air	→
Construction of an iron ore pellet production complex using environmentally friendly technologies	Gradual phasing out of full-fledged sintering: shutdown of three sintering machines	Reduction of pollutant emissions by more than 30% against 2017 Reduction of GHG emissions For more details, see the Climate Change section	→
Repair of three combustion reactors in the chemical products processing shop used for steam ammonia mixture recycling	Completed	Reduction of nitrogen oxide emissions by 69 tonnes	☑
Construction of a boiler house with a boiler unit	The Company performed the construction and installation works of the boiler house building frame and boiler unit. Service platforms installed. Comprehensive tests carried out	Reduction of nitrogen oxide emissions by 396 tonnes	→
Blast furnace overhaul	Equipping the furnace with an advanced dust collector, effective aspiration suction from cast iron scaffolds, cast iron and slag chute shelters, and cast iron discharge points Replacement of all casthouse aspiration ducts Upgrade of the system for feeding natural gas into the furnace	Increase in efficiency of dust removal from waste (blast furnace) gases	☑

☑ - completed → - in progress or postponed

In addition to the emission reduction activities, the Company develops its air quality monitoring network in Cherepovets. Nine monitoring points in all districts of the city are equipped with the sensors that monitor the content of the following substances in the air:

- carbon monoxide,
- nitrogen dioxide,
- sulphur dioxide;
- hydrogen sulphide, and
- suspended particulate matter (PM 2.5, PM 10.0).

The sensors' readings are transmitted to the [website](#) and are freely available as public domain data. Indicator values of the actual pollutant concentrations are available along with daily statistics thereof. For each pollutant, the hazard class and maximum permissible concentrations are additionally indicated, so that the website visitors may compare them with actual concentration values. The website also provides information on air temperature and wind speed and direction in each of the city districts.

Air quality monitoring in Cherepovets is carried out not only with the use of automatic sensors but also by specialists of an accredited laboratory. In 2024, they conducted over 10,800 tests of the atmospheric air composition in the locality. The measurement data is displayed monthly on a special scoreboard installed by the Company to notify Severstal's employees and local residents. Over the reporting period, the air composition studies of 19 pollutants were also carried out by the specialists of Rospotrebnadzor's Department for the Vologda Region and Federal Budgetary Healthcare Institution Hygiene and Epidemiology Centre of the Vologda Region.

Severstal's activities aimed to achieve the goals of the Clean Air federal project in the reporting period earned high awards. The Company won the Komsomolskaya Pravda award in the Eco-Enterprise nomination. The project of the air quality monitoring system for Cherepovets was recognised as the best ESG project, according to the professional community and the results of popular vote under the auspices of the Company of the Future 2024 award.

Pollutant Emission Reduction Activities

In addition to the measures for achieving the goals of the Clean Air federal project, Severstal carries out other activities on air emission reduction.

Implementation of other activities on air emission reduction

	Activity	Progress in 2024	Expected effect	Status
Cherepovets Steel Mill	Completion of the electric filter reconstruction at the dust-free coke pushing unit at coke batteries	Completion of the equipment commissioning Reconstruction project total costs - about RUB 230 million	Ensuring the dust concentration in waste air at no more than 30 mg/m ³ , which meets the level of best available technologies (BAT)	☑
Olcon	Replacement of the outworn aspiration systems of the crushing and preparation plant	Three aspiration units in the main building and fine-crushing building of the crushing and preparation plant replaced	Improved efficiency of the air purification systems	☑



	Activity	Progress in 2024	Expected effect	Status
Karelsky Okatysh	Upgrade of the inefficient gas treatment units	Replacement of electric filter No. 2 at the crushing and milling section of non-metallic materials Upgrade of the control system for electric filters Nos. 3 and 5 at the roasting machine No. 1 Replacement of the aspiration units ATU-1, ATU-7 and ATU-9 in the roasting and finished products shop	Dust emission reduction up to 72 tonnes per annum up to 96 tonnes per annum up to 363 tonnes per annum	→
Yakovlevskiy	Elaboration of the design documentation on the aspiration systems replacement at the backfill complex and in the area of water suppression, operation of mine shafts and lifts (WSOSL)	Design documentation elaborated Construction and installation works (C&I) to replace the aspiration system at the backfill complex completed Design documentation on the aspiration systems replacement at the WSOSL section elaborated Construction and installation works to be executed in 2026	The backfill complex: the aspiration system efficiency is 90-92%, which reduces the amount of suspended matter (inorganic dust) emissions into the atmospheric air WSOSL section: implementation of the measure in 2026 is to improve the aspiration system performance, increase the level of emissions purification by at least 90%, and enable the Company to observe the technological standards for suspended matter emissions during ore mining	→

☑ - completed

→ - in progress or postponed

Additionally, in the reporting year, Olcon purchased machines for treating the tailings' surface for dust suppression purposes. To ensure a more efficient dust control, the enterprise's employees sow the tailings facility area with grass.

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In the reporting period, Severstal spent RUB 3.1 billion on the air emission reduction measures.

Goals and Metrics

The Company continuously monitors the efficiency of its air pollutants reduction, sets target values, and exercises control over their achievement.

Severstal's short-term goal

↓ 13%

reduction of Severstal's gross pollutant emissions by 2025 against the 2017 baseline

Progress in 2024

↓ 13.8%

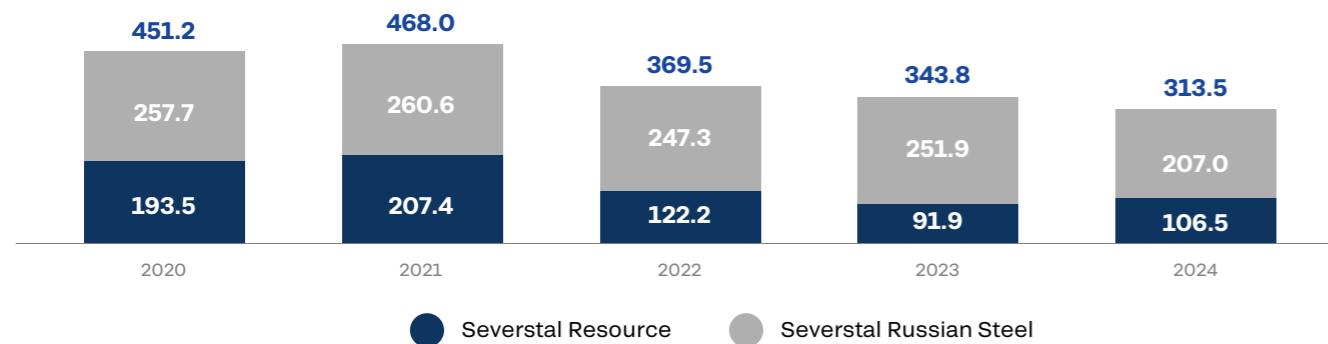
reduction against 2017 (↓8.8% reduction against 2023)

In 2024, Severstal successfully achieved the set goal through shutting down the sintering machines. The attainment of the Company's goals is largely facilitated by the use of the advanced gas treatment equipment that allows to reduce the concentration of pollutants in waste gases. For these purposes, Cherepovets Steel Mill mainly uses scrubbers, Venturi tubes, and bag filters.

GRI 305-7 **GRI 14.3.2** **SASB EM-MM-120a.1** **EM-IS-120a.1** **MED-19**

In 2024, the gross air emissions totalled almost 314,000 tonnes, down 9% YoY due to the shutdown of sintering machines in the sintering shop No. 2, as well as the operation of only one sintering machine during the overhaul of the blast furnace and the mothballing of the coke battery No. 7. With that, Severstal Russian Steel accounted for the bulk of emissions (66%).

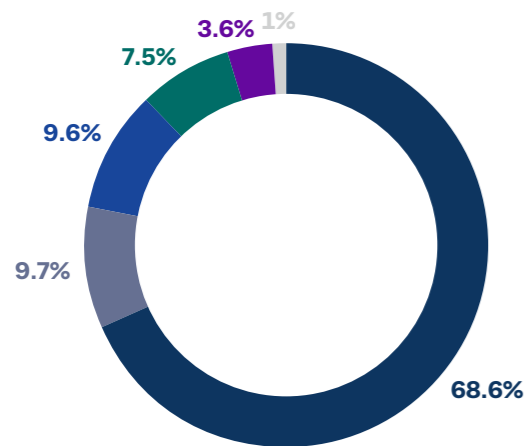
Severstal's pollutant emissions, thousand tonnes



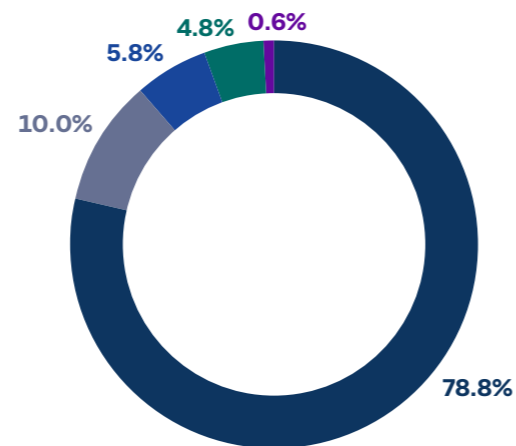
GRI 305-7 **GRI 14.3.2** **SASB EM-MM-120a.1** **EM-IS-120a.1** **MED-19**

The most significant share of Severstal Russian Steel's emissions is attributable to Cherepovets Steel Mill. The emissions are basically associated with the operations of the Mill's sintering shops.

Pollutant emissions structure by production units at Cherepovets Steel Mill in 2024, %



Structure of Cherepovets Steel Mill's air emissions by pollutants in 2024, %



- Sinter
- Auxiliary
- Steelmaking
- Coke
- Blast furnace
- Rolling

- Carbon monoxide (CO)
- Sulphur dioxide (SO₂)
- Particulate matter (dust)
- Nitrogen oxides (NO₂+NO)
- Other substances

Due to the specifics of the production, carbon monoxide accounts for the majority of Cherepovets Steel Mill's air emissions. In 2024, its share in the Mill's gross emissions was 78.8%.

Plans for 2025 and Mid-Term

For 2025 and the medium term, the Company's enterprises plan to implement various measures aimed at:

Cherepovets Steel Mill

- Continuing to implement the programme for the aspiration and gas treatment units replacement (reconstruction of aspiration systems in the main shops of the enterprise), and
- Continuing to equip the sources of emissions with automatic control systems.

Yakovlevskiy Mine

- Examining the performance of all the existing gas treatment units, and
- Installing a more efficient aspiration system at the surface backfill complex.

Olcon

- Replacing the aspiration units in the primary-crushing building.

Karelsky Okatysh

- Upgrading and replacing the electric filters;
- Replacing the aspiration units, and
- Delivering the project for equipping the boiler house with an automatic emissions control system.



Responsible Water Use

Approach to Management

GRI 3-3 GRI 303-1 GRI 14.7.1 GRI 14.7.2

Severstal's operations do not produce a significant impact on water resources in the regions of presence. The Company's enterprises primarily use water from recycled water supply systems for their production needs. The most water is consumed by Cherepovets Steel Mill, Karelsky Okatysh, Olenegorsk and Yakovlevskiy mining and processing plants. According to the [Water Risk Atlas](#) compiled by the World Resources Institute (WRI), Severstal does not operate in the water stressed areas, therefore, the risk of water scarcity is determined by the Company as insignificant.

At water intake and water discharge, Severstal is governed by the requirements stipulated by the authorisations and the provisions of the internal [Management of Used Water Resources Guidelines](#). The latter sets forth the Company's goals for ensuring the rational use of water resources to preserve the natural aquatic environment. In the reporting period, the Company also drafted the procedure for warranty testing of newly commissioned water protection facilities and equipment. In addition, the Company operates the Targeted Environmental Programme containing the water use efficiency measures.

Pursuant to the obligations specified by the Guidelines, Severstal sets technically acceptable and economically feasible goals for water use at its enterprises and discloses quantitative indicators of water resource use and relevant water risks in its public reporting. Severstal identifies pursuit of activities without permits and over-limit pollutants' discharges in wastewater as the key risks.

Risk groups	Risk mitigation activities
Pursuit of activities without permits	<ul style="list-style-type: none"> Observance of statutory requirements to water intake and disposal Setting forth water intake and disposal limits in contracts with water suppliers and consumers, including pollutant discharge limits Regular monitoring of the use of water resources
Over-limit pollutants' discharges	<ul style="list-style-type: none"> Elaboration and implementation of the measures for reducing pollutant discharges down to applicable technological standards and maximum permissible limits Monitoring the performance and engineering status of the water treatment equipment Control over the observance of the standards of pollutants' discharge into the enterprise's sewage systems by divisions Regular monitoring of the wastewater pollution levels and natural water quality at the baseline and control sections, water discharge points, with the involvement of accredited organisations, the results of which are quarterly and annually submitted to the state supervisory authorities

In 2024, new business units were included in the scope of risk assessment¹. The Company considers the issues of obtaining authorisations and arranging for laboratory control at discharge sources to be the most pressing risks for them. To mitigate these risks, the Company devised the relevant plan to make sure they are removed from the register of currently central risks by 2025.

The heads of the enterprises are responsible for the availability of the required permits, conformity with the established limits for water intake and disposal, and for the implementation of the measures for reducing the pollutants' discharge into natural water bodies. The absence of over-limit discharges is among the established key performance indicators.

¹ OOO Mineralovodskoye Wholesale Enterprise Stavropolsnab, OOO Ventall Steel Solutions, OOO Severstal Steel Towers, and OOO Steellace.

GRI 303-2 GRI 14.7.3

Severstal discharges wastewater both into water bodies and municipal networks. The Company monitors the quality of water in natural water bodies that receive wastewater, including through the involvement of accredited laboratories. Wastewater is subject to mandatory treatment prior to its discharge into natural water bodies. Severstal strives to improve the quality of treatment by using advanced treatment facilities and regularly inspecting their serviceability. The treatment of wastewater discharged into public utilities is the responsibility of Vodokanal municipal unitary enterprise (MUE).

Skolkovo Green Tech Sustainable Development programme

For the fifth year in a row, since the programme's launch, the Company has become an official partner of the Skolkovo GreenTech, Russia's largest programme for the search, expert review, and integration of innovative projects and technologies in production processes of industrial partners, with over 50 water protection projects reviewed and evaluated.

Roundtable held by the Energy and Environmental expert community

In 2024, Severstal conducted a roundtable discussion as part of the Energy and Environment expert community. The event was attended by representatives of over 80 major Russian companies. The participants discussed the most prospective methods of wastewater, mine and drainage water treatment.

Responsible Water Use Measures

Severstal continues to carry out its activities for reducing the negative impacts of its operations on water resources.

Status of implementing the water use activities scheduled for 2024

	Activities	Progress in 2024	Status
Cherepovets Steel Mill	Set of measures for building a system for final treatment of wastewater discharged into the Koshta River at the outlet No. 3 to comply with the pollutant discharge standards	Completion of upgrading the treatment facilities at the pumping station No. 8 for flat rolled production. The amount of Severstal's investments in the project totalled RUB 353 million. As at year-end: reduction in pollutant discharge at the outlet No. 3 by 5.1 thousand tonnes against 2017 (the goal-setting baseline year). Additionally: examination of the water supply and disposal systems of the blast furnace gas treatment units, commencement of implementation of the measures for eliminating the sludge water discharge into the ash and sludge storage facility	→
	Startup completion at the flat rolled oil emulsion section to reduce discharges of oil products and fluorides at the outlet No. 10	Replacement of flotators and hydrocyclones, installation of a three-phase separator. The project aims to improve the quality of recycled water and reduce waste generation	☑
	R&D to find solutions for wastewater disinfection and comply with standards for all standardised microbiological indicators	Work completed, disinfection option selected	☑

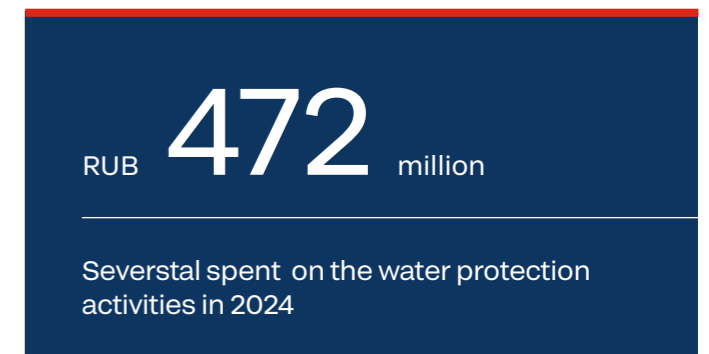
	Activities	Progress in 2024	Status
Olcon	Construction of the 15th Anniversary of October pit wastewater outlet as part of its upgrade	Installation of local treatment facilities for pit wastewater treatment	☑
	Commissioning of the continuous wastewater monitoring station on the Okunevoye Lake	Project completed	☑
Karelsky Okatysh	Tailings storage facility implementation project	Continuation of the works for closing the tailings storage facility loop for water discharge reduction at the outlet No. 1. Construction of the operational driveway and fencing dams on the construction soil preparation sites, installation of two strings of the spillway collector. In 2025, the enterprise will get on with the project and start construction of tailings embarkment No. 2 and the flood embankment. The project aims to ensure a gradual reduction of pollutant discharges into the Okunevoye Lake down to 4,000 tonnes/year from 2028 to 2037	➔
		Extending the area of phytoremediation systems for wastewater treatment after the tailings pond and sediment dam at the Korpanga deposit to 6,000 sq m and 2,000 sq m respectively. Increase in the treatment efficiency by 26% and 12% respectively. Result: preventing the nitrogen group substances from entering the effluents	☑
	Continuation of the work for extending the area of phytoremediation facilities for wastewater treatment		☑
Yakovlevskiy Mine	Implementation of the activities under the the project for creating phytoremediation facilities made of artificial floating islands for treatment of mine water from metals, nitrogen group, oil products: construction and installation works on the site, its expansion, and pilot testing	Installation of islands on the tailings pond, creating more than 2,400 islands. Completion of installation of a three-stage treatment system worth RUB 27 million. Elimination of mechanical contaminants using the root system of plants, subsequent treatment of effluents using coagulants and flocculants before demineralisation. Continuation of the monitoring of the pilot phytoremediation site, elaboration of major engineering solutions	➔
	Refurbishment of household wastewater treatment facilities	Development of the design documentation	➔

	Activities	Progress in 2024	Status
OSPAAZ	Implementation of the project for the construction of surface wastewater collection and treatment facilities with connection of the outlets Nos. 2 and 3 and return of treated wastewater to the technological water supply system (to be completed in 2026)	Performing design and survey works, obtaining an approval of non-state expert review Start of construction: 2025	➔
Aircompany	Commencement of the project for wastewater collection from the aircraft parking areas on the aerodrome apron	Pre-project study: assessing the project feasibility, determining the requirements for its further development. Drafting the documentation	➔
Belorucheyeskoye Ore Department	Arrangement of 12 hydraulic observation wells for monitoring	Drafting and approving the design documentation for the wells	➔
Vtorchermet	Upgrading the local treatment facilities	Carrying out the upgrade and performance tests	☑

☑ - completed ➔ - in progress

In addition to the above-listed activities, Severstal's enterprises implement a number of other initiatives to improve the quality of wastewater treatment. In particular, in 2024, Severstal Distribution carried out the pre-project studies on the modernisation of the storm drainage system. The plan is to consolidate the wastewater outlets at the local treatment facility No. 2. On top of that, Olcon extended the phytoremediation system area by 500 sq m and continues to evaluate the performance of this water treatment method.

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In the reporting period, Severstal organised a number of excursions for schoolchildren and students to introduce them to the water treatment processes at the Company's enterprises. The students-ecologists of the Mendeleev University of Chemical Technology of Russia visited Olcon to see the process of wastewater phytoremediation in the tailings pond. In turn, the engineering class schoolchildren visited Cherepovets Steel Mill for the demonstration of the operation of the industrial storm water treatment facilities of the coke agglomeration / blast furnace production.

Goals and Metrics

To track the efficiency of the work on ensuring the responsible water use, Severstal set the goal to reduce pollutant discharges by 2025:



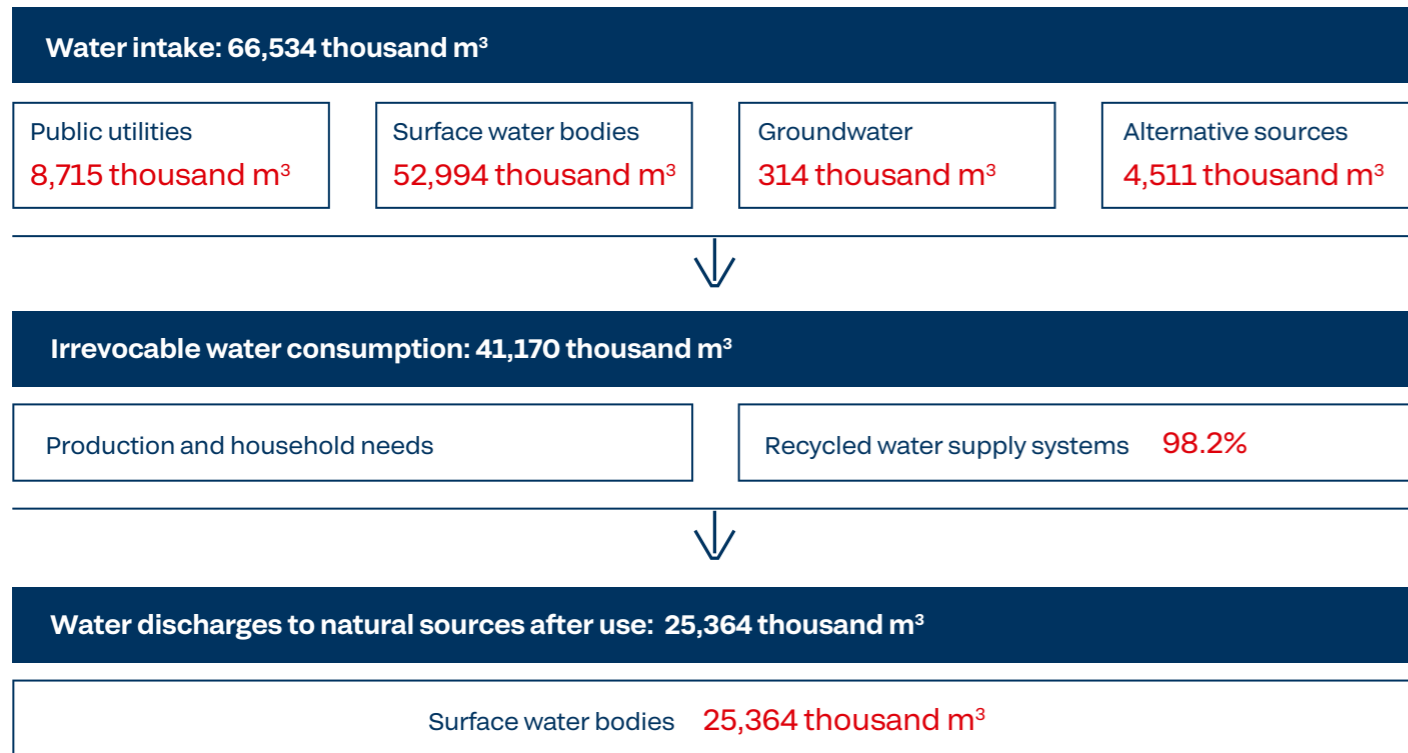
The Company achieved its goal of reducing the amount of pollutants discharged into water bodies¹ in excess of the established limits through the implementation of discharge reduction measures.

Severstal intends to implement the measures under the Environmental Performance Improvement Programme approved by the Interdepartmental Commission of the Ministry of Industry and Trade and constituting an integral part of the comprehensive environmental permit.

GRI 303-3 GRI 303-4 GRI 303-5 GRI 14.7.4 GRI 14.7.5 GRI 14.7.6 SASB EM-MM-140a.1 EM-IS-140a.1 MED-13 MED-14 MED-15

Severstal withdraws water both from municipal networks and natural sources, using water resources primarily for its production needs. When upgrading its production units and commissioning new facilities, the Company sets up local water recycling cycles. In particular, 62 such cycles are in operation at Cherepovets Steel Mill.

The Company's water balance in 2024

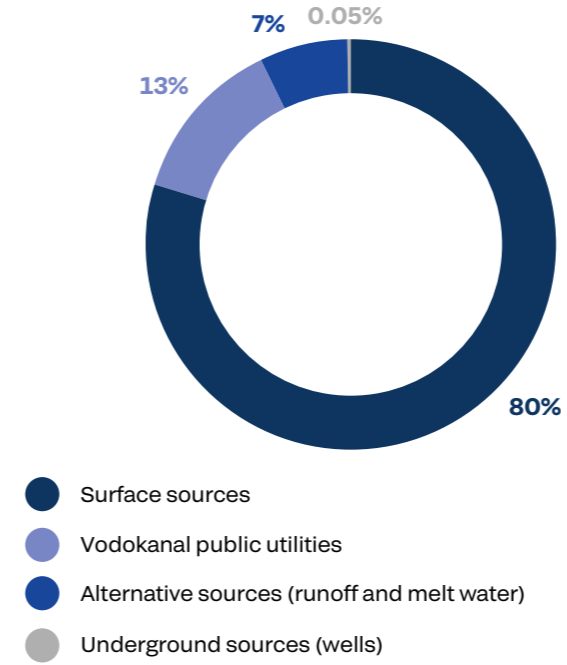


In the reporting period, Severstal's water intake from natural sources decreased slightly (by 4.4%) against 2023. With that, the structure of water intake by source did not change significantly: the most water was taken from surface sources.

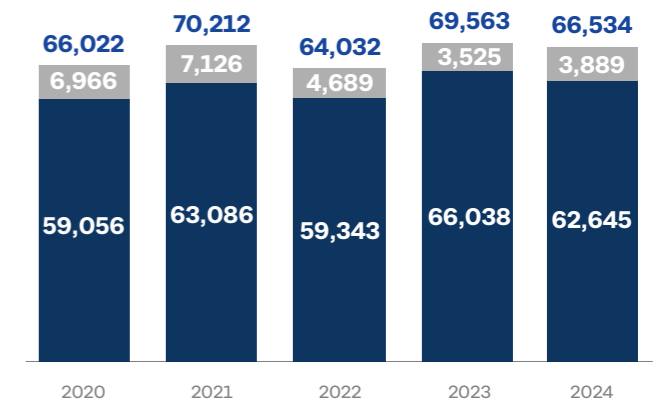
¹ Ammonium cation, nitrites, manganese, copper, nickel, sulphates, fluorides, zinc, oil products, iron.

GRI 303-3 GRI 14.7.4 SASB EM-MM-140a.1 EM-IS-140a.1 MED-13

Structure of water withdrawal from various sources in 2024, %

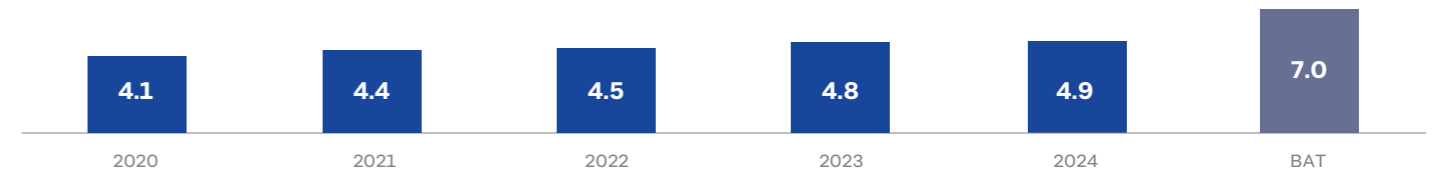


Total water intake from natural sources¹, thousand m³



The specific water intake by Cherepovets Steel Mill in the reporting period amounted to 4.9 m³/tonnes of steel, up 2.1% against 2023. At the same time, this value is 30% lower than the level of best available technologies (BAT).

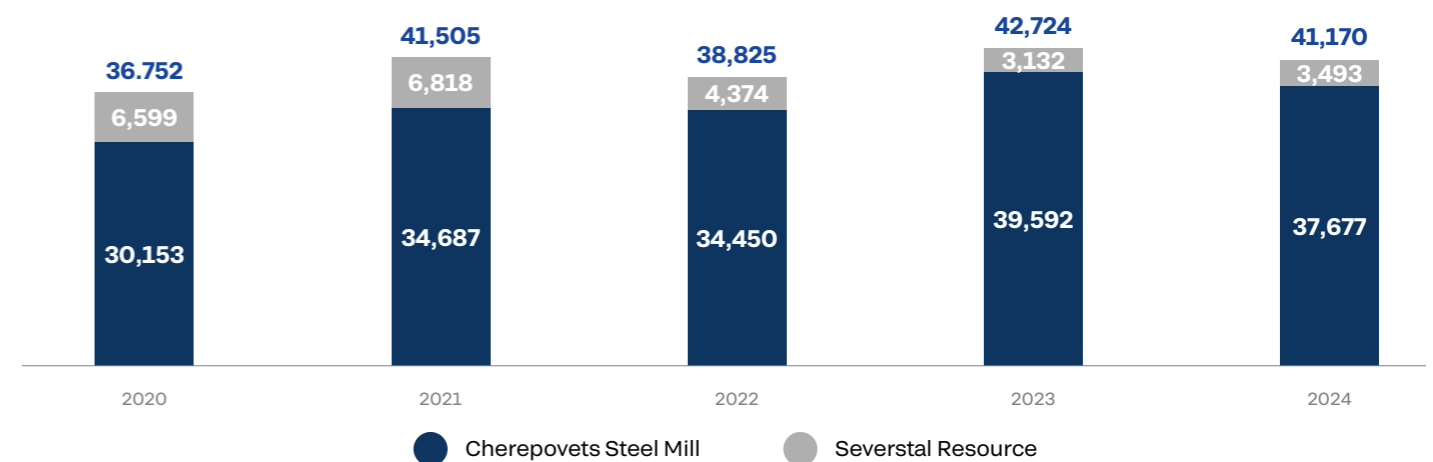
Specific water intake by Cherepovets Steel Mill from natural sources, m³/t of steel



GRI 303-5 GRI 14.7.6 SASB EM-MM-140a.1 EM-IS-140a.1

In the reporting period, the water consumption totalled 41.2 million m³, down 3.6% against 2023. This dynamics is attributable to the increased amount of recycled water used and to the overhaul of the principal process equipment at Cherepovets Steel Mill. The specific water consumption in 2024 amounted to 3.9 m³/t of steel.

Irrevocable water consumption², thousand m³

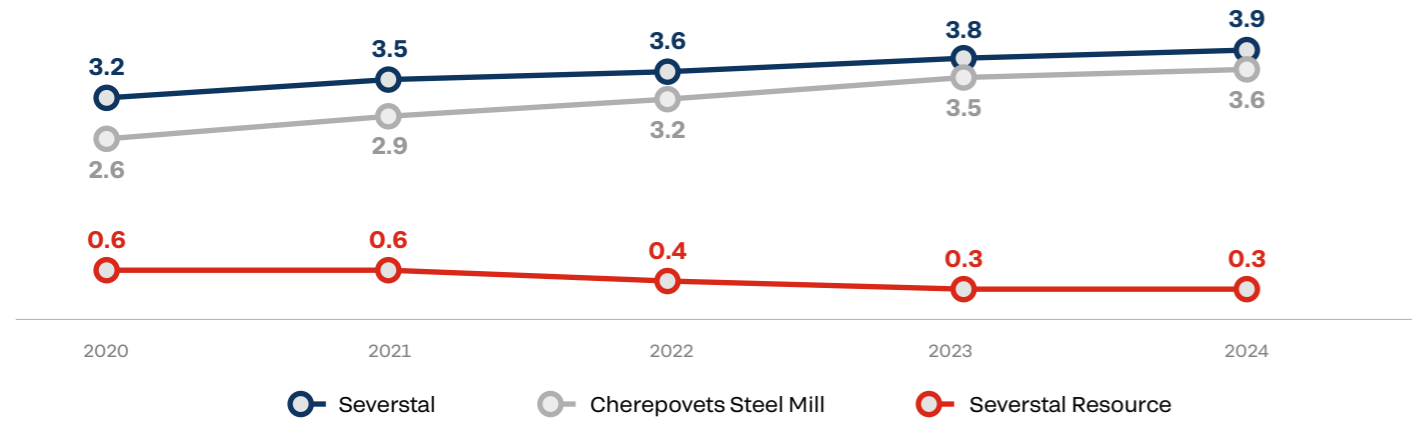


¹ The Company withdraws and discharges fresh water only.

² The figure is calculated as the difference between the total water withdrawal from natural sources and the total water discharge to natural sources after use.

Specific water consumption, m³/t of steel

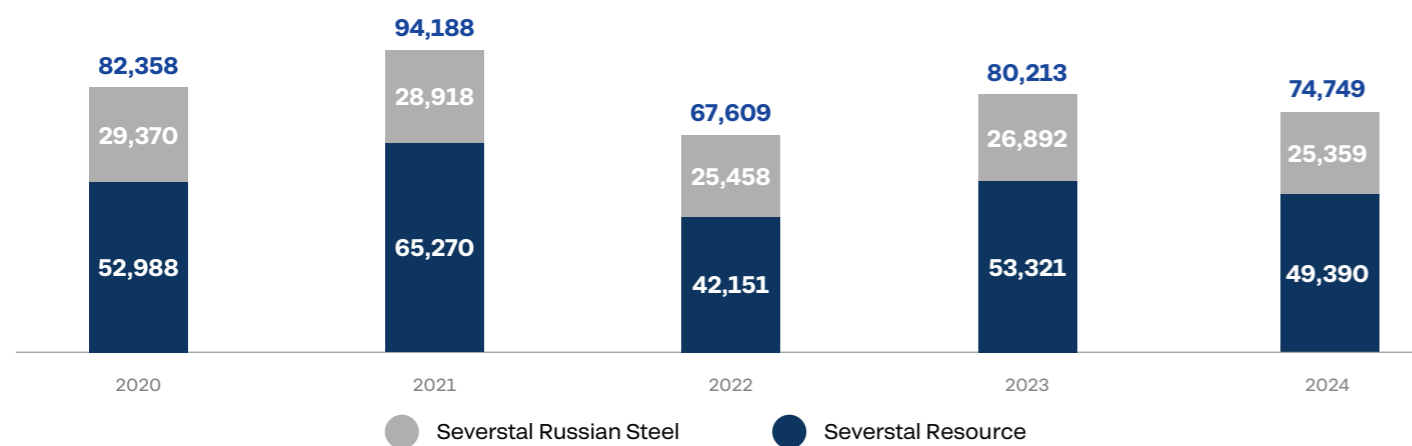
MED-16



GRI 303-4 GRI 14.7.5 MED-15

Severstal Resource discharges most water into water bodies. At the same time, it discharges the mine and pit water into water bodies without using it for production. In 2024, the total amount of water discharged by Severstal into water bodies decreased by 6.8% against 2023.

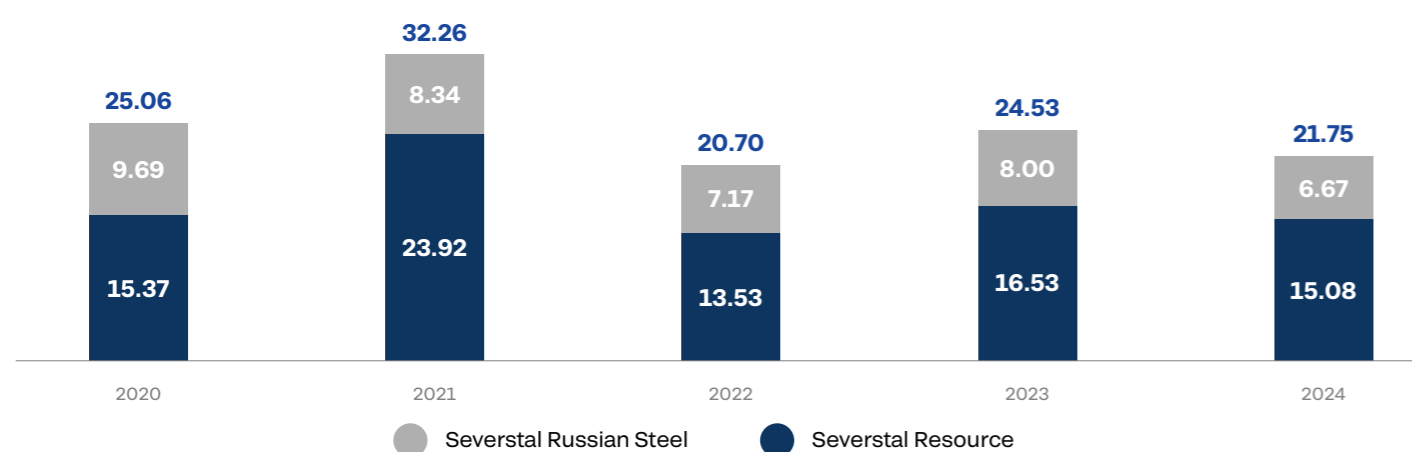
Total water discharge into water bodies, thousand m³



SASB EM-MM-140a.2 MED-15

Severstal did not record any significant incidents related to pollutant discharges into water bodies over the reporting period. In 2024, 21.75 thousand tonnes of pollutants were discharged into water bodies, down 11.3% YoY due to the decreased amount of wastewater discharged at the outlet No. 3.

Pollutant discharges into water bodies, thousand tonnes

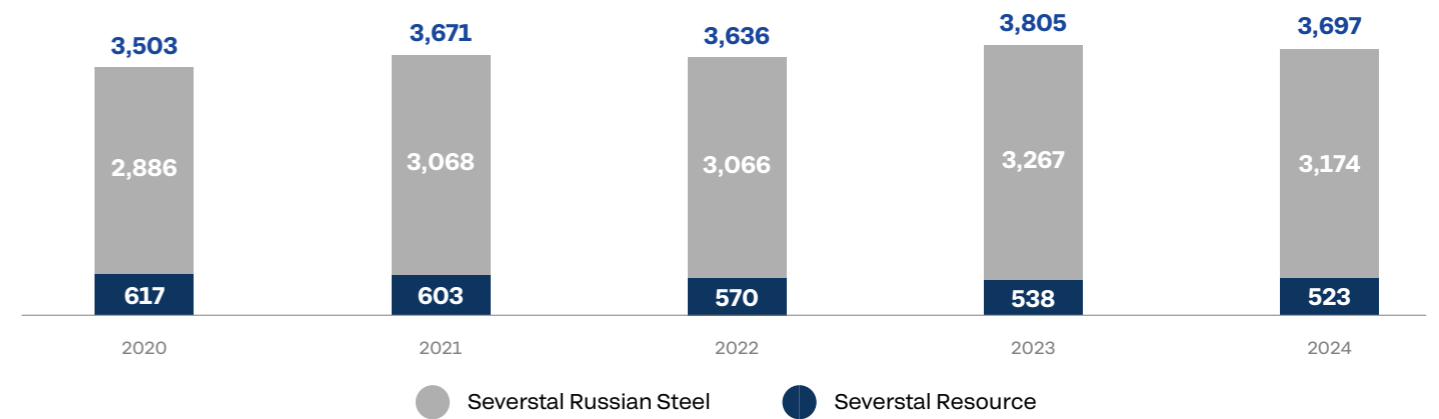


For more details regarding the water use metrics, see Appendix 5.

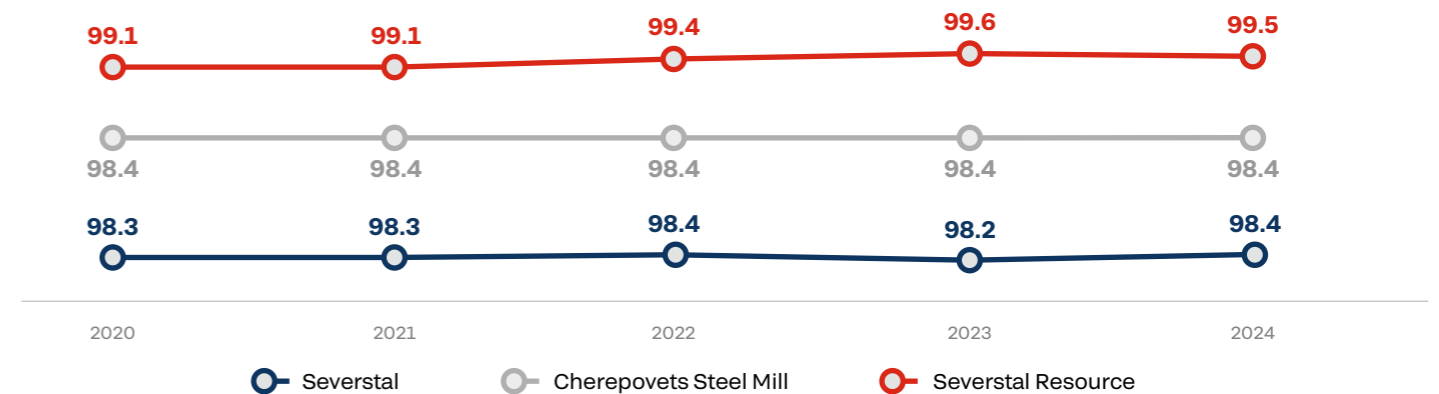
MED-14

In 2024, the amount of recycled water across the Severstal Russian Steel and Severstal Resource segments declined by 2.8%.

Total amount of recycled water, million m³



Water recycling, %



Plans for 2025 and Mid-Term

The Company intends to carry out the following activities:

- Continue the implementation of the water use risks mitigation plan at OOO Mineralovodskoye Wholesale Enterprise Stavropolsnab, OOO Ventall Steel Solutions, OOO Severstal Steel Towers, and OOO Steellace;
- Consolidate the storm water outlets at Severstal Distribution in Cherepovets;
- Continue the implementation of the project for closing the tailings storage facility loop for wastewater discharge reduction at Karelsky Okatysh;
- Complete the pilot tests at the Korpanga deposit sediment dam for solutions search for wastewater treatment at Karelsky Okatysh, and
- Erect local water treatment facilities at OSPAZ.

Cherepovets Steel Mill

1. Commence the implementation of the Stage 1 activities under the Environmental Performance Improvement Programme aimed at reducing the pollutants' discharge into water bodies:

- Upgrading the blast furnace gas treatment water disposal system for 2025-2028;
- Increasing the capacity of the sludge ducts of the coal charge preparation shop of coke agglomeration / blast furnace production for 2025-2028;
- Forming a water recycling cycle at the slag processing shop for 2025-2028;
- Construction of the wastewater disinfection unit of the outlet No. 10 for 2025-2028, and

2. R&D within the local water recycling cycles at Cherepovets Steel Mill.

Waste Management

Long-term goal:

98.5%

the share of waste recycling¹ by 2030

Progress in 2024:

98.1%

the share of waste recycling increased by \uparrow 0.1% against 2023

Approach to Management

GRI 3-3 GRI 306-1 GRI 306-2 SASB EM-MM-150a.10

The Company's mining and metals operations entail the generation of waste of various hazard classes. Improper handling of metallurgical waste may lead to the contamination of soil, surface and ground water, producing a negative impact not only on the environment but on human health as well.

In waste management, Severstal is guided by Russian laws, national and international standards, and the internal documents elaborated for the Company's certain enterprises.

For more details regarding the environmental management structure, see the Environmental Management System section.

For the sake of responsible waste management, the Company incorporates the principles of circular economy at all stages of its production processes. This approach aims both to reduce waste generation and to maximise recovery of the waste already generated.

Severstal addresses the waste management issues at the strategic and operational levels – at Board meetings and in the course of work of the specialised

divisions of the managing company and certain enterprises.

As part of its [Sustainability Strategy 2030](#), the Company established the waste recycling target value of 98.5% against the 2019 level. Severstal's key waste management objectives entail the closing of material flows within own production and the manufacturing of high-demand goods from the waste and by-products, as well as reducing the waste disposal. To achieve the said target, Severstal implements responsible waste management measures as part of its Targeted Environmental Programme².

In 2024, the Company supplemented the list of internal regulatory documents with the Regulations on Interaction Between PAO Severstal's Divisions on Transferring Hazard Class I-II Waste to Federal State Unitary Enterprise Federal Environmental Operator at Cherepovets Steel Mill. In addition, the Company updated the Regulations on Plastic and Paper Waste Management due to the introduction of in-house recycling.

Replacement of sovtol-containing equipment

To minimise hazardous waste generation, since 2011, Severstal has been implementing the programme for replacing the sovtol-containing transformers and capacitors with more advanced and environmentally friendly equivalents, that is dry-type distribution transformers of the TSZL type and electrolytic capacitors of the KVAR type. After they lose their consumer properties, the Company ensures the safe recovery of sovtol and contaminated equipment. Severstal intends to fully replace its sovtol-containing equipment by 2026.

In 2024, the Company applied for the transfer of 76.62 tonnes of transformers and 0.72 tonnes of capacitors to the Federal Environmental Operator for further neutralisation and recovery.

At its enterprises that produce negative environmental impact, Severstal exercises a regular industrial environmental control (IEC) in accordance with statutory requirements. As part of IEC, the Company monitors the condition and pollution of environmental components both at the waste disposal sites and within their impact zones.

In the reporting year, the Company identified the key waste management risks. The identified risks are related to potential breaches of environmental laws, specifically, in terms of compliance with the licence requirements and conformity with the waste disposal limits. To minimise the risks, the Company conducts internal audits and implements measures to reduce waste disposal and increase recycling.

Severstal's innovative activities

Severstal considers the search for best engineering solutions in waste management to be an important pillar of efficient waste management, for which reason the Company attends to own-elaborated solutions and develops cooperation with external innovation centres, e.g. uses the Skolkovo Foundation's technology competition platform.

Severstal's business units involved in waste management innovations

Severstal's business unit	Functions dealing with waste management
Technology development centres	<ul style="list-style-type: none"> Implementation of projects aimed at recycling the waste and by-products Obtaining new products from waste for their use within the Company and for sales to third parties
Centre for Experiments and Technology Expertise in Waste and By-Products	<ul style="list-style-type: none"> Elaborating and testing new technologies for waste and by-products recycling in the Company's testing laboratories

Separate Waste Collection Activities

Severstal continues to expand the infrastructure for separate waste collection at its enterprises, including the creation of waste collection sites and installation of additional containers for paper, plastic and other recyclable waste collection within offices and production sites.

For example, over 345 containers were installed at Cherepovets Steel Mill and, also, 30 specialised places were arranged for accumulation of plastic and paper. In 2024, 500 tonnes of plastic and 350 tonnes of paper were forwarded for recycling.

Severstal-Metiz implements the project for increasing the area of points for separate collection of hazard class V waste with the status of secondary resources and waste related to municipal solid waste (MSW). As at year-end 2024, the amount of collected recyclables totalled 63 tonnes. The Company organised 18 MSW sites within the Mill's territory.

In addition, the Company elaborates new logistics schemes for the collected feedstock removal and recycling, as well as continues to implement the measures for enhancing the environmental culture of employees.

¹ Severstal calculates the value according to the following formula: (neutralisation + treatment + recovery) * 100 / waste generation for the year

² In 2024, the programme spanned Cherepovets Steel Mill, Karelsky Okatysh, Olcon, and Yakovlevskiy Mine.

Separate waste collection activities for residents of the regions of presence

Enterprise	Activity
Cherepovets Steel Mill	Partnering the Divide and Preserve environmental awareness campaign (Cherepovets). 270 kg of plastic accepted for recycling
	Employees' participation in the Clean Games municipal team competitions in waste collection and sorting on the bank of the Yagorba River (Cherepovets)
	Employees' participation in the Science O+ festival; awareness-raising activities on separate waste collection and recycling using game elements (Cherepovets)
Severstal Kanaty	Employees' participation in the Clean Games municipal team competitions in waste collection and sorting (Volgograd)
	Employees' participation in the Company's volunteer project for benches and waste bins installation on the Volga embankment (Volgograd)

For more details regarding the environmental campaigns, see the Environmental Management System section.

Waste Recycling Activities

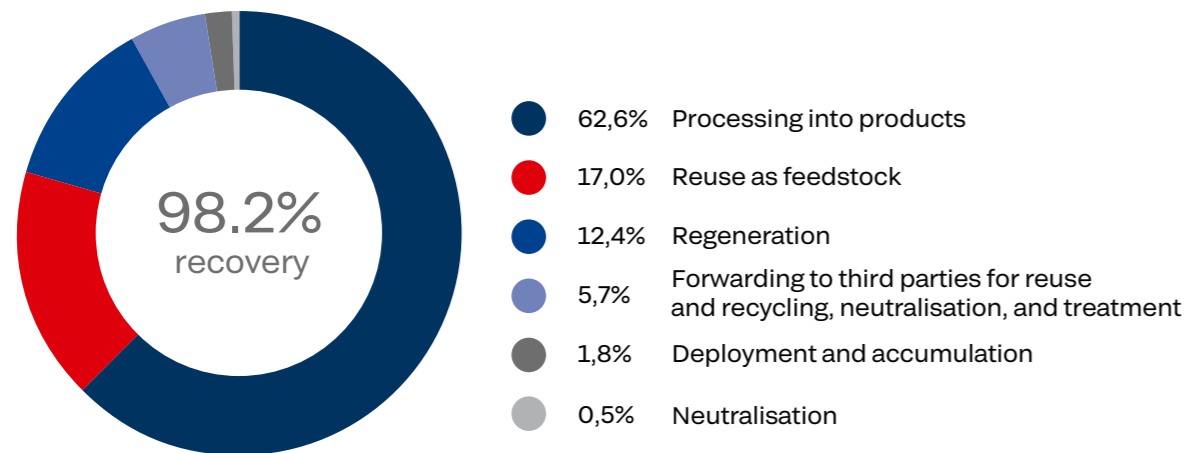
GRI 306-2

Severstal continuously implements measures to efficiently manage the waste generated by the production and related processes. In 2024, the Company allocated RUB 254 million for the waste management investment activities.

In tune with the circular economy principles, the Company makes every effort to reduce waste generation. To this end, Severstal upgraded the oil emulsion section with a change in the technology for recycling waste lubricating and cooling fluids (LCF), which was fully completed in the reporting year. The projected reduction in LCF waste generation amounts to 1.7 thousand tonnes.

With that, Severstal carries out the activities aimed to turn the waste generated by the Company back to the production cycle. The key role here belongs to Cherepovets Steel Mill, where the waste generated during various production processes is reused, with most waste recycled in-house.

Waste management methods at Cherepovets Steel Mill in 2024



When sending waste to third parties, the Company requests the documents acknowledging the observance of waste management laws.

Main areas of recycling the key waste generated in metallurgical production, and recycling metrics in 2024 (for Cherepovets Steel Mill)

Coke making	
39.7 thousand tonnes (100%) Coke dust recycling	9.1 thousand tonnes (100%) Recycling of chemical waste (tar decanter sludge, acid tar, cube residues)
Additive to coal charge and sinter batch in steelmaking	Additive to coal charge

Metallurgical treatment of raw materials		
60.9 thousand tonnes (87%) Recycling of zinc-containing blast furnace sludge	721 thousand tonnes (100%) Recycling of iron-containing dust, sludge, and scale	363 thousand tonnes (100%) Recycling of waste limestone and lime dust
Sales as feedstock for clinker production and substitution of iron-containing additives used in cement production	Substitution of used iron ore raw materials for sinter and iron flux production	Substitution of limestone used in sinter and steel production

Production of semi-finished and finished products	
127 thousand tonnes (100%) Recycling of spent oils, emulsions from rolling mills	4,265 thousand tonnes (100%) Slag processing
Sales and reuse in production	Separation of metal fraction from slag, obtaining granulated slag
Sales to third parties	Sales of slag sand and crushed stone

- Total amount
- Waste recycling in-house
- Waste recycling through transfer to third parties

Main areas of recycling the key waste from related activities and recycling metrics in 2024 (for Cherepovets Steel Mill)

Transport and packaging		
161 tonnes (100%) Recycling of tyres and scrap tyres	724 tonnes (26 %) Recycling of wooden pallets and other wood waste	
Manufacturing of crumb rubber and further production of roofing materials and sports ground surfaces	Directing to recycling into sawdust, shavings, chips, coal or briquettes	
Earthmoving and demolition works		
467,000 tonnes (100 %) Soil recycling	52,000 tonnes (77 %) Recycling of waste reinforced concrete from demolition	
Use as an insulating layer on landfills and in land planning	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		
112 tonnes (100 %) Recycling of waste cable products, office equipment	498 tonnes (94.3 %) Plastic waste recycling	346 tonnes (86 %) Paper waste recycling
Obtaining ferrous and non-ferrous scrap	Use as polymer feedstock for the production of edgings and tiles	Transfer for recycling as secondary raw materials
	Transfer for recycling as secondary raw materials	

- Total amount
- Waste recycling in-house
- Waste recycling through transfer to third parties

GRI 301-3

In accordance with legislative requirements, Severstal also ensures its observance of the recycling standards for goods and packaging. In 2024, Severstal achieved the recycling rates for metal packaging and cardboard for 100%, and for polymer packaging - for 40%. For the waste from not recycled used goods and packaging, Severstal pays an environmental fee.

Status of delivering waste management activities scheduled for 2024

	Activity	Progress in 2024	Expected effect	Status
Cherepovets Steel Mill	Continuation of implementation of the project for the evaporation unit construction for reducing the disposal of mixed flat rolled production effluents (acid-alkali and chromium-containing effluents)	Activity suspended due to the search for alternative engineering solutions	-	☒
	Implementation of the project for improving the waste movement control quality in an online mode on the basis of 1C	Consolidation of the environmental automated control system (ACS) with 1C: Transport Logistics (TL) and electronic scales is underway		➔
	Mastering the technology of coke dust introduction into the coal charge in coke agglomeration / blast furnace production with minimising the impact on the quality characteristics of finished coke		Return of 25,100 tonnes of waste to the production cycle in 2024	☑
	Mastering a new method of BOF steelmaking with the use of metallurgical scale		Return of 36 thousand tonnes to the production cycle	☑
	Turnkey dismantling with the involvement of contractors		Recycling of about 100,000 tonnes of construction waste	☑
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)	Installation of motorcar scales on the site	Increasing the efficiency of logistics chains	☑
Severstal-Metiz	Increasing the amount of the uncontaminated wooden packaging that lost its consumer properties (hazard class V waste) transferred for recycling	Not implemented due to the absence of counterparties with the status of recycler (changes in the requirements of environmental laws in terms of extended producer liability) ¹	-	☒

- ☑ - completed
- ➔ - in progress
- ☒ - not implemented or removed

¹ The activity is to be carried out upon appearance of counterparties with the status of recycler.

Enhancement of composite production

The Company continues to enhance its composite production by embedding best industry-specific practices polymer waste recycling. In 2024, Severstal carried out the following events to streamline the composite material production based on granulated slag:

- Equipping the work site at Cherepovets Steel Mill with two production lines for recycling, including mixed and contaminated polymer waste;
- Carrying out two research and development (R&D) projects to expand the application areas of the new material (composite sleepers, pallets);
- Release of new types of products from composite materials, and
- Production of new polymer products – sleepers, pallets, flower beds.

Polymer feedstock products (tiles, edgings, paving stones) are used, inter alia, for improving the facilities within the territory of Cherepovets Steel Mill.

Owing to its comprehensive waste recycling efforts, the Company successfully prevents the loss of material resources and increases the recycling rates.

MED(r)-39

In the reporting year, Severstal earned the following awards for its waste management activities:

- Hit the top 5 waste management companies by RAEX rating agency, reaffirming the high level and balance of waste management practices. The main rating criteria were assessment of the quality of corporate waste management policies and programmes, evaluation of gross and specific waste generation indicators, and waste reuse share. The RAEX methodology also factors in the waste management practices of companies and verification of the relevant data.
- Became one of the three winners of the national Green Award gaining the bronze prize in the professional track of corporate projects with the production of composite material based on blast furnace granulated slag and secondary polymers.

Waste Generation and Management Indicators

In the reporting year, Severstal's waste amounts increased insignificantly, that is by 2% against 2023. The generated waste mass totalled 187.1 million tonnes.

Most waste is generated by Severstal Resource (96% in 2024) as this segment's open pit-mining generates large amounts of waste overburden and tailings.

GRI 306-3 SASB EM-MM-150a.7 MED(r)-17

Severstal's generated waste mass by segment and hazard class (including overburden and tailings), million tonnes

Indicator	2021	2022	2023	2024
Severstal Resource, including	203.49	179.03	175.71	179.65
hazardous (classes I-III)	0.01	7.58	6.81	0.00
non-hazardous (classes IV-V)	203.60	179.06	175.74	179.65
Severstal Russian Steel, including	7.22	6.90	7.57	7.41
hazardous (classes I-III)	0.07	0.07	0.08	0.06
non-hazardous (classes IV-V)	7.15	6.83	7.49	7.35
Total	210.71	185.99	183.28	187.06

Most of Severstal's waste (over 90%) accounts for subsoil waste (overburden) and is classified as virtually non-hazardous waste (hazard class V¹).

GRI 306-3 GRI MM3 SASB EM-IS-150a.1 SASB EM-MM-150a.4 SASB EM-MM-150a.5 SASB EM-MM-150a.6

Severstal's generated waste mass by type of waste, million tonnes

Indicator	2020	2021	2022	2023	2024
Total generation, including	215.6	210.7	185.9	183.3	187.1
overburden	175.7	170.5	149.0	146.4	149.6
tailings	32.8	32.9	30.0	29.2	30.0
other waste	7.1	7.3	6.9	7.7	7.45

Among the enterprises of the Severstal Russian Steel segment, Cherepovets Steel Mill is the principal waste generator (over 90%). Slags account for the largest share in the total amount of the enterprise's main waste.

In the reporting year, the total amount of waste generated by the Company decreased by 163,000 tonnes against the previous year (net of overburden and tailings).

Cherepovets Steel Mill's waste generation by type of waste, million tonnes

Indicator	2020	2021	2022	2023	2024
Total amount of Cherepovets Steel Mill's main waste, including:	5.99	6.57	6.29	6.99	6.41
slag	4.17	4.50	4.32	4.78	4.27
scrap metal	0.80	0.86	0.80	0.88	0.80
process waste	0.27	0.29	0.27	0.30	0.34
scale	0.33	0.32	0.29	0.38	0.37
aspiration and gas treatment dust	0.23	0.28	0.32	0.33	0.33
steelmaking sludge	0.19	0.32	0.29	0.32	0.30

In 2024, Severstal's share of waste recycling² was 98.1%, whereas the amount of disposed waste decreased by 38,000 tonnes.

¹ Classification according to the legislation of the Russian Federation.

² The Company calculates the recycling value net of mining waste (overburden and tailings). Severstal calculates the value according to the following formula: (neutralisation + treatment + recovery) * 100 / waste generation for the year.

Amount of hazard class I-V waste movement at Severstal in 2024 by practice areas, 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	3,272	10,206	5,407,568	1,825,161	10,191,419
Reused and recycled in-house	0	3,196	7,254	5,328,592	1,413,924	10,191,419
Forwarded to third parties for reuse and recycling	0	76	2,952	78,976	411,237	0
Forwarded to third parties for treatment	0	0	10,574	3,076	4,357	0
Neutralised, including	8	1,457	40,250	3,071	599	0
neutralised in-house	0	1,457	35,271	0	0	0
forwarded to third parties for neutralisation	8	0	4,979	3,071	599	0
Disposed, including	0	0	4,945	106,261	8,650	162,339,839
disposed in-house	0	0	4,891	101,223	6,333	162,339,839
forwarded to third parties for disposal	0	0	54	5,038	2,317	0
MSW forwarded to a regional operator	0	0	0	3,686	341	-

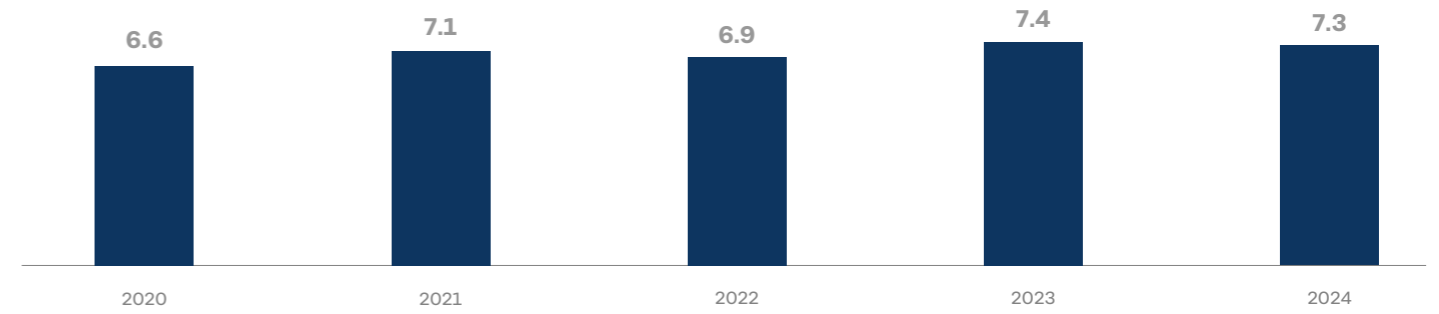
GRI 306-5

Waste disposal (net of overburden and tailings) at Severstal by segment, million tonnes

Indicator	2020	2021	2022	2023	2024
Severstal Resource	0.06	0.07	0.01	0.006	0.005
Severstal Russian Steel	0.32	0.20	0.10	0.152	0.115
Total	0.38	0.27	0.11	0.158	0.120

In 2024, the amount of disposed waste at Severstal remained flat YoY.

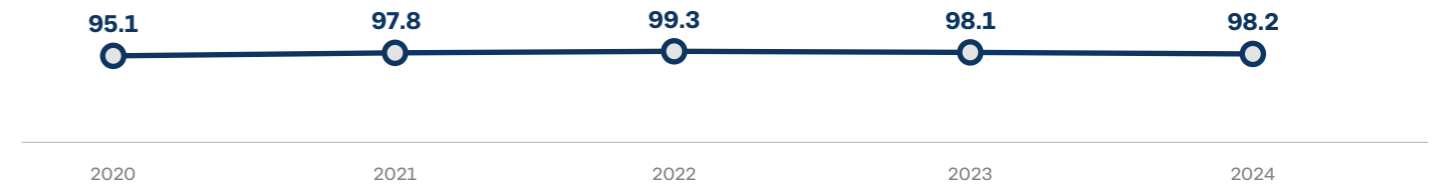
Severstal's waste reuse and recycling (net of overburden and tailings), million tonnes



At Cherepovets Steel Mill, the share of waste reuse and recycling constitutes 98.2% for own-generated waste and 100.6% - with account of the waste received from other enterprises of the Company.

SASB EM-IS-150a.1

Waste return into the production cycle (recycling) at Cherepovets Steel Mill, %



Plans for 2025 and Mid-Term

In 2025, Severstal intends to carry out the following waste management measures:

Cherepovets Steel Mill

- Continuing the construction of a new landfill;
- Increasing the share of soil and blast furnace sludge recovery, recycling the reinforced concrete waste;
- Proceeding with the programme for recycling the sovtol-containing waste;
- Elaborating a concept for the closure of reservoirs, recycling of previously accumulated waste, and
- Construction of a new acid tar disposal site to neutralise liquid waste from coke and chemical production.

Karelsky Okatysh

- Forwarding 9,900 tonnes of used tyres and sleepers for recycling and neutralisation.

0

HTF emergencies

GRI 3-3 **GRI 306-2** **SASB EM-MM-540a.2**

Generation of mineral processing waste (tailings) and sludge is an intrinsic part of production activities of mining enterprises. Such waste is stored in tailings and sludge storage facilities constituting hydrotechnical facilities (HTF) that include, inter alia, water recycling systems.

Development of unfavourable scenarios at HTFs may result in significant environmental degradation, including pollution of water bodies and death of living organisms, and this is exactly why Severstal's main goal in managing HTFs is prevention of emergencies.

GRI 14.6.3 **SASB EM-MM-540a.1**

Severstal's hydrotechnical facilities

	Cherepovets Steel Mill		Karelsky Okatysh	Olcon
Number of HTFs	2		1	1
Name of HTF	Ash and sludge storage facility on the Sheksna River (ASSF No. 1)	Ash and sludge storage facility beyond the Koshta River (ASSF No. 2)	Tailings storage facility	Tailings storage facility
Dam construction method	Upstream	Upstream	Downstream	Downstream
Status	Operating	Operating	Operating	Operating
Capacity	7.896 million m ³	Section 1 - 25.36 million m ³ Section 2 - 5.6 million m ³	746.6 million tonnes	720 million tonnes
Completion as at year-end 2024	7.761 million m ³	Section 1 - 20.81 million m ³	690.59 million tonnes	540.061 million tonnes
Class¹	3	3	2	2

The safe operation of HTFs is the liability of the heads of the business units in whose area of responsibility they are located, as well as the heads and personnel of HTF operation and safety monitoring services. The persons in charge of organising and exercising control are the heads of the OHS units of the Company's enterprises.

Severstal conducts an assessment of the HTF management efficiency in the course of periodic (seasonal) inspections of HTFs as part of drafting daily water level reports and annual HTF condition reports. In addition, the Company's enterprises, at their discretion, carry out their own activities to this effect. Specifically, Cherepovets Steel Mill and Karelsky Okatysh engage an expert organisation to carry out a comprehensive technical assessment of the HTF condition upon the expiry of the established service life. Moreover, to supervise the performance of the tailings management specialists, Karelsky Okatysh introduced the key performance indicators (KPIs) that include the delivery of the embankment formation plan according to monthly and annual schedules.

¹ Pursuant to the Resolution of the Government of the Russian Federation dated 20 November 2020 No. 1893.

Key documents on managing hydrotechnical facilities

- The Provision of [Safety of Hydrotechnical Facilities Guidance¹](#) is a key corporate document governing the safety procedures throughout the life cycle of hydrotechnical facilities: defines the core principles of ensuring the HTF safety, responsibilities of the accountable persons, and the procedure for monitoring the environmental health, including rational use of resources and biodiversity conservation
- Emergency elimination plans for hydrotechnical facilities: elaborated for each facility individually and define emergency response procedures
- HTF Safety Declaration: establishes safety criteria for each HTF and entails a comprehensive HTF assessment by an independent external expert organisation at least once every five years
- HTF operation projects: define the scope of structures and equipment, and their method and mode of operation providing for uninterrupted and safe operation of a site
- Technology instructions for HTF operation: contain HTF's characteristics, basic operational requirements, including the issues of exercising control over their condition, repair works, and emergency response
- Instruction on the procedure for monitoring the safety of PAO Severstal's hydrotechnical facilities of ash and sludge storage facilities (ASSF HTF): defines monitoring procedures and functions, and responsibility for carrying out thereof

Safety Control and Monitoring of Tailings and Sludge Storage Facilities

The enterprises operating the HTFs have HTF safety monitoring systems in place. Each such system includes both internal control and control by governmental authorities and independent expert organisations. The HTF safety monitoring serves to ensure constant control over the safety condition of tailings and sludge storage facilities and their environmental impact, to prevent emergencies, and to create conditions for safe operation. It consists of visual observations and instrumental measurements performed by the trained personnel.

Severstal elaborated safety criteria and HTF safety monitoring projects for each such facility. Monitoring entails exercising control over the main technological processes at the HTF, such as filtration, dam deformation, and temperature processes. Based on the data obtained, the Company's specialists draw conclusions regarding the HTF engineering status, and if any deviations are identified, Severstal elaborates measures to eliminate them.

HTFs are subject to mandatory control by governmental authorities - Rostekhnadzor and Ministry of Civil Defence, Emergencies and Disaster Relief of the Russian Federation (EMERCOM of Russia). In 2024, one inspection was conducted at Olcon. In addition to the permanent state supervision regime, the safety of tailings and sludge storage facilities is monitored by external expert organisations in the form of annual inspections as part of commission surveys and design supervision over the operation of tailings storage facilities and implementation of design solutions.

Twice a year (in spring and autumn), an internal inspection is carried out at each HTF, during which commission members check the documentation and assess the technical performance.

Criteria used for commission surveys

Sludge storage facility	Tailings storage facility
<ul style="list-style-type: none"> ▪ Actual water level in the reservoir ▪ Cleaning the reservoir from sludge ▪ Ensuring unobstructed passage of vehicles and machinery ▪ Condition of: <ul style="list-style-type: none"> - embankment dam - drainage ditch - water intake wells - instrumentation and controls (I&C) - emergency pumping equipment at pumping stations of recycled water supply and special equipment - emergency spillways 	<ul style="list-style-type: none"> ▪ Water level in the tailings pond and sediment dam ▪ Actual safety criteria of the embankments (crest and tailings level at the upstream slope, excess of the tailings level over the water level in the pond, average beach length) ▪ Condition of: <ul style="list-style-type: none"> - drainage channels - water treatment facilities - sediment and emergency basins

¹ This document is only available in Russian.

Based on surveys' results, the commission draws up an act to record its conclusion regarding the HTF safety level and engineering status, as well as proposals on HTF operational safety improvement¹. In 2024, the commission established that the Company's facilities meet the safety criteria and are in an operable condition. Additionally, Severstal applies the HTF control and monitoring methods for timely risk identification. The risk identification process is continuous: it starts at the design stage and continues during facilities' construction and operation. If any risks are identified the Company elaborates respective risk mitigation measures.

Activities for safe operation of tailings and sludge storage facilities

Enterprise	Activity	Progress in 2024	Status
Cherepovets Steel Mill	Elimination of waste discharges leading to excessive levels at ASSF No. 1	Elimination of discharges from CHP-1 to ASSF No. 1, reduction of storm water discharges from coke and chemical production (CCP) to ASSF No. 1 by launching a storm water treatment facility for domestic and storm water	☑
	Elaboration of a bush cutting programme	Vegetation clearance from the surface of the downstream slope of section one at ASSF No. 2 (500 metres)	☑
Karelsky Okatysh	Forming a closed loop of the tailings facility basin to reduce negative environmental impacts ²	Formation of embankment No. 2 Construction of a route for the spillway collector Work completion scheduled for 2027	➔
	Passing the declaration procedure	Obtaining a positive conclusion from Rostekhnadzor for a period of three years	☑
	Construction of a new tailings thickening pumping station	Increasing the stacking shoulder at two complexes to four and two kilometers respectively	➔
	Formation of rock storage facilities for emergency soil at two points of the storage facility (with a volume of at least 1,000 m ³)	Elimination of stream diversion risks through backfilling and reinforcement of dams	☑
	Installation of phytoremediation systems at the ponds of treatment facilities to reduce the content of pollutants in wastewater For more information regarding the use of phytoremediation systems, see the Responsible Water Use section		➔
Olcon	Acquisition of electric dredger Tsimlyansk 200-63	Increase in the capacity of the South Section's sediment pond by 580,000 m ³ Dredging to be continued on a permanent basis during the summer period	☑
	Implementation of the project for upgrading the North Section of the tailings storage facility with installation of a bypass device	Passage of clarified recycled water to the South Section Elimination of siltation of the sediment pond	➔
	Repair of I&C of piezometers and installation of new ones in the prepared sections	Two piezometers were repaired and six new ones were installed	☑

☑ - completed ➔ - in progress or postponed

¹ For tailings storage facilities, an R&D paper titled 'Tailings Storage Facility Condition Assessment' is also issued with operational guidelines.

² The activity is part of the environmental efficiency improvement programme and is agreed upon with the Ministry of Industry and Trade of the Russian Federation.

Preparedness for Accident and Emergency Response

SASB EM-MM-540a.3

In accord with statutory requirements, Severstal elaborated emergency prevention and response plans for HTFs that factor in most probable and most severe accident scenarios. To practice its actions, the Company conducts comprehensive drills and exercises involving representatives of EMERCOM of Russia in preparing the HTF declaration process. Four such drills and exercises are conducted at Olcon throughout the year, one of them jointly with representatives of the professional emergency rescue service.

On top of that, the Company compiled emergency response plans (ERPs) for all its enterprises. Cherepovets Steel Mill and Karelsky Okatysh conduct training sessions on a quarterly basis, whereas Olcon designed nine training topics for the entire year, with three training sessions per each.

To provide for preparedness for localisation and emergency response, the Company maintains fire and gas rescue units staffed with certified rescuers. In addition, Severstal entered into a service agreement with the municipal rescue service. In accordance with statutory requirements, the Company possesses the financial and material reserves that are necessary for emergency elimination, including those at HTFs.

[For more information regarding emergency prevention, see the Occupational Health and Safety section.](#)

Plans for 2025 and Mid-Term

- In 2025, Severstal intends to carry out the following HTF management activities:

Cherepovets Steel Mill:

- Carrying out works on declaration of ASSF No. 1 and ASSF No. 2, and
- Carrying out works on monitoring the dam core.

Karelsky Okatysh

- Introduction of the I&C system for piezometers;
- Continuation of the closed loop project implementation, and
- Continuation of the implementation of the project for erecting a new tailings thickening pumping station with the introduction of an automated I&C system.

Olcon

- Implementation of the Upgrade of the North Section project, and
- Preparation of the design documentation for the reconstruction of the tailings storage facility up to the design level of 2,040 metres.



Biodiversity

Severstal recognises the importance of wildlife for sustainable development of today’s society and, therefore, factors in stakeholder expectations and seeks to contribute to the conservation of biodiversity, ecosystems and ecosystem services.

The Company’s related goals are to achieve the zero net loss of biodiversity and, where possible, a net gain in biodiversity from operations across all stages of the life cycle in the short, medium and long term.

Approach to Management

GRI 3-3 **GRI 14.4.1**

The Company is implementing a vertically integrated management system to move towards production with positive effects on biodiversity, ecosystems and ecosystem services, reliant upon a hierarchy of mitigation measures and the prevent – mitigate – offset – restore principle.

Business unit	Functions related to biodiversity, ecosystems and ecosystem services
<p>Safety and Sustainability Committee</p>	<ul style="list-style-type: none"> ▪ Approving the corporate strategies and policies¹ ▪ Supervising the performance of the dependency, impact, risks and opportunities¹ management system in preserving biodiversity, ecosystems and ecosystem services ▪ Advising the Board of Directors on drafting and updating related documents in accord with the Strategy and best international practices ▪ Reviewing the Company’s performance in implementing its related activities and plans, including those covered by the Strategy^{1,2} ▪ Looking into violations and serious incidents causing damage to biodiversity, ecosystems and ecosystem services, and elaborating a remedial measures plan ▪ Approving the measures implementation budget¹
<p>Expert Centre on Conservation of Biodiversity, Ecosystems and Ecosystem Services under the Safety and Sustainability Committee¹</p>	<ul style="list-style-type: none"> ▪ Maintaining a synergy of actions in conserving biodiversity, ecosystems and ecosystem services across the business units, and coordinating the Strategy delivery actions ▪ Independent monitoring of corporate risks in this area¹ ▪ Accounting the Company's performance in implementing the related activities and plans, including under the Strategy, and submitting the deliverables to the Safety and Sustainability Committee for review¹ ▪ Consolidating the data for disclosure purposes¹
<p>Director for Occupational Health, Safety and Environmental Protection / Ecology Director</p>	<ul style="list-style-type: none"> ▪ Enhancing and maintaining the biodiversity monitoring system, including the assessment of the enterprises’ impact and the status of indicator species of animals and plants¹
<p>Head of the Environmental Protection Department</p>	<ul style="list-style-type: none"> ▪ Monitoring the achievement of biodiversity targets and KPIs¹ ▪ Methodological and organisational support in ensuring the compliance of the Company’s activities with statutory requirements



¹ New function, task or business unit introduced in connection with the Company's Conserve Biodiversity – Preserve Life Strategy 2024–2036.

² For more details regarding the Conserve Biodiversity – Preserve Life Strategy, see the Strategy subsection.

Business unit	Functions related to biodiversity, ecosystems and ecosystem services
<p>Heads of business units</p>	<ul style="list-style-type: none"> ▪ Preventing business operations and avoiding activities along the upstream supply chain¹ ▪ Ensuring the approval of ToR for performing the works to conserve biodiversity, ecosystems and ecosystem services¹ ▪ In-process monitoring of the Strategy and related activities implementation progress on an annual basis¹ ▪ Supervising the consideration of the views of local communities and other stakeholders in the Company’s assessment of wildlife dependencies and impacts¹
<p>Employees of the Company’s business units in charge of the environmental protection agenda</p>	<ul style="list-style-type: none"> ▪ Working out the requirements for ToR for conducting the Company’s environmental impact assessment¹ ▪ Elaborating biodiversity monitoring and conservation programmes¹ ▪ Compiling, integrating, and updating action plans for monitoring and conservation of biodiversity, ecosystems and ecosystem services, and arranging the monitoring of biodiversity, ecosystems and ecosystem services, and arranging the monitoring ▪ Data collection for information disclosure in accordance with the relevant reporting standards¹ ▪ Stakeholder engagement, including local communities, on biodiversity, use of ecosystem resources and ecosystem services¹

Strategy

The Company is aware of its biodiversity-related impacts, dependencies, risks and opportunities, for which reason the Company’s strategy aims to move towards production with positive effects for biodiversity and covers comprehensive solutions in the three key areas:

- Environmental and natural footprint reduction;
- Sustainable resource management, and
- Ecosystem restoration.

These challenges are addressed in cooperation with stakeholders.

GRI 3-3 **GRI 14.4.1** **SASB EM-MM-160a.1.**

In implementing its biodiversity conservation measures, Severstal is guided by the legislation of the Russian Federation, international standards and corporate documents.



¹ New function, task or business unit introduced in connection with the Company's Conserve Biodiversity – Preserve Life Strategy 2024–2036.

Key biodiversity documents

- **Internal:**
 - Company's Conserve Biodiversity – Preserve Life Strategy 2024–2036
 - Policy for Conservation of Biodiversity, Ecosystems and Ecosystem Services of the Severstal Group
 - 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;
 - Law of the Russian Federation dated 21.02.1992 No. 2395-1 on Subsoil
 - Presidential Decree dated 07.05.2024 No. 390 on National Development Goals of the Russian Federation for the Period up to 2030 and for the Planning Period up to 2036 (new target set: conservation of forests and biological diversity, sustainable development of SPNAs and creating conditions for ecotourism in all national parks); and
 - Order of the Ministry of Natural Resources of the Russian Federation dated 15.08.2023 No. 521 on Approval of the Tentative List of Measures to Protect Flora and Fauna and Their Habitat, Subject to Which Subsoil Resources Are Used
 - **International standards:**
 - The Kunming-Montreal Global Biodiversity Framework
 - IPIECA's Biodiversity Conservation and Sustainable Management of Living Natural Resources Guidance; and
 - The Taskforce on Nature-Related Financial Disclosures (TNFD)

Approval of the Policy for Conservation of Biodiversity, Ecosystems and Ecosystem Services

In 2024, the Policy for Conservation of Biodiversity, Ecosystems and Ecosystem Services of the Severstal Group was adopted, which sets forth the provisions for maintaining natural resources of the regions of presence for the benefit of present and future generations, as well as for the sustainable development of the Company and its employees.

The Policy stipulated the Company's intentions in terms of biodiversity monitoring, additional resource support for the implementation of voluntary measures to maintain stable and sustainable biodiversity, ecosystems and ecosystem services, as well as measures to prevent the introduction of alien species, which aims to achieve the net gain or zero net loss of biodiversity at the relevant local, regional, national or international scale.

The Company cascades its commitments on biodiversity, ecosystems and ecosystem services to contractors engaged in performing the works and recommends these for implementation to all its stakeholders.

Presentation of the Conserve Biodiversity – Preserve Life Strategy

Severstal presented its Conserve Biodiversity – Preserve Life Strategy 2024–2036 at the UN Climate Change Conference 2024 (COP29).

Under the Strategy, the Company intends to implement a set of measures to reduce its spatial and environmental footprint by at least 5% by 2028. This is planned to be achieved by reducing pollutant emissions, wastewater discharges and impact on other environmental components, as well as by high-tech monitoring of fauna and flora, introducing an integrated management approach, delivering volunteer programmes, federal and regional SPNAs (specially protected natural areas) support programmes, and rare species preservation and restoration programmes.

The Strategy constitutes a system planning document with goals, KPIs and scheduled measures for consistent transition to positive management in the domain of biodiversity. In implementing the Strategy, the Company plans to achieve the effect of zero net loss of biodiversity, ecosystems and ecosystem services, and, where possible, to achieve the effects of their net gain.

As part of the work on the Strategy, the Company interacted with researchers of nature reserves and experts from NPO Protected Area Embassy (Zapovednoe Posol'stvo).

Risk and Impact Management

GRI 3-3 **GRI 14.4.1** **GRI 14.4.3** **GRI 14.4.4** **SASB 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 key biodiversity monitoring and conservation activities include cooperation with academic communities and SPNAs, monitoring the biodiversity status at production sites and in adjacent territories, and elaboration of biodiversity management plans.

In addition, the Company assesses biodiversity risks by identifying indicator species and critical habitats. Severstal emphasises the importance of finding a compromise between industrial development and biodiversity conservation, as evidenced by many years of ornithofauna surveys and observations of wing-handed animals.

GRI 304-2

The Company's and local residents' impacts on biodiversity of the regions of presence are of a comprehensive nature and are categorised as follows:

Direct impact

Impact associated with destruction or removal of organisms from natural populations, death of animals at the engineering facilities, destruction of animals and plants during business operations, etc.

Indirect impact

Impact associated with changes in the natural habitat, destruction of food resources leading to deterioration of organisms and species due to physical, chemical, biological man-induced impacts as well as climate change

The main dependencies of the Company's enterprises are related to land and mineral resources as well as to consumption of freshwater of a quality suitable for household and drinking purposes. The Company's employees need to maintain a healthy living environment as well as regular outdoor recreation to preserve their physical and psychological health.

Biodiversity risk assessment

In 2024, as part of drawing up the Conserve Biodiversity – Preserve Life Strategy, the Company performed a risk assessment of the indicator species at Cherepovets Steel Mill.



The following species were identified as indicator species of ornithofauna:

- White-tailed eagle
- Spotted eagle
- Black-throated loon
- Horned dove
- Grey goose
- Bewick’s swan
- White heron
- Oystercatcher

The following species of wing-handed animals were identified as indicator species:

- Water bat
- Pond bat
- Brandt’s bat
- Nathusius’ pipistrelle
- Northern bat
- Noctule bat
- Particoloured bat
- Brown long-eared bat

The main risks for ornithofauna are as follows:

- Changes in the spatial structure of the population (the nature of location and allocation of individual members of the population and their groupings in the population territory)
- Disturbance effects (noise and light disturbance, human presence in some parts of the habitat)
- Changes in habitat quality due to loss of customary habitats, and
- Disturbance by humans and machinery

The main risks to wing-handed animals are:

- Change in the location of colonies within the territory
- Change in the location or reduction of the foraging stations driven by man-induced factors:
 - disturbance
 - noise and light pollution
 - local cutting of forest areas, and
 - environmental pollution

The core measures to minimise the risks to ornithofauna and individual mammal species are:

- Elaboration of corporate programmes and action plans for enterprises with identified significant impacts on biodiversity, and
- Implementation of environmental education and corporate environmental volunteering activities

High-level physical risks associated with biodiversity impacts caused by environmental pollution were identified as part of the current business operations assessment. These risks are associated with potential negative consequences for production, as well as legal, reputational and other implications for the Company. High-level risks are in the Company’s spotlight, and mitigation measures have been designed to manage them.

For more details regarding the activities to reduce impacts and maintain the relevant quality of air and water resources, see the Air Emissions and Responsible Water Use sections.

The Company’s dependence on biodiversity, ecosystem resources, quality or availability of ecosystem services is immaterial, for which reason no high-level risks have been identified in these areas.

The Company plans to expand the list of ecosystem services, for which supporting measures are in place. Such services may include recreation in the immediate vicinity to Severstal’s operations. For example, the Company is rendering its support to the Darwin State Nature Biosphere Reserve in delivering the projects for creating and maintaining environmental trails, revamping the building for the reserve’s expositions, and in maintaining the facilities in proper order, etc.

The use of granulated slag as an ameliorant for agricultural and reforestation land entails the introduction of metallurgical slag products into crop rotation on black soils to deoxidise and increase soil fertility with account taken of climatic effects, which positively impacts ecosystem services related to the maintenance of climatic characteristics at the local level. The Company also maintains green protective plantations at Cherepovets Steel Mill that are the key habitats for birds and are instrumental in preserving the ecological framework of the Rybinsk Reservoir zone. These activities contribute to the maintenance of ecosystem services related to the availability of habitats, in particular, ornithological reserves.

Medium and low-level risks were identified in relation to the Company’s certain activities associated with standardised one-off or periodic chemical and physical impacts on natural environments, including in connection with:

- Involvement of new land plots for construction of industrial and infrastructure facilities and for mining in the economic cycle;
- Air emissions, discharges of pollutants into water bodies, and waste disposal;
- Disturbance factors resulting from noise, light and other physical impacts as along with presence of personnel in the areas that are habitats of certain animal species and plant growth areas, and
- Reaction of animals living near the enterprises to fluctuations in the levels of the Company’s artificial water bodies, etc.

Low-level risks were identified in relation to certain Company’s activities associated with biological and climatic impacts on the natural environment, including in connection with:

- A remote probability of self-propagation of invasive (alien) species, and probability of eutrophication¹ of water bodies, and
- GHG emissions.

For more details regarding the activities related to water resources, air and waste, see the relevant subsections of the Environmental Protection section.

The key Company’s opportunities related to biodiversity and ecosystems include:

- Increasing competitiveness through products with positive effects on biodiversity, and contribution to environmental initiatives;
- Improving the health and quality of life of employees and local communities through nature conservation in the regions of presence;
- Raising awareness and sustaining talent through education and volunteer projects involving SPNAs and educational institutions;
- Building sustainable partnerships and mutual understanding with local communities to implement nature conservation initiatives;
- Fund raising for environmental projects, and
- Collaborating with regional authorities to adapt to climate change using nature-based solutions.

¹ Eutrophication is the process of deterioration of water quality due to excessive introduction of biogenic elements to a water body.

Severstal does not operate within the boundaries of:

- Specially protected natural areas (SPNAs), including those meeting the criteria of protected areas of the International Union for Conservation of Nature (IUCN);
- Wetlands of international importance under the Convention on Wetlands of International Importance primarily as waterfowl habitat (Ramsar Convention);
- World Heritage sites of the Convention Concerning the Protection of the World Cultural and Natural Heritage, as well as sites included in the Man and the Biosphere Programme of the United Nations Educational, Scientific and Cultural Organization (UNESCO);
- Areas of traditional nature use or other areas, within the boundaries of which indigenous minorities carry out their traditional way of living and traditional economic activities, and
- Other areas of high nature conservation value, including the key biodiversity areas and critical habitats that are not used for the Company's operations.

The location of its enterprises in or near such areas or sites is illustrated on the [Map of Protected Territories and Cultural Sites](#)¹ compiled by the Company to reaffirm that none of Severstal's enterprises affects the said areas or sites.

Total number of species included on the IUCN Red List and national lists of protected species occurring in the area of impact of Severstal's enterprises

Indicator	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
	Birds	Bats	Plants	
Included on the Red List of the International Union for Conservation of Nature (IUCN), of which:	24	6	1	112
Vulnerable (VU) low natural abundance in populations and a very limited number of locations; there is a risk of their extinction within the region	3	-	-	2
Near Threatened (NT) recognised as near threatened with extinction	14	1	-	4
Endangered (EN) there exists a high risk of extinction within the region	4	-	-	
Least Concern (LC) recognised as being at minimum risk of extinction	3	5	1	106
Included on the Red List of Russia, of which:	9	-	-	7
2 - Decreasing Number	5	-	-	4
3 - Rare	3	-	-	2
5 - Rehabilitated and Rehabilitating	1	-	-	1
Included on the Red List of the Vologda Region / Republic of Karelia	24	6	1	26

¹ This map is only available in Russian.

² For the Darwin State Nature Biosphere Reserve, the data is presented for various bird and bat species.

Metrics and Targets

The Company's primary target under the Strategy is to provide for a stable and sustainable state of biodiversity within the boundaries of its enterprises' impact. It shall be achieved through:

- Embedding a vertically integrated biodiversity management system;
- Assessing dependencies, impacts, risks and opportunities in the area of biodiversity and ecosystem services for all production assets;
- Reducing the corporate spatial and environmental footprint, and
- Regular monitoring of the biodiversity state.

The core metrics¹ used by the Company to assess the efficiency of the biodiversity conservation measures are:

Financial metrics

+30%

Company investments in the conservation of biodiversity, ecosystems and ecosystem services

Non-financial metrics

by 5%

The spatial and environmental footprint reduced²

235,000 hectares

of SPNAs supported on an ongoing basis

Management metrics

100% of production sites

assessed for dependencies, influences, risks and opportunities

50%

of production facilities with identified significant impacts have biodiversity conservation programmes in place as of now

For Cherepovets Steel Mill, the Company monitors the progress though additional metrics as the enterprise carries out the monitoring research jointly with the Darwin State Nature Reserve.

The biodiversity conservation metrics relevant to Cherepovets Steel Mill

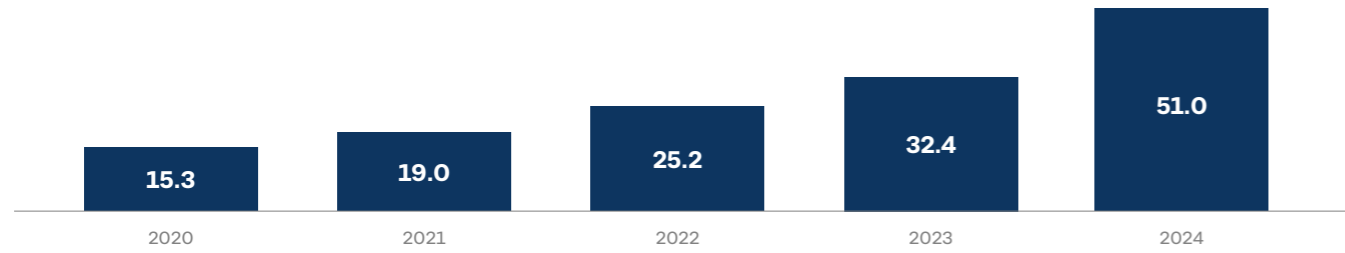
Metric	Quantitative indicator for 2024
Number of bird species included on the Red List of Russia	9
Number of bird species included on the Red List of the Vologda Region	24
Number of nesting bird species included on the Red List of the Vologda Region	9
Number of fish species at the wastewater discharge places	5
Abundance of wing-handed animals at the production site	3-15 animals/km of the route

In 2024, Severstal's expenditures on the biodiversity conservation and natural area protection activities totalled RUB 51 million, up 57,5% YoY. The total expenditure on the environmental activities amounted to RUB 10.3 billion.

¹ 2023 used as the baseline year. The table reflects metrics for the mid-term perspective up to 2028. The Strategy sets forth metrics for the long term - up to 2035.

² Only for PAO Severstal.

The Company's biodiversity conservation expenditures, RUB million



GRI 304-2

In biodiversity monitoring and assessment, Severstal cooperates with local nature reserves and educational institutions. In addition, Severstal intends to establish a Biodiversity Expert Council to be made up of representatives of research, public and advisory organisations, including employees of SPNAs and public organisations in the regions of presence. The Council may also include representatives of national public organisations and independent experts. The Council members are to work on a voluntary basis and hold at least two annual meetings in person to advise on biodiversity conservation management, expert review of corporate programmes, and experience exchange in methods and standards.

In 2024, the Ministry of Natural Resources and Environment of the Russian Federation included Severstal's representatives in the task force for the Kunming-Montreal Global Biodiversity Framework at the sixteenth session of the Conference of the Parties to the United Nations Convention to Combat Desertification (UNCCD).

Cooperation with the Darwin State Nature Biosphere Reserve

Joint projects as part of participation in the Business and Biodiversity initiative under the Biodiversity Conservation and Ecotourism Development federal project (since 2019):

- Support for academic and environmental studies of rare species of birds of prey within Northwestern Russia
- Implementation of environmental measures to increase the osprey population within the reserve area and in the environs of Cherepovets
- Monitoring of birds and wing-handed mammals on the territory of PAO Severstal's ash and sludge storage facilities
- Development of ecotourism within the reserve area

Implementation status of the biodiversity conservation activities scheduled for 2024	Progress
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 designed to become a major attraction for tourists visiting the reserve and a venue for lectures and seminars	➔ <small>The year 2024 saw the start of creating an environmental education centre – the Osprey Museum that will be reflecting the history of the reserve and its functions. The building refurbishment and exposition development works will continue in 2025</small>
Financing the publication of two books on studies of wing-handed animals and rare birds of prey within the reserve and its zone of impact	➔ <small>In 2024, the layout of the book titled Children of the Night. Advanced Research of Bats in Northwestern Russia was prepared. This edition will reflect the core findings of the comprehensive study of the wing-handed animal communities</small>

Additional activities implemented as part of cooperation in 2024

Ornithological survey of the territory of Cherepovets Steel Mill's ash and sludge storage facilities to determine the presence of rare and vulnerable species

Examination of certain species of mammals within the territory of Cherepovets Steel Mill's ash and sludge storage facilities and adjacent territories to determine the presence of rare and vulnerable species

☑ - completed ➔ - in progress

Floristic surveys on the territory of Cherepovets Steel Mill

In 2024, field floristic surveys were carried out at Cherepovets Steel Mill using the reconnaissance and route method. Various habitats were surveyed, including the slopes and roadsides of the dam road, coastal habitats and forested areas.

In the follow-up of the survey, over 241 vascular plant species were recorded, including the protected species – carex pseudocyperus previously recorded within the Darwin Reserve only. The collected herbarium material is stored at the Herbarium of the Karelian Research Centre of the Russian Academy of Sciences. The botanical studies demonstrated the richness of the Mill's flora, despite the man-induced impact. There exist some untouched areas with natural and semi-natural vegetation that serve as refugia for rare and protected species.

Ornithologic survey of Cherepovets Steel Mill's ash and sludge storage facilities

In 2019–2024, 142 bird species representing 15 orders and 40 families were recorded on the territory and in the immediate vicinity of ash and sludge storage facilities of Cherepovets Steel Mill, of which 80 species were recorded on nesting. From 2019 to 2024, 24 species from the regional Red Data Book, including nine species included in the Red Data Book of the Russian Federation, were recorded on the territory and in the vicinity of ash and sludge storage facilities of Cherepovets Steel Mill. Sixteen bird species requiring academic monitoring were also identified at ash and sludge storage facilities, and several protected species breed here every year.

In 2024, the Birds and Steel project issued some abstracts for international conferences, including the BRICS Scientific and Educational Congress on Ecology and Climate Change in Sochi and the IX International Conference on Birds of Prey in the Astrakhan Nature Reserve.



In 2024, the Birds and Steel book compiled by the specialists of the Darwin Nature Reserve and PAO Severstal on unique studies of ornithofauna won the National Award for Nature Photography and EcoEducation.

Survey of mammals at Cherepovets Steel Mill

As at year-end 2024, the final list of species of wing-handed animals inhabiting the territory of Cherepovets Steel Mill and adjacent territories was compiled covering eight species, six of which are included on the Red List of the Vologda Region. The highest species diversity is in evidence in the Koshta River area, and a high occurrence of the IUCN Red List pond bat indicates the importance of this area for the conservation of threatened species.

The expansion of bat geography in the region is triggered by high productivity of ecosystems and insect abundance, which creates a sufficient food base for wing-handed animals. The observed relative abundance of the wing-handed on the territory of the ash and sludge storage facilities is two to four individuals per kilometre of the route, whereas in the Torovo area it ranges from six to 15 or more individuals, which is unique for the Vologda Region.

In 2024, Severstal's Children of the Night project joined the XVII All-Russian competition of corporate projects – It's All about People: Companies Investing in the Future, and the Komsomolskaya Pravda national environmental award. The project did not win yet was recognised by the expert community as a socially important project that shall be enhanced to promote knowledge about wing-handed mammals.

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 to monitor the Koshta River biodiversity in the 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 cooperation 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 biodiversity monitoring of the Koshta River, the experts noted a consistently high species abundance of the communities examined:

Community examined	Species abundance in 2024	Average species abundance value in 2019-2023
Phytoplankton	131	123
Zooplankton	76	69
Macrozoobenthos	34	32
Fish	5	5

Cooperation with the Joint Directorate of the Kostomuksha Nature Reserve and the Kalevalsky National Park

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
- Continuation of the Where Are You Rushing to, Forest Reindeer?! project implementation

Since 2023, the Company has been implementing the Where Are You Rushing to, Forest Reindeer?! project jointly with the Karelian Research Centre of the Russian Academy of Sciences, aimed at examining the current state, allocation, and relocation of the Kukhmo-Kamennoozerskaya group of forest reindeer in the Republic of Karelia. Reindeer are an important component of the ecosystems of the North but their numbers have been drastically reduced due to human activity and habitat destruction. All populations of wild reindeer in the European part of Russia are included on the Red List of the Russian Federation. Karelia is home to a forest subspecies (*Rangifer tarandus fennicus*) with a population of about 2,000 individuals concentrated in northern areas.

At the first stage of the project:

- The required equipment was purchased, including three GPS collars and ten camera traps;
- Territory surveys and visual observations of reindeer were conducted in March, June and July 2024;
- Geographical coordinates of all reindeer tracks were established, and data processing is performed with the use of geographic information systems;
- Camera traps were installed in the territories of the Kostomuksha Nature Reserve and the Kalevalsky National Park in March 2024, and
- Three females were tagged with GPS collars.

Field work will help collect data on the migration routes, key habitats and man-induced impacts on the population. The research outcomes will be used to elaborate proposals for conservation and recovery of the subspecies after the project completion in 2025.

In 2024, the Company participated in a meeting of the Reindeer Working Group of the Sokolov Theriological Society at the Severtsov Institute of Ecology and Evolution of the Russian Academy of Sciences. The leading scientists and practitioners gathered to discuss the top-priority issues related to the examination, conservation and restoration of the wild reindeer populations in Russia. A researcher from the Karelian Research Centre made a presentation on the Where Are You Rushing to, Forest Reindeer?! topic. Based on the results of the meeting, it was decided to continue the work on reindeer in 2025.

Cooperation with the Orlovskoye Polesye National Park

Joint projects

- Environmental volunteering
- Springtime clean-up within the environmental trails
- Arranging safe campfire zones in the recreation areas for park visitors
- Landscaping of the National Park area

Activities implemented as part of cooperation in 2024

- Improvement of the territory near the main shrine of the National Park - the Holy Spring of the Kazan Icon of the Mother of God at Pyshkin Meadow
- Creation of favourable and safe conditions for visitors in 30 recreation areas (arranging campfire zones)
- Clean-up of environmental trails on the territory over one kilometer long

The Orlovskoye Polesye is the only national park in the Oryol Region created to preserve the unique community of the South Russian taiga. There are 940 species of plants and 285 species of vertebrate animals registered in the Park, including the red-listed ones. The Park's attraction is a large number of springs that impress with their strength, size, and special atmosphere. The water of some of them is considered to be healthful.

Severstal's project aims to maintain a favourable and safe environment in the protected area, create comfortable conditions at the Holy Spring for pilgrims and visitors to the Park, preserve the unique nature of the Orlovskoye Polesye, and nurture an environmental culture among its visitors.

As a result of the project, favourable and safe conditions were created for visitors to the Orlovskoye Polesye National Park along the environmental trails and in the recreation areas, and the areas at the Holy Spring of the Kazan Icon of the Mother of God at Pyshkin Meadow were improved. The activities of OSPAZ volunteers were recognised with the Friend of the National Park Diploma and the First Degree Diploma in the Ecowave nomination at the Big Deal annual regional award in Oryol. Based on the results of the events held, the Orlovskoye Polesye attendance increased by 4.6%.

Cooperation with the Cherepovets State University

Joint projects

- Dendrological studies of the 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

The Green Shield

The Green Shield project for greening the Cherepovets Steel Mill production site and adjacent areas was launched in 2020 with the participation of the Cherepovets State University. In preparing for its implementation, Severstal and the University conducted dendrological studies of the green plantings on the area of 132 hectares, identifying eight plant species included on the Red List of the Vologda Region. Based on the data obtained, a landscaping standard, a maintenance programme for the existing plantings, and proposals on further greening were elaborated. The main goal of the project is to create a green shield around the Mill to prevent the spread of pollutants to the neighbouring areas.

As part of the programme, the following were planted on the territory of Cherepovets Steel Mill in 2024:

- 169 trees,
- 4,375 shrubs,
- 590 m² of flower beds (annuals),
- 850 m² of flower beds (perennials),
- 2,600 m² of rolled lawn (parterre lawn), and
- 2,900 m² of seeded lawn.

Landscaping and Biodiversity Conservation Volunteering in the Regions of Presence

Over 270 biodiversity-related volunteer campaigns were held in 18 cities of the Company's presence in 2024. The activities included environmental clean-up days, contribution to regional initiatives, and works in national parks and nature reserves in the regions of presence.

Location	Activity
Cherepovets	<ul style="list-style-type: none"> ▪ Clean-up day in the Russian North National Park (2 trips) ▪ Cleaning the Sheksna River banks (2 trips) ▪ Inventory of green plantings in Cherepovets (2 trips) ▪ Tree planting near the Arkhangelsky Bridge ▪ Cleaning the territory of the Museum of Nature in Cherepovets (10 participants)
Olenegorsk	<ul style="list-style-type: none"> ▪ Big Arctic Clean-up Day in the Teriberka Nature Park ▪ Planting lilac shrubs to mark the anniversary of AO Olcon ▪ Creating an environmental trail in the Teriberka Nature Park
Kostomuksha	<ul style="list-style-type: none"> ▪ Cleaning the territory of the Kalevalsky National Park of the last three kilometres from barbed wire that used to delimit fields for cattle grazing. In the past, animals used to hurt themselves on the former fence and get stuck in it
Oryol	<ul style="list-style-type: none"> ▪ Cleaning the In the Realm of the Water Lily environmental trail in the Orlovskoye Polesye National Park from rubbish, painting of wooden decks
Murmansk	<ul style="list-style-type: none"> ▪ Clean-up day on the territory of the Abram-mys spring, painting of infrastructure facilities of the spring ▪ Big Arctic Clean-up Day in the Teriberka Nature Park

Big Arctic Clean-up Day

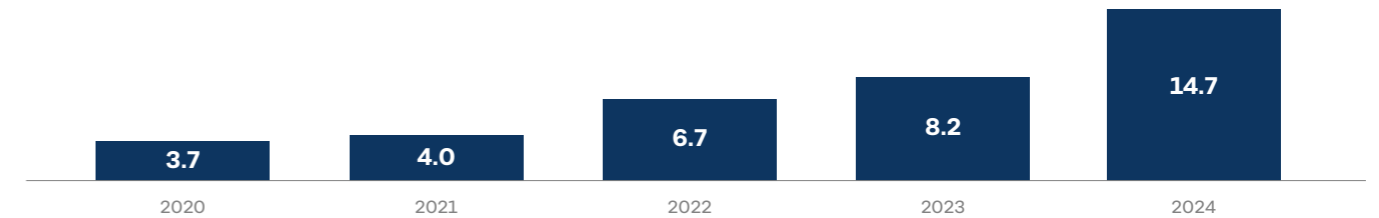
In 2024, Severstal organised the Big Arctic Clean-up Day in the Teriberka Nature Park. To do so, an agreement was signed with the Ministry of Natural Resources and Environment of the Murmansk Region and the SPNA Directorate. The Company transported its employees to the venue, provided gifts for Severstal's nominations, and arranged waste removal.

The Ministry of Natural Resources and Environment of the Murmansk Region recognised the Olenegorskiy Mine's team with a letter of thanks for organising the event

Fish Stocking Projects

To restore the aquatic bioresource populations, Severstal's enterprises release young fish of valuable commercial species into water bodies.

Fish stocking costs, RUB million



In 2024, AO Olcon released over 14,000 young whitefish individuals into the Imandrovskoye Reservoir and took compensatory measures for artificial reproduction of aquatic bioresources. More than 12,000 two-year old Atlantic salmon (salmon) individuals were released into the Kem River (the White Sea basin) as well as 4,300 two-year old salmon individuals, which corresponds to the design documentation titled 'Project for the development of reserves of the central section of the open pit of the Kostomuksha iron quartzite deposit' and 'Technical project for the development of the Severny-3 section of the South Korpang iron ore subsoil area of AO Karelsky Okatysh'.

In addition, more than 1,000 lake salmon juveniles were released into the Shuya River. All compensation measures under the projects were completed in full.

Cherepovets Greening

Severstal is a key partner of the city of Cherepovets in improving the city's environmental setting, and it successfully cooperates with municipalities as part of the Clean Air federal project. The Environmental Protection Committee of the Cherepovets Mayor's Office underlined the greening strategy that in 2023, with Severstal's financing and expert involvement, shifted from localised plantings to integrated territory development and creation of the city's green framework system. Over the last two years, the Company's investments in these activities have grown up to over RUB 250 million.

Over the past five years, Severstal has supported the planting of about 3,000 large trees in Cherepovets. The Company participates in the creation of the city's green framework by planting trees in such key areas as the Sheksninsky Avenue, Yuzhnoye Highway, Raakhe and Gorodetskaya Streets, with the involvement of volunteers and local residents. More than 600 adult trees, ten thousand shrubs, and 31 thousand perennials were planted as part of the integrated development of the urban environment.

In 2024, a natural framework on Gorodetskaya Street in Cherepovets was restored owing to Severstal's

funds. The facility became part of the second stage of a project by Severstal and the Kindness of the North Charitable Foundation for the integrated development of infrastructure in Cherepovets designed at the initiative of the Chairman of the Company's Board of Directors. The key idea behind the landscaping is to restore the natural framework of the street and urban biodiversity. All the street squares and recreation areas are connected by a single green framework consisting of more than 200 trees and 700 shrubs. The total greening area totalled almost 35 thousand sq m, and the expenditures exceeded RUB 85 million. Most of the plants are represented by local species.

Environmental Education

In 2024, for the purpose of environmental education, the Company designed and published a colouring book titled Soaring Above the Blast Furnace.

Through images of the rare red-listed fauna representatives (osprey Alice, bat Max, and heron Valerik), the book tells young children about the importance of the Company's work in the area of biodiversity monitoring and the need to preserve and enhance the beauty of their native land. The book contains interesting facts about unique animals: what they eat and where they can be found on the territory of Cherepovets Steel Mill. In addition, the publication contains an interactive game in the form of a map marking all social facilities in Cherepovets that have been improved with Severstal's support.

With a print run of over 8,500 copies, the colouring books became a good addition to the gifts for children.

Over the reporting period, Severstal elaborated the tasks for the world's first in-person International Olympiad on Climate Change and Environmental Issues (IOCE 2024) held at the Sirius federal site. Severstal prepared two cases for the participants to deal with: a description of quarry reclamation methods, and compiling a list of ecosystem services preservation measures.

Plans for 2025 and Mid-Term

Elaboration and implementation of a training course on the biodiversity management system and implementation of the Biodiversity, Ecosystems and Ecosystem Services Strategy.

Olcon:

- Release of young whitefish as part of delivering the Komsomolskiy and Pechegubskiy field development projects;
- Contribution to the environmental clean-up day in the Teriberka Nature Park, and
- Participation in the congress of young nativists of the Movement of the First in Murmansk.

Cherepovets Steel Mill:

- Presentation of the book titled Children of the Night. Advanced Research of Bats in Northwestern Russia;
- Works completion at the Osprey – Token of the Darwin Nature Reserve museum;
- Monitoring of the ornithofauna and hand-winged;
- Monitoring of population dynamics and the state of populations of indicator species of birds and bats, and Holding an offsite biodiversity expert council meeting in Cherepovets.

Karelsky Okatysh:

- Continuation of the Where Are You Rushing to, Forest Reindeer?! implementation;
- Completion of the Studying the Forest Reindeer Status in the Metsola Biosphere Reserve project, and
- Monitoring of the flora (flora of vascular plants) and ornithofauna, spatial allocation and abundance of rare, protected, indicator species of plants and animals (birds) in the Kostomuksha region.

OSPAZ:

- Participation in the improvement of new environmental trails and maintenance of the aesthetic condition of the existing ones, and
- Assessing the possibility of cleaning the pond fed from the Pyshkin Meadow spring.

Land Resources

Mining operations impact land resources, causing their destruction and degradation. Severstal endeavours to minimise this impact by implementing sustainable land use practices and rehabilitating disturbed areas to restore the ecosystem and conserve natural resources. Land reclamation and rehabilitation activities are performed in tune with the approved plans and projects. The efficiency of reclamation and rehabilitation activities, as well as their compliance with legislative requirements are reaffirmed by control and supervisory authorities.

In 2024, the Mine Closure or Mothballing and Land Reclamation Standard was developed for the Company's enterprises. The standard outlines the basic principles of planning and organising mine closure operations in conformance with the legislation of the Russian Federation and corporate standards, the procedure for planning and financing of mine closure works, and the mechanism to make sure that environmental and social impacts are taken into account when assets are closed.

The Company is implementing a programme for the reclamation of disturbed land, which runs until 2035. Under the programme, over RUB 14 billion is planned to be allocated to carry out activities for four business

units. In 2024, the Company's enterprises continued to deliver the programme for the reclamation of disturbed land:

- Yakovlevskiy Mine performed the works in accordance with the design documentation for the reclamation of the sand pit, with costs exceeding RUB 125 million; and
- Cherepovets Steel Mill proceeded to drawing up an action plan and a concept for the closure of reservoirs accompanied with the land reclamation, with total costs exceeding RUB 56 million.

In the reporting period, an inventory of all open pits at Severstal's enterprises was conducted, and the timeline for their reclamation was updated as part of the targeted environmental programme. Crop maintenance was carried out on some areas, and additional seedlings were planted, supported by the funding of RUB 2.4 million.

Reforestation works were carried out in the Volgograd Region: the Totemskoye, Kich-Gorodetskoye, and Tarnogskoye on a total area of 30.9 hectares. Seedlings were planted by hand:

- 20% – with the root-balled tree system; and
- 80% – with the bare-root system.

MM1 GRI 304-3

Area of disturbed and reclaimed land, ha

	2020	2021	2022	2023	2024
Area of disturbed land	12,443	12,596	12,844	12,059	12,266
Area of reclaimed land ¹	0(20)	0(20)	0(20)	43.6	7

Area of reforestation works, ha

2020	2021	2022	2023	2024
14.7	0	20.9	0	30.8

Plans for 2025 and Mid-Term

In 2025, Severstal will continue to implement its land rehabilitation programme, which entails implementing the following measures:

- Olcon: draw up the design documentation for the reclamation of the Professor Bauman open pit, and perform technical and biological reclamation works;
- Yakovlevskiy Mine: start reclamation of the second stage of the sand pit.

Reforestation works are also planned in the Sokolskoye and Rich-Gorodetskoye forestry sections of the Volgograd Region.

Scheduled reclamation works under the rehabilitation programme

Business unit	Name of the reclamation area	Area of the reclamation area, ha	Tentative reclamation deadlines, years
Cherepovets Steel Mill	Chemical waste reservoir	1.0	2024–2028
	Oil sludge reservoir	0.9	2024–2028
	Industrial waste landfill	26.9	2028–2030
	Oil scale reservoir	7.3	2032–2035
Olcon	Professor Bauman open pit	205.2	2025–2027
	Vostochny open pit	64.5	2029–2030
	15th anniversary of October open pit	117.0	2028–2030
Yakovlevskiy Mine	Backfilling sand pit	46.0	2023–2026
Belorucheykoye Ore Department	Overburden dump (south)	12.5	2027–2030

¹ 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 2024 to 31 December 2024
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard	GRI 14: Metals and Mining

GRI indicator	Section in the Report / Comment
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General reporting elements

Organisational profile and formation of the reporting

GRI 2 (2021)	General disclosures	
2-1	Organisational details	Page 287
2-2	Entities included in the organisation's sustainability reporting	Page 9
2-3	Reporting period, frequency and contact point	Page 8
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 independent assurance	Appendix 6

Activities and workers

GRI 2 (2021)	General disclosures	
2-6	Activities, value chain and other business relationships	Pages 15, 17, 19, 92
2-7	Staff employees (RSPP 3.1.1, RSPP 3.1.4, ISO 26000 Labour Practices)	Pages 264, 114
2-8	Non-staff employees	188 people work on civil law terms.

Governance

GRI 2 (2021)	General disclosures	
2-9	Governance structure and composition (ISO 26000 Organisational Governance)	Pages 33, 35
2-10	Nominating and selecting the highest governance body (RSPP 3.1.12)	Page 35
2-11	Chair of the highest governance body	Page 35
2-12	Role of the highest governance body in ensuring the impact management control	Pages 34, 44, 70, 82
2-13	Delegating the responsibility for impacts management	Pages 34, 36

	GRI indicator	Section in the Report / Comment
2-14	Role of the highest governance body in adopting the sustainability reporting	Pages 9, 34
2-15	Conflicts of interest	Page 40
2-16	Communicating the critical issues	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)
2-17	Collective knowledge of the highest governance body	Briefing notes on economic, environmental, and social agenda for the Company's management are in progress at regular intervals
2-18	Evaluation of performance of the highest governance body (ISO 26000 Organisational Governance)	Page 35
2-19	Remuneration policies	Page 37
2-20	Remuneration determining procedure	Page 37
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 38, 40, 87
2-24	Embedding policy commitments	Page 87
2-25	Negative impact mitigation mechanisms	Page 42
2-26	Mechanisms for seeking advice and raising concerns	Page 42
2-27	Compliance with laws and regulations	Page 197
2-28	Membership in associations	Pages 79, 82

Stakeholder engagement

GRI 2 (2021)	General disclosures	ISO 26000 Fair Business practices
2-29	Approach to stakeholder engagement	Pages 82, 198
2-30	Collective bargaining agreements	Pages 108, 119

Disclosures on material topics

Determining material topics

GRI 3 (2021)	Material Topics	
3-1	Procedure for determining material topics	Pages 9, 10
3-2	List of material topics	Page 10

Air quality

GRI 3 (2021)	Material Topics	
3-3	Management of material topics	Page 198

	GRI indicator	Section in the Report / Comment
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 (NOX), sulphur oxides (SOX), and other significant air emissions	Page 202

Occupational health and industrial safety

GRI 3 (2021)	Material Topics	
3-3	Management of material topics	Pages 143, 146, 158
GRI 403 (2018)	Personnel Health and Safety	
403-1	Occupational health and safety management system	Pages 143, 144, 146
403-2	Hazard identification, risk assessment, and incident investigation	Pages 147, 152
403-3	Occupational health services	Page 156
403-4	Worker participation, consultation, and communication on occupational health and safety	Pages 143, 144, 146, 154
403-5	Worker training on occupational health and safety	Pages 146, 152
403-6	Promotion of worker health	Page 120, 156
403-7	Prevention and mitigation of occupational health and safety impacts directly linked with business relationships	Page 146
403-8	Number and percentage of employees and workers covered by an occupational health and safety management system	Page 144
403-9	Work-related injuries (RSPP 3.1.5)	Pages 147, 159, 269
403-10	Work-related ill health (RSPP 3.1.7)	Page 157, 161

Water use and impact on water resources

GRI 3 (2021)	Material Topics	
3-3	Management of material topics	Page 204
GRI 303 (2018)	Water and Effluents	ISO 26000 Environment
303-1	Interactions with water as a shared resource	Page 204
303-2	Management of water discharge related impacts	Page 205
303-3	Water withdrawal	Pages 208-209, 275
303-4	Water discharge	Page 208, 210, 275
303-5	Total water consumption	Pages 208-209, 275

Waste and tailings management

GRI 3 (2021)	Material Topics	
3-3	Management of material topics	Pages 212, 222

	GRI indicator	Section in the Report / Comment
GRI 306 (2020)	Waste	ISO 26000 Environment
306-1	Waste generation and significant waste-related impacts	Page 212
306-2	Management of significant waste-related impacts (RSPP 2.8)	Pages 212, 214, 222
306-3	Waste generated (RSPP 2.9)	Pages 218-219, 277
306-4	Waste diverted from disposal	Pages 220, 221, 277
306-5	Waste directed to disposal	Page 220, 277
GRI G4 (2013)	Sector Disclosures – Mining and Metals	
MM3	MM3 Total amounts of overburden, rock, tailings and sludge, and associated risks	Page 219

Product quality and safety for customers

GRI 3 (2021)	Material Topics	
3-3	Management of material topics	Page 95
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	Total number of incidents of non-compliance with regulatory requirements and voluntary codes 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 96
417-2	Incidents of non-compliance with regulatory requirements and voluntary codes concerning product and service information and labelling	No incidents of non-compliance with regulatory requirements and voluntary codes concerning product and service information and labelling
417-3	Incidents of non-compliance with regulatory requirements and voluntary codes concerning marketing communications	No incidents of non-compliance with regulations and voluntary codes concerning marketing communications

Economic performance

GRI 3 (2021)	Material Topics	
3-3	Management of material topics	Page 130
GRI 201 (2016)	Economic Performance	
201-1	Direct economic value generated and distributed	Page 130
201-3	Defined benefit plan obligations and other retirement plans	Page 118
GRI 203 (2016)	Indirect Economic Impacts	
203-2	Significant indirect economic impacts	Page 131

	GRI indicator	Section in the Report / Comment
GRI 207 (2019)	Tax	
207-1	Approach to taxation	Page 133
207-2	Tax governance, control, and risk management	Page 233
207-3	Stakeholder engagement and management of concerns related to tax, including the approach to tax authority relations and support to the state tax policy	Page 233
207-4	Reporting of tax and other related financial information (in terms of tax jurisdictions)	Page 268

Human capital development

GRI 3 (2021)	Material Topics	
3-3	Management of material topics	Page 113
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 117
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 2024, 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 114, 265
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Pages 115, 118-119
401-3	Parental leave	Pages 120, 267

GRI 402 (2016)	Labor/Management Relations	
402-1	Minimum notice periods regarding operational changes	Page 108

GRI 404 (2016)	Training and Education	
404-1	Average hours of training per year per employee (RSPP 3.1.10)	Pages 121, 267
404-2	Programmes for upgrading employee skills and transition assistance programmes	Page 121
404-3	Percentage of employees subject to regular performance and career development reviews	Page 123

GRI 405 (2016)	Diversity and Equal Opportunity	ISO 26000 Labour Practices
405-1	Diversity of governance bodies and employees	Pages 109, 115, 265
405-2	Ratio of basic salary and remuneration of women to men	Pages 117, 266

Climate change and energy efficiency

GRI 3 (2021)	Material Topics	
3-3	Management of material topics	Page 167

	GRI indicator	Section in the Report / Comment
GRI 201 (2016)	Economic Performance	
201-2	Financial implications and other risks and opportunities related to climate change	Page 169
GRI 302 (2016)	Energy	ISO 26000 Environment
302-1	Energy consumption within the organisation (RSPP 2.2)	Page 185
302-2	Energy consumption outside of the organisation	Energy consumption outside of the organisation is not measured due to the large number of contractors
302-3	Energy intensity	Page 187
302-4	Reduction of energy consumption (RSPP 2.2.2)	Page 185
302-5	Reductions in energy requirements of products and services	Not applicable
GRI 305 (2016)	Emissions	ISO 26000 Environment
305-1	Direct GHG emissions	Pages 180, 271
305-2	Energy indirect GHG emissions	Pages 180, 271
305-3	Other indirect GHG emissions	Pages 180-181, 272
305-4	GHG emissions intensity	Pages 177, 182
305-5	Reduction of GHG emissions (RSPP 2.6)	Page 178

Information security

GRI 3 (2021)	Material Topics	
3-3	Management of material topics	Page 52
GRI 418 (2016)	Customer Privacy	
418-1	Total number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Not applicable. No complaints received concerning breaches of customer privacy and losses of customer data

Development of the regions of presence

GRI 3 (2021)	Material Topics	
3-3	Management of material topics	Page 127
GRI 203 (2016)	Indirect Economic Impacts	
203-1	Infrastructure investments and services supported (ISO 26000 Community Involvement and Development)	Page 133
GRI 204 (2016)	Procurement Practices	
204-1	Proportion of spending on local suppliers (ISO 26000 Fair Business Practices)	Page 93
GRI 411 (2016)	Rights of Indigenous Peoples	
411-1	411-1 Incidents of violations involving the rights of indigenous peoples (RSPP 3.2.3, ISO 26000 Human Rights)	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)	Page 128, 133
413-2	Operations with significant actual and potential negative impacts on local communities (RSPP 3.3.3)	None over the reporting year

	GRI indicator	Section in the Report / Comment
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	None over the reporting year
MM6	Number and description of significant disputes relating to land use, customary rights of local communities and indigenous peoples	None over the reporting year
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

Innovation and digitalisation

GRI 3 (2021)	Material Topics	
3-3	Management of material topics	Page 59

Risk management

GRI 3 (2021)	Material Topics	
3-3	Management of material topics	Page 44

Responsible supply chain

GRI 3 (2021)	Material Topics	
3-3	Management of material topics	Page 89
GRI 308 (2020)	Supplier Environmental Assessment	
308-1	New suppliers that were screened using environmental criteria	Page 89
308-2	Negative environmental impacts in the supply chain and actions taken	Page 89

Land resources and biodiversity

GRI 3 (2021)	Material Topics	
3-3	Management of material topics	Page 226
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 232
304-2	Significant impacts of activities, products, and services on biodiversity	Page 229, 234

	GRI indicator	Section in the Report / Comment
304-3	Habitats protected or restored	Page 241 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 232
GRI G4 (2013)	Sector Disclosures – Mining and Metals	
MM1	Amount of land (owned or leased) managed for production activities, disturbed or rehabilitated	Page 241
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

Other disclosures

GRI 200	Economic	
GRI 205 (2016)	Anti-corruption	ISO 26000 Fair Business Practices
205-1	Number of divisions assessed for risk of corruption	All employees and business partners of the company are familiar with the anti-corruption policy
205-2	Communication about anti-corruption policies and procedures, and related training	Page 40
205-3	Confirmed incidents of corruption and actions taken	Page 40 The Company recorded three confirmed cases of corruption that resulted in criminal proceedings
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 216

	GRI indicator	Section in the Report / Comment
GRI 400	Social	ISO 26000 Labour Practices
GRI 406 (2016)	Non-discrimination	
406-1	Non-discrimination	Pages 42, 109, 110
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 108, 118
GRI 408 (2016)	Child Labour	
408-1	Operations and suppliers at significant risk for incidents of child labour (ISO 26000 Human Rights)	Pages 40, 108
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 40, 109
GRI 410 (2016)	Security Practices	
410-1	Security personnel trained in human rights policies or procedures (ISO 26000 Human Rights)	Page 108
GRI 414 (2016)	Supplier Social Assessment	ISO 26000 Fair Business practices
414-1	New suppliers that were screened using social criteria	Page 89
414-2	Negative social impacts in the supply chain and actions taken	Page 89
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

GRI 14: Metals and Mining

Air emissions

GRI 14	Mining Sector 2024	
14.3.1	Management of material topics	Page 198
14.3.2	Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	Pages 202, 279

Biodiversity

GRI 14	Mining Sector 2024	
14.4.1	Management of material topics	Pages 226, 228
14.4.3	Management of biodiversity impacts	Page 229
14.4.4	Identification of biodiversity impacts	Page 229

Waste management

GRI 14	Mining Sector 2024	
14.5.5	Waste diverted from disposal	Page 221

	GRI indicator	Section in the Report / Comment
	Tailings Storage Facilities Management	
GRI 14	Mining Sector 2024	
14.6.3	For each tailings facility not confirmed to be in a state of safe closure: <ul style="list-style-type: none"> Describe the tailings facility, including its construction method; Report whether the facility is active, inactive, or closed; Report the maximum permitted storage capacity and the total weight of tailings stored in metric tons; Report the Consequence Classification in line with Requirement 4.1 of the GISTM; Report the frequency of risk assessments and a summary of the most recent risk assessment findings; Report the date and material findings of the most recent independent technical review, including the implementation of mitigation measures and the date of the next review. 	Page 222

Water and Effluents

GRI 14	Mining Sector 2024	
14.7.1	Describe actions taken to prevent or mitigate negative impacts from acid mine drainage	Page 204
14.7.2	Interactions with water as a shared resource	Page 204
14.7.3	Management of water discharge-related impacts	Page 205
14.7.4	Report water withdrawal by mine site.	Pages 208-209
14.7.5	Report water discharge by mine site.	Page 208, 210
14.7.6	Report water consumption by mine site.	Pages 208-209

Local Communities

GRI 14	Mining Sector 2024	
14.10.1	Describe the approach to identifying stakeholders, including vulnerable groups, within local communities. Describe the approach to engaging with local communities at each phase of the life of the mine, including: <ul style="list-style-type: none"> how the organization seeks to ensure meaningful engagement; how the organization supports safe and equitable gender participation. Describe the approach to developing and implementing community development programs, including how engagement with local stakeholders, impact assessments, and community needs assessments have informed the programs.	Page 128

	GRI indicator	Section in the Report / Comment
Rights of Indigenous Peoples		
GRI 14	Mining Sector 2024	
14.11.1	<p>Rights of Indigenous Peoples:</p> <ul style="list-style-type: none"> how the organization seeks to ensure meaningful engagement; how the organization supports safe and equitable gender participation. <p>Describe the policies or commitments, and actions taken to respect Indigenous Peoples' cultural heritage.</p> <p>Describe the community development programs in place that are intended to enhance positive impacts for Indigenous Peoples.</p>	Pages 109, 130
14.11.2	Describe the identified incidents of violations involving the rights of Indigenous Peoples.	Pages 109, 130
Land rights and resources		
GRI 14	Mining Sector 2024	
14.12.1	<p>Describe the approach to engaging with stakeholders whose rights to land and resources are or could be affected by the organization's activities, including:</p> <ul style="list-style-type: none"> how the organization seeks to ensure meaningful engagement; how the organization supports safe and equitable gender participation. <p>Describe the policies, commitments, and plans providing remediation to local communities or individuals subject to involuntary resettlement, and the process for establishing compensation for loss of assets, or other assistance to improve or restore standards of living or livelihoods.</p> <p>Describe the procedures in place to monitor and evaluate the effectiveness of the actions taken to remediate negative impacts from involuntary resettlement and the corrective actions taken where necessary.</p>	Pages 109, 130
14.12.2	<p>List the mine sites where involuntary resettlement is planned, ongoing, or has taken place.</p> <p>For each mine site listed:</p> <ul style="list-style-type: none"> report the number of persons who have been or will be displaced, and a breakdown by gender; describe how peoples' livelihoods and human rights are or could be affected and restored. 	Pages 109, 130
14.12.3	List the locations of operations where conflicts or violations of land and resource rights (including customary, collective, and informal tenure rights) occurred, and describe the incidents and the stakeholders whose rights are or could be affected.	Pages 109, 130

	GRI indicator	Section in the Report / Comment
Security Practices		
GRI 14	Mining Sector 2024	
14.14.1	<p>Describe how the organization seeks to prevent or mitigate potential negative impacts from the use of public and private security providers.</p> <p>Report whether the organization is implementing the Voluntary Principles on Security and Human Rights.</p>	Page 108
Effluents and Waste		
GRI 14	Mining Sector 2024	
14.15.1	Describe the organization's approach to emergency preparedness and response plans, including frequency of testing the plans, and how engagement with local communities, workers, public sector agencies, first responders, and local authorities and institutions has informed the plans.	Page 158
14.15.3	Report the number of critical incidents in the reporting period, describe their impacts, and actions taken to remediate them.	Page 161
14.15.4	Report the percentage of mine sites that have emergency preparedness and response plans in place, and list the sites that do not.	Page 158
Occupational Health and Safety		
GRI 14	Mining Sector 2024	
14.16.1	Management of material topics	Page 143
14.16.2	Occupational health and safety management system	Pages 144, 146
14.16.3	<p>Report how the organization ensures the provision of gender-appropriate personal protective equipment for workers.</p> <p>Describe the processes used to identify work-related incidents due to sexual and gender-based violence, and to determine corrective actions.</p>	Pages 143, 147, 152
14.16.5	Report how the organization seeks to ensure women's participation in formal joint management-worker health and safety committees, and the percentage of women represented in these committees	Pages 143, 144, 146, 154
14.16.6	Worker training on occupational health and safety	Pages 146, 152
14.16.7	Promotion of worker health	Page 156
14.16.9	Workers covered by an occupational health and safety management system	Page 144
14.16.10	Work-related injuries	Pages 147, 159
14.16.11	Work-related ill health	Pages 157, 161
Employment		
GRI 14	Mining Sector 2024	
14.17.4	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 156

Appendix 2. SASB Compliance Table

Topic	Indicator	Code	Page, 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	Page 271 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 117
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	Page 202 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	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	Page 274
	(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 185

Topic	Indicator	Code	Page, 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 209, 275 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 210 In 2024, 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 219, 221
	Total weight of non-mineral waste generated	EM-MM-150a.4	Page 219
	Total weight of tailings produced	EM-MM-150a.5	Page 219
	Total weight of waste rock generated	EM-MM-150a.6	Only the amount of overburden is disclosed
	Total weight of hazardous waste generated	EM-MM-150a.7	Page 218
	Total weight of hazardous waste recycled	EM-MM-150a.8	In 2024, 55.2 thousand tonnes (hazard classes I-III) was recovered (recycled) and neutralised
	Number of significant incidents associated with hazardous materials and waste management	EM-MM-150a.9	None over the reporting year
	Description of waste and hazardous materials management (policies and procedures for active and inactive operations)	EM-MM-150a.10	Page 219
	Description of environmental management policies and practices for active sites	EM-MM-160a.1	Pages 228-229
	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	Not applicable	

Topic	Indicator	Code	Page, 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 222
	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 facilities¹
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	No activity in conflict zones
	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	No separate discussions held in 2024
	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 11 business units of Severstal. In the reporting year, they covered 76% of employees.
	Number and duration of strikes and lockouts	EM-MM-310a.2	None

¹ This document is only available in Russian.

Topic	Indicator	Code	Page, comment
Business Ethics & Transparency	Description of the management system for prevention of corruption and bribery throughout the value chain	EM-MM-510a.1	Page 38
	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	EM-IS-320a.1	Injury rates are disclosed in line with the Company's accounting and practices of disclosures in non-financial reporting
	(3) Near miss frequency rate (NMFR) for full-time employees and contract employees		
	(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	
	Discussion of the process for managing iron ore and/or coking coal sourcing risks arising from environmental and social issues	EM-IS-430a.1	
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 20
	Total iron ore production, including iron ore consumed internally and that which is made available for sale	EM-IS-000.B	Page 20
	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 20
	Total number of employees	EM-MM-000.B	Page 20

Appendix 3. TCFD Compliance Table

Recommended disclosure	Section in the Report
Corporate governance	
Organisation's governance around climate-related risks and opportunities	Climate Change Climate Report
Strategy	
Actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	Climate Change Climate Report
Risk Management	
Processes for identifying, assessing and managing climate-related risks	Climate Change Climate Report
Metrics and Targets	
Metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	Climate Change Climate Report

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, 20
MED-2	Value added	Page 20
MED-3	Net value added	Page 20
MED-4	General R&D expenses	Page 20
MED-5	Labour productivity	Page 20 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 20, 268
MED-8	Share of purchases of Russian goods, works and services in the total purchases of goods, works and services	Page 93
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 22% in 2024
MED-10	Sustainable, including green, investments	Pages 20, 133 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 19 billion in 2024
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
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	Page 275
MED-14	Amount of recycled and reused water supply	Page 211
MED-15	Amount of contaminated wastewater discharge, total, including untreated wastewater	Page 210

No.	Indicator	Section/page in the Report
MED-16	Water use efficiency (specific water consumption)	Page 210 The indicator is disclosed according to the Company's methodology, i.e., the specific water consumption of Cherepovets Steel Mill from natural sources, m ³ /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)
MED-17	Waste of hazard classes I-V generated, total, including: class I, class II, class III, class IV, and class V	Page 277 Disclosed in the break-down by hazardous (hazard classes I-III) and non-hazardous waste (hazard classes IV-V)
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	Page 277 The landfilled waste volume is not disclosed separately as it is factored in the waste disposal volume. In the reporting period, Severstal's waste volumes increased by 2% compared to 2023
MED-19	Air pollutant emissions from stationary sources	Page 202
MED-20	GHG emissions	Pages 180, 271
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	Pages 172, 185, 201, 207, 273
MED-22	Renewable and low-carbon energy consumption	Pages 185, 274
MED-23	Energy efficiency: energy consumption per unit of net value added	Page 187 Disclosed in GJ/RUB million
Social indicators		
MED-24	Payroll expenses, total	Pages 117, 265
MED-25	Average headcount, total, including the number of disabled persons	Page 114, 264-265
MED-26	Average salary, total, including: by occupation groups, by gender, and by age groups	Pages 117, 266 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 152
MED-28	Expenses on organising and holding social, fitness, recreational and medical events for employees and their family members	Pages 118, 120
MED-29	Number of occupational accident victims with disability for one or more working days and with fatal outcome, including fatalities	Page 269

No.	Indicator	Section/page in the Report
MED-30	Expenses on employees training, total, including on average per employee	Pages 121, 267 Training expenses amounted to RUB 8.9 thousands per employee
MED-31	Average hours of training per year per employee by occupation groups	Pages 121, 266-267 Record-keeping in person-courses
MED-32	Percentage of employees covered by collective bargaining agreements in the average headcount	Page 119
MED-33	Staff turnover rate	Pages 114, 265
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 133
Governance indicators		
MED-35	Availability of the sustainability policy and/or other related strategic documents	Page 71
MED-36	Number of Board meetings and attendance rate	Page 34
MED-37	Number of Board members, total, including by age groups	Pages 34-35
MED-38	Number of the Audit Committee meetings and attendance rate	Page 36
MED-39	Participation in ESG indices and ratings	Page 21
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 40 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 35, 109

Appendix 5. Additional Data

Personnel

GRI 2-7 SASB EM-MM-000.B MED-25

Average headcount by key cities/towns of presence, people

	2020	2021	2022	2023	2024
Cherepovets	30,357	31,057	30,546	29,338	30,686
Vorkuta	6,185	5,943	2,056	-	-
Kostomuksha	3,892	3,993	4,083	4,030	4,222
St. Petersburg	2,592	2,716	2,749	2,505	2,779
Olenegorsk	1,955	1,977	1,923	1,927	2,050
Belgorod	2,062	2,300	2,505	2,426	2,513
Oryol	1,247	1,258	1,224	1,155	1,233
Volgograd	966	1,040	996	903	967
Moscow	1,051	1,267	1,530	1,737	2,350
Yaroslavl	788	972	1,016	933	995
Balakovo	1	-	-	-	-
Other	1,126	1,309	1,208	1,159	2,758

GRI 2-7 MED-25

Employees by type of employment contract and by gender regardless of employment in 2024, people

Average headcount in a break-down	Men	Women
Number of employees hired under permanent employment contracts (open-term employment contracts)	36,494	14,592
Number of employees hired under fixed-term employment contracts (fixed-term employment contracts)	638	990
Number of employees who are not employees but whose work is controlled by the company (for example, under GPC contracts)	75	103
Number of full-time employees (full-time employment)	36,885	15,292
Number of part-time employees (part-time employment)	247	290

GRI 405-1

Employees by category and by age based on headcount as of December of the reporting year, people

	2020	2021	2022	2023	2024
Men					
Managers	6,458	6,711	5,620	5,910	6,835
Engineers and technicians	3,580	3,839	3,753	4,102	4,810
Workers	29,012	29,308	23,369	23,835	25,289
Women					
Managers	1,924	2,179	1,963	2,222	2,873
Engineers and technicians	4,502	5,065	4,485	4,700	5,664
Workers	7,524	7,476	6,303	6,486	6,971

GRI 2-7 MED-25

Employees by type of employment contract and by region in 2024, 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	30,299	919	31,080	138
Kostomuksha	4,281	69	4,333	17
St. Petersburg	2,855	118	2,877	96
Olenegorsk	2,122	19	2,131	10
Belgorod	2,502	70	2,545	27
Oryol	1,293	17	1,299	11
Volgograd	993	7	995	5
Moscow	2,532	100	2,552	80
Yaroslavl	962	132	1,019	75
Other	3,247	177	3,346	78

GRI 405-1

Employees by age based on headcount as of December of the reporting year, people

	2020	2021	2022	2023	2024
Aged under 30	9,612	9,736	7,441	8,011	9,254
Aged 31-50 years	34,661	35,937	30,583	31,116	33,819
Aged over 50	8,727	8,905	7,469	8,128	9,369

GRI 401-1

New employee hires, people

	2020	2021	2022	2023	2024
Total	6,201	7,338	4,604	6,829	8,890
Men	4,398	4,891	3,338	4,642	5,738
Women	1,803	2,447	1,266	2,187	3,152

GRI 401-1 MED-33

Staff turnover,%

	2020	2021	2022	2023	2024
Total	4.9	6.9	5.6	5.7	5.6
Men	n/a	n/a	n/a	5.7	5.5
Women	n/a	n/a	n/a	5.8	5.7

MED-24

Manpower expenditure, RUB million

	2020	2021	2022	2023	2024
Payroll fund	54,303	58,772	65,354	64,920	87,531
Social security	1,153	1,390	1,294	1,264	3,814
Pension liabilities	480	471	506	521	389
Total	55,936	60,633	67,154	66,705	91,734

MED-26

Ratio of average salary of company employees to average salary in the regions of presence in 2024, RUB

	Average salary across Severstal	Average salary across the region	Ratio
Cherepovets	128,504	69,726	1.8
Kostomuksha	145,236	72,086	2.0
St. Petersburg	176,769	103,462	1.7
Olenegorsk	143,912	109,860	1.3
Belgorod	117,686	53,597	2.2
Oryol	76,888	53,531	1.4
Volgograd	81,483	57,162	1.4
Moscow	409,103	151,265	2.7
Yaroslavl	101,355	62,542	1.6

GRI 405-2

Standard basic salary by gender and by employee category, RUB

	2020		2021		2022		2023		2024	
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
Managers	60,520	67,610	62,440	70,350	68,120	77,730	76,050	90,270	81,350	99,410
Engineers and technicians	43,560	52,170	47,360	55,140	52,910	61,170	59,320	71,650	66,280	82,370
Workers	38,090	42,350	40,540	48,490	48,830	57,180	56,160	64,320	64,450	73,070

MED-26

Average salary in 2024, RUB

Total	144,290
By category (by occupation groups)	
Managers	264,635
Engineers and technicians	148,984
Workers	108,574
By gender	
Women	115,892
Men	155,935

MED-31

Employee training

	2020	2021	2022	2023	2024
Share of employees (including managers) covered by the training process, %	53	75	80	95	88
Average duration of training per employee, hours	44	56	56	38	42

GRI 404-1 MED-31

Average training hours by gender and by employee category, hours

	2020		2021		2022		2023		2024	
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
Managers	31	30	25.7	22.8	22	20	18	18	35.5	67
Engineers and technicians	30	31	16.1	18.5	26	20	15	19	18.4	36.6
Workers	71	53	134.9	115.6	37	41	58	59	71.2	96

MED-30

Personnel training and development expenses, RUB million

2020	2021	2022	2023	2024
405.0	438.3	230.6	274	451.7

GRI 401-3

Parental leave, people

	2020		2021		2022		2023		2024	
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
Number of employees entitled to maternity/paternity leave in the reporting period, people	1,160	4,393	1,212	4,342	1,199	3,976	1,284	3,694	1,701	4,584
Number of employees who took maternity/paternity leave in the reporting period, people	347	21	486	15	395	11	456	22	416	301
Number of employees who were to return to work in the reporting period after taking maternity/paternity leave, people	285	13	324	16	324	7	332	8	367	17
Total number of employees who returned to work after maternity/paternity leave ended in the previous reporting period, people	415	13	342	18	340	19	308	7	301	15
Number of employees who returned to work after maternity/paternity leave ended and were still employed 12 months after their return to work, people	284	7	247	8	223	11	254	6	236	8
Return-to-work rate (share of employees who returned to work after maternity/paternity leave ended), %	100	100	100	100	100	100	87	64	80	83
Retention rate (share of employees who remained in the Company after maternity/paternity leave ended), %	68	54	72	44	72	58	82	86	78	53

Development of the regions of presence

GRI 207-4 MED-7

Tax and non-tax payments by key regions of presence, RUB million

Tax and non-tax payments by key regions of presence, RUB million	Tax and non-tax payments by key regions of presence, RUB million	2020	2021	2022	2023	2024
Vologda Region	total payments	13,625.0	38,256.0	16,279.0	43,425.0	23,084
	taxes	13,513.0	38,170.0	16,173.0	43,351	22,985
	non-tax payments	112.0	86.0	106	74	99
The Republic of Karelia	total payments	2,571.0	6,449.0	3,633.0	5,149.0	9,031
	taxes	2,501.0	6,365.0	3,513.0	5,035.0	8,884
	non-tax payments	70.0	84.0	120.0	114.0	147
Murmansk Region	total payments	1,084.0	2,607.0	1,407.0	1,059.0	1,645
	taxes	1,049.0	2,529.0	1,299.0	877.0	958
	non-tax payments	35.0	78.0	108.0	182.0	687
Oryol Region	total payments	304.0	1,042.2	409.0	362.0	200
	taxes	304.0	1,042.0	409.0	362.0	199.4
	non-tax payments	0.0	0.2	0.0	0.0	0.6
Volgograd Region	total payments	303.0	950.0	346.5	736.0	566.90
	taxes	301.0	949.0	346.0	735.5	566.09
	non-tax payments	2.0	1.0	0.5	0.5	0.81
Belgorod Region	total payments	1,069.0	3,640.0	1,792.0	1,409.0	712.5
	taxes	1,059.0	3,594.0	1,780.0	1,400.0	700.2
	non-tax payments	10.0	46.0	12.0	9.0	12.7
Total across the key regions		21,967.0	60,179.2	23,866.5	52,140.0	35,239.4

MED NG-1.4 MED NG-1.6 MED NG-2.1 MED NG-2.5 MED NG-2.9 MED NG-3.1 MED NG-3.5

Support for community health	475.1
Support for health infrastructure	88.1
Support of education, including:	
support of general education organisations	16.4
support for organisations implementing secondary vocational education programmes	43.5
support for additional education for children and youth	28.9
support for higher education organisations	87.2
Formation of spiritual, moral and cultural values	304.0
Increasing tourist attractiveness	607.7
Development of infrastructure in the cultural sphere	74.0
Improving the housing conditions of local communities	31.5
Improving the quality of the road network	30.0

OHS

GRI 403-9 MED-29

Number of injuries, pcs

	2020		2021		2022		2023		2024	
	Employees	Contractors	Employees	Contractors	Employees	Contractors	Employees	Contractors	Employees	Contractors
Fatalities	4	10	3	2	1	2	0	2	3	1
Severe injuries	9	9	8	5	7	6	7	4	7	5
Minor injuries	46	20	53	26	53	11	39	11	33	8
Micro traumas	177	66	176	54	169	47	126	37	174	91
Total injuries	236	105	240	87	230	66	172	54	217	105
Near misses	514	132	560	152	637	153	600	182	585	162
Unsafe behaviours	125,138	9,288	209,726	7,887	301,004	8,730	376,443	9,473	258,009	72,446

Training by OHS programmes, person-courses

	2020	2021	2022	2023	2024
Occupational health	4,846	7,191	7,888	42,991	
- for production managers					1,547
- for employees of functional directorates					200
- for workers (number of people/courses)					194,733 ¹
Industrial safety	7,279	8,396	6,815	6,311	
- full-time industrial safety training					4,150
- certification at the Common Testing Portal (in number of areas)					11,640 ¹
Occupational health for office employees	2,439	2,158	2,260	1,661	1,721
See and Act course for workers	-	2,995	23,402	1,371	2,756
See in a New Way course	-	-	4,905	529	422
Leader's VZOR programme	-	-	-	2,910	1,968

¹ This indicator cannot be calculated in the number of employees

Methodology for assessing Severstal's climate performance

Severstal uses the Operational Performance Indicator (OPI) as a key climate performance indicator: the relative reduction in CO₂ intensity for steel production in the reporting period compared to the 2020 baseline under comparable conditions by steelmaking charge structure.

The assessment of the climate performance indicator is carried out in stages:

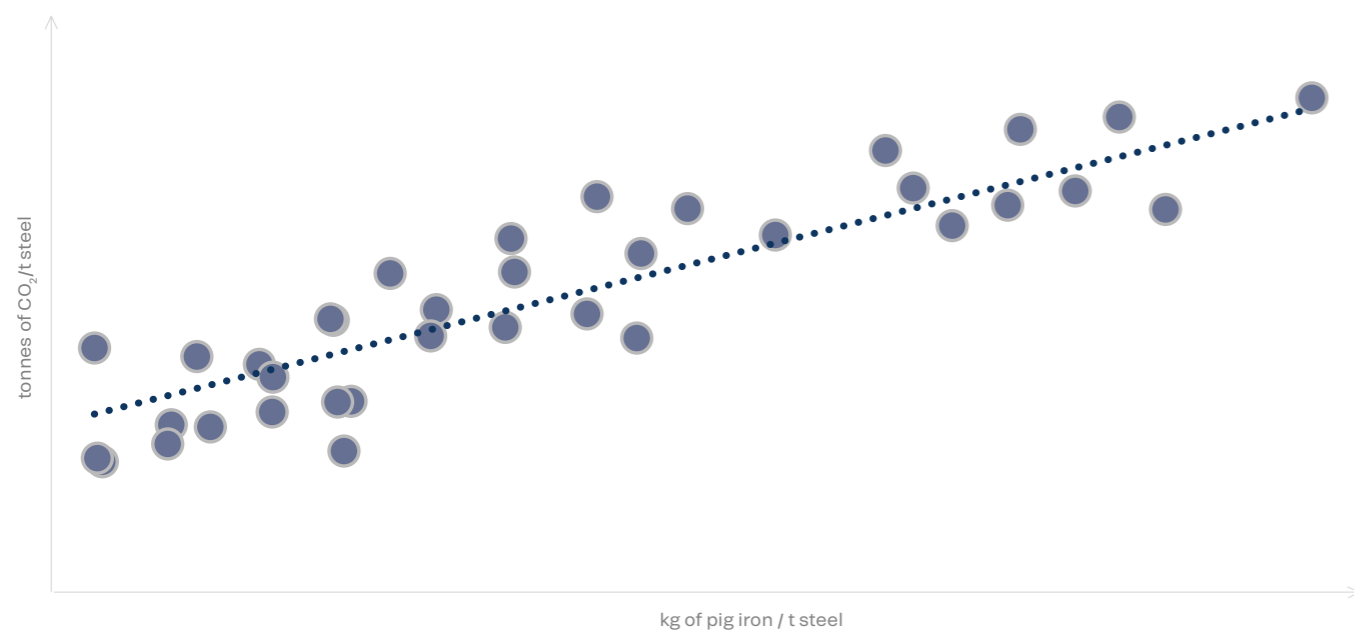
1. The intensity of greenhouse gas emissions for the reporting period is calculated using the WSA methodology based on actual data (tonnes of CO₂/t steel).
2. The baseline level of greenhouse gas emission intensity is calculated based on the empirically established relationship between iron consumption for steelmaking (kg iron/t steel) and CO₂ emissions under baseline conditions (t CO₂/t steel).
3. The relative change in CO₂ emission intensity (%) from the baseline is calculated.

The baseline GHG emission level is adjusted to ensure comparable conditions of comparison with the reporting period due to the fact that the

structure of steel production and the share of pig iron/steel scrap in the steelmaking charge may change significantly, both above and below the base year level, which makes the results of comparison incomparable.

The baseline emission level for the reporting period is estimated based on the actual share of pig iron in the steelmaking charge because pig iron consumption is a key indicator affecting the CO₂ emission intensity per 1 tonne of steel, i.e. all other things being equal, the emission intensity of steel production depends on the structure of the charge (the higher the share of pig iron in the charge, the higher the CO₂ emission intensity per 1 tonne of steel, and vice versa). For example, in the 2020 baseline year, the specific consumption of pig iron for steel production was 829 kg/t steel, and in 2024 it increased by 9.7% to 910 kg/t steel.

To determine the baseline emission level, a regression dependence of the baseline CO₂ emission level on the share of pig iron in the charge was established and verified by the third party, which is used to estimate the baseline emission level for the reporting period:



Methodology compliance with applicable standards and recommendations

The methodology developed to assess Severstal's climate performance is compliant with SBT¹ and Responsible Steel's² recommendations to consider charge composition when setting climate targets and assessing whether targets are met, as well as with key GHG management standards and emission estimation methods:

- GHG Protocol Corporate Accounting and Reporting Standard;
- GOST R ISO 14064-1-2021 'Greenhouse gases. Part 1. Requirements and guidance for quantification and reporting of greenhouse gas emissions and removals at the level of the organisation;
- GOST R ISO 14031-2023 'Environmental management. Environmental performance assessment. Guidelines';
- GOST R 71785-2024 'Environmental management. Climate performance assessment. Guidelines';
- WSA CO₂ Data Collection Guide (version 11).

Compliance of the used methodology with the requirements of the mentioned standards was confirmed by an independent party (LLC 'DCS-RUS') within the verification performed in accordance with GOST R ISO 14064-3-2021 'Greenhouse gases. Part 3. Requirements and guidelines for validation and verification of statements regarding greenhouse gases'³.

Greenhouse gas emissions

GRI 305-1 GRI 305-2 SASB EM-MM-110a.1 SASB EM-IS-110a.1 MED-20

Severstal's Scope 1 and 2 GHG emissions, million t CO₂e.

Emission indicator	2020	2021	2022	2023	2024
Scope 1 emissions, total	26.40	28.80	26.01	24.85	23.03
- including by category:					
stationary fuel combustion	13.58	13.38	12.78	12.67	12.18
mobile fuel combustion	0.49	0.52	0.48	0.48	0.51
industrial processes	9.56	11.96	11.69	11.61	10.26
fugitive emissions	2.76	2.94	1.06	0.09	0.09
CO ₂ emissions from biofuel combustion ⁴	-	0.01	0.01	0.01	0.01
Scope 2 emissions, total	1.46	1.47	1.07	0.93	0.89
- including using estimate ⁴					
market-based	1.46	1.47	1.07	0.93	0.89
location-based	1.46	1.47	1.07	0.93	0.89
Emissions by scope 1 and 2, total	27.86	30.27	27.08	25.78	23.92
- including by GHG:					
CO ₂	25.11	27.35	26.05	25.62	23.77
CH ₄	2.71	2.88	1.00	0.13	0.11
N ₂ O	0.04	0.04	0.03	0.03	0.04
PFC, HFC, SF ₆ , NF ₃	n/a	n/a	n/a	n/a	n/a

¹ Steel Science-Based Target-Setting Guidance Version 1.0

² ResponsibleSteel International Production Standard Version 2.1

³ The Scope 2 GHG emission values calculated using the regional and market methods are the same due to the fact that the electricity supply contracts did not contain GHG emission attributes. As a consequence, the estimation was performed using coefficients on the undeclared balance..

⁴ 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

¹ Classification of performance indicators is adopted according to GOST R 71785-2024 'Environmental Management. Climate performance assessment. Guidelines' and GOST R ISO 14031-2023 'Environmental management. Environmental performance assessment. Guidelines'.

GRI 305-3
Severstal's Scope 3 GHG emissions, million t CO₂e.

Emission indicator	2020	2021	2022	2023	2024
Scope 3 emissions, total	16.10	14.08	12.47	13.17	13.49
- including by Upstream category:	5.56	7.04	8.40	10.12	9.90
Purchased goods and services	3.47	4.68	5.89	7.73	7.39
Capital goods	0.27	0.30	0.42	0.24	0.41
Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	1.44	1.60	1.66	1.70	1.67
Upstream transportation and distribution	0.34	0.42	0.40	0.41	0.39
Waste generated in operations	0.01	0.01	0.01	0.01	0.01
Business travel	n/e	n/e	n/e	n/e	0.01
Employee commuting	0.03	0.03	0.02	0.03	0.03
Upstream leased assets	n/e	n/e	n/e	n/e	n/e
- including Downstream category:	10.54	7.04	4.07	3.05	3.59
Downstream transportation and distribution	0.22	0.20	0.26	0.18	0.22
Processing of sold products	6.73	5.14	3.23	2.01	2.55
Use of sold products	3.51	1.62	0.51	0.78	0.73
end-of-life treatment of sold products	0.05	0.05	0.04	0.05	0.05
Downstream leased assets	0.03	0.03	0.03	0.03	0.04
Franchises	n/a	n/a	n/a	n/a	n/a
Investments	n/a	n/a	n/a	n/a	n/a
- including GHG:					
CO ₂	14.53	11.73	10.45	8.51	9.19
CH ₄	1.52	2.31	1.98	4.62	4.26
N ₂ O	0.05	0.04	0.04	0.04	0.04
PFC, HFC, SF ₆ , NF ₃	n/a, n/e	n/a, n/e	n/a, n/e	n/a, n/e	n/a, n/e

n/a - not applicable, n/e - not essential

Severstal's GHG emissions, million tonnes of CO₂e

Indicator	2020	2021	2022	2023	2024
Scope 1	26.40	28.80	26.01	24.85	23.03
Scope 2	1.46	1.47	1.07	0.93	0.89
Scope 1 and 2 emissions, total	27.86	30.27	27.08	25.78	23.92
Scope 3	16.10	14.08	12.47	13.17	13.49
Scope 1, 2 and 3 emissions, total	43.96	44.35	39.55	38.95	37.41

MED-21
Company's climate change adaptation measures and implementation costs, RUB thousands

Year	2021	2022	2023	2024
Total	567,171	937,632	1,377,425	1,209,454
including by line of business:				
Mining	200,265	182,351	829,654	779,854
Production	366,906	755,280	547,771	429,600
including by climate factors:				
Abnormal hot weather	130,392	232,643	197,551	172,166
Abnormal cold weather	12,694	477	0,	45,089
Thunderstorms	0,	0	0	1,244
Changes in the hydrological regime of water bodies	0	0	0	2,640
Hazardous geomorphological processes	,0	2,273	51,435	162,890
Very strong wind	0	0	91,603	115,200
Very heavy rain	272,405	684,334	755,612	274,907
Very heavy snow	146,526	5,455	139,584	256,759
Strong ice and frost deposits	333	1,080	136,489	177,432
Heavy fog	4,820	2,928	1,034	1,128
including by types of measures implemented:				
Buildings, structures (except transport infrastructure)	31,768	22,963	13,076	49,573
Continuity of production and operation of equipment	115,663	83,214	241,593	498,599
Personnel: safety, labour conditions	130,392	228,899	200,916	201,119
Transport infrastructure	201,177	503,793	635,277	446,893
Hydraulic structures, tailings ponds and landfills	88,171	98,763	286,564	13,270


MED 21
Severstal's energy efficiency initiatives and implementation costs

Project	Implementation period	Results achieved/planned	Costs, RUB mln
Reconstruction of turbine generator No. 1 of TPP-EVS	Completed in 2024	Increase in the rated capacity of the steam turbine unit TETs-EVS-2 90 to 110 MW.	1,200
Reconstruction of turbine generator No. 2 of TPP-EVS	2025		900
Upgrade of GUBT-12	2025		900
Construction of boiler unit No. 11 of TPP-PPS	Completed in 2024	Increase in power generation at Cherepovets Steel Mill by 145,285 thousand kWh up to 2029 and reduction in combustion of coke and blast furnace gases by candles.	3,500
Construction of a 149 MW heat recovery plant	2024 - 2027	Ensuring 95% of own electricity generation and reducing GHG emissions by more than 350,000 tons/year.	13,000

Energy consumption


SASB EM-MM-130a.1 SASB EM-IS-130a.1 MED-22

Severstal's energy consumption, TJ

Indicator	2020	2021	2022	2023	2024
Total electricity consumption, including	31,951	34,131	31,194	31,132	30,136
Own generation, including	16,809	16,488	16,836	17,456	17,013
from fossil fuel	15,850	15,791	15,813	16,177	15,775
from secondary carbon-free sources (TRT, dump steam)	958	697	1,023	1,278	1,238
% of secondary carbon-free sources	5.7%	4.2%	6.1%	7.3%	7.3%
Purchased energy, including	15,143	17,643	14,357	13,676	13,123
from fossil fuel	7,910	9,586	7,915	7,641	7,361
from renewable and carbon-free sources ¹ 	7,232	8,058	6,442	6,036	5,762
% of renewable and carbon-free sources	47.8%	45.7%	44.9%	44.1%	43.9%

SASB EM-MM-130a.1 SASB EM-IS-130a.1

Severstal's heat consumption, TJ

Indicator	2020	2021	2022	2023	2024
Total heat consumption, including	25,844	28,521	26,307	26,561	24,911
Own generation	24,665	27,256	25,207	25,724	24,396
from fossil fuel	15,522	16,806	15,721	16,247	15,769
from renewable sources (biofuel) 	52	33	35	26	13
from secondary carbon-free sources (dump steam)	9,091	10,417	9,451	9,451	8,614
% of renewable and secondary carbon-free sources	37.1%	38.3%	37.6%	36.8%	35.4%
Purchased energy, including	1,179	1,265	1,100	836	515
from fossil fuel	1,179	1,265	1,100	836	515

Environmental management

Severstal's environment protection expenses, RUB mn.

Direction	2020	2021	2022	2023	2024
Air protection	2,368	1,416	1,034	1,120	4,383
Water resources protection	1,398	1,896	2,636	2,091	3,051
Waste management, including	1,539	1,829	2,002	2,412	2,437
Biodiversity conservation and protection of natural areas	-	1.05	1.97	32	50
Other	-	-	-	426	366

¹ 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.

Environmental compliance indicators

Indicator	Unit of measure	2021	2022	2023	2024
Number of compliance reviews by government authorities	unit	-	-	8	13
Number of enterprises audited	unit	8	5	4	4
Number of significant fines/damages imposed (more than USD 1 mn)	unit	0	0	0	0
Number of environmentally significant incidents (including as a result of man-made disaster)	unit	0	0	0	0
Share of excess payments in the total payment for negative environmental impact	%	33.7	31.4	33.1	50.8

Water resources

GRI 303-3 GRI 303-4 GRI 303-5 SASB EM-MM-140a.1 MED-13

Water consumption and discharge of Cherepovets Steel Mill, thousand m³

	2020	2021	2022	2023	2024
(1) Total water consumption from natural sources:	59,056	63,086	59,343	66,038	62,645
from surface sources, including for:	45,967	50,787	48,613	54,120	51,730
production needs	45,949	50,768	48,590	54,098	51,708
household needs	18	19	23	22	22
from underground sources (wells), including for:	34	41	20	20	22
production needs	9	10	2	0	0
household needs	25	31	18	20	22
from alternative sources for production needs	8,120	6,746	4,710	5,270	4,190
from Vodokanal municipal utilities, including for:	4,935	5,512	6,000	6,628	6,703
production needs	573	647	667	729	732
household needs	4,362	4,865	5,333	5,899	5,971
(2) Water discharges to natural sources after use	28,903	28,399	24,893	26,446	24,968
Irrevocable water consumption (1) - (2)	30,153	34,687	34,450	39,592	37,677
Share of water from alternative sources for production needs	14.9%	11.3%	8.7%	8.5%	7.4%

Water consumption and discharge of Severstal Resources, thousand m³

	2020	2021	2022	2023	2024
(1) Total water consumption from natural sources:	6,966	7,126	4,689	3,525	3,889
from surface sources, including for:	1,303	1,313	1,302	883	1,264
production needs	1,303	1,313	1,302	883	1,264
household needs	0	0	0	0	0
from underground sources (wells), including for:	1,874	1,898	739	286	292
production needs	1,693	1,733	697	286	291
household needs	181	165	42	0	1
from alternative sources for production needs	413	386	322	418	321
from Vodokanal municipal utilities, including for:	3,376	3,529	2,326	1,938	2,012
production needs	1,963	2,085	968	724	725
household needs	1,413	1,444	1,358	1,214	1,287
(2) Water discharges to natural sources after use	367	308	314	393	396
Irrevocable water consumption (1) - (2)	6,599	6,818	4,374	3,132	3,493
Share of water from alternative sources for production needs	7.7%	7.0%	9.8%	15.5%	12.3%

Water consumption and discharge of Severstal, thousand m³

	2020	2021	2022	2023	2024
1) Total water consumption from natural sources:	66,022	70,212	64,032	69,563	66,534
from surface sources, including for:	47,270	52,100	49,915	55,003	52,994
production needs	47,252	52,081	49,892	54,981	52,972
household needs	18	19	23	22	22
from underground sources (wells), including for:	1,908	1,939	759	306	314
production needs	1,702	1,743	699	286	291
household needs	206	196	60	20	23
from alternative sources for production needs	8,533	7,132	5,032	5,688	4,511
from Vodokanal municipal utilities, including for:	8,311	9,041	8,326	8,566	8,715
production needs	2,536	2,732	1,635	1,453	1,457
household needs	5,775	6,309	6,691	7,113	7,258
(2) Water discharges to natural sources after use:	29,270	28,707	25,207	26,839	25,364
Irrevocable water consumption (1) - (2)	36,752	41,505	38,825	42,724	41,170
Share of water from alternative sources for production needs	14.2%	11.2%	8.8%	8.8%	7.6%

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				
	2020	2021	2022	2023	2024
Hazardous (hazard classes I-III)	0.03	0.03	0.04	0.04	0.03
Low-hazard (hazard class IV)	2.41	2.71	2.91	3.31	2.96
Non-hazardous (hazard class V)	97.56	97.26	97.05	96.65	97.01

Waste recovery into the economy at Cherepovets Steel Mill, %

Indicator	2020	2021	2022	2023	2024
Processing into products, recovery and neutralisation	65.6	66.7	67.3	68.0	62.6
Reuse as raw materials	14.9	14.1	15.1	14.4	17.0
Forwarding to third parties for recovery, neutralisation, and treatment	1.1	3.0 ¹	3.0	1.9	5.7
Total recovery	95.1	97.8	99.3	98.1	98.2

Severstal's waste management indicators for 2024, tonnes

Waste management indicators for 2024	For Severstal's waste generated, net of overburden and tailings					Overburden and tailings
	Class I	Class II	Class III	Class IV	Class V	
Recycled (reused and recycled), including:	0	3,272	10,206	5,407,568	1,825,161	10,191,419
reused and recycled internally	0	3,196	7,254	5,328,592	1,413,924	10,191,419
transferred to a third party for reuse and recycling	0	76	2,952	78,976	411,237	0
Transferred to a third party for processing	0	0	10,574	3,076	4,357	0
Neutralized, including:	8	1,457	40,250	3,071	599	0
neutralized within the company	0	1,457	35,271	0	0	0
transferred to a third party for neutralization	8	0	4,979	3,071	599	0
Placed, including:	0	0	4,945	106 261	8,650	162,339,839
placed at the company's facilities	0	0	4,891	101,223	6,333	162,339,839
transferred to a third party for placement	0	0	54	5,038	2,317	0
Transferred by MSW to a regional operator	0	0	0	3,686	341	-

¹ Taking into account previously accumulated waste.

Severstal's waste management indicators for 2023, tonnes

Waste management indicators for 2023	For Severstal's waste generated, net of overburden and tailings					Overburden and tailings
	Class I	Class II	Class III	Class IV	Class V	
Recycled (reused and recycled), including:	0	3,819	11,956	5,899,820	1,468,498	8,777,100
reused and recycled internally	0	3,780	7,340	5,819,051	1,332,977	8,763,900
transferred to a third party for reuse and recycling	0	39	4,617	80,770	135,521	13,200
Transferred to a third party for processing	0	0	1,159	2,489	5,248	0
Neutralized, including:	92	1,495	66,072	2,633	392	0
neutralized within the company	0	1,494	50,503	0	0	0
transferred to a third party for neutralization	92	1	15,569	2,633	392	0
Placed, including:	0	0	5,321	143,582	9,038	167,234,832
placed at the company's facilities	0	0	5,273	138,788	7,678	167,234,832
transferred to a third party for placement	0	0	48	4,794	1,360	0
Transferred by MSW to a regional operator	0	0	0	3,065	311	-

Severstal's waste management indicators for 2022, tonnes

Waste management indicators for 2022	For Severstal's waste generated, net of overburden and tailings					Overburden and tailings
	Class I	Class II	Class III	Class IV	Class V	
Recycled (reused and recycled), including:	0	3,242	13,422	5,355,180	1,441,884	9,501,220
reused and recycled internally	0	3,204	7,236	5,290,703	1,243,136	9,501,220
transferred to a third party for reuse and recycling	0	38	6,186	64,477	198,748	0
Transferred to a third party for processing	0	15	737	1,286	2,441	0
Neutralized, including:	10	2,000	52,506	3,513	977	0
neutralized within the company	0	2,000	37,569	0	0	0
transferred to a third party for neutralization	10	0	14,937	3,513	977	0
Placed, including:	0	0	7,671	87,903	16,248	169,735,254
placed at the company's facilities	0	0	7,584	81,138	13,454	169,735,254
transferred to a third party for placement	0	0	87	6,765	2,794	0
Transferred by MSW to a regional operator	0	0	0	1,812	103	-

Severstal's waste management indicators for 2021, tonnes

Waste management indicators for 2022	For Severstal's waste generated, net of overburden and tailings					Overburden and tailings
	Class I	Class II	Class III	Class IV	Class V	
Recycled (reused and recycled), including:	0	3,107	17,242	5,598,279	1,434,476	10,318,917
reused and recycled internally	0	3,091	7,604	5,476,230	1,260,760	10,318,411
transferred to a third party for reuse and recycling	0	16	9,638	122,049	173,716	506
Transferred to a third party for processing	0	68	256	1,734	1,783	0
Neutralized, including:	117	1,738	51,693	3,045	680	0
neutralized within the company	0	1,737	36,162	0	0	0
transferred to a third party for neutralization	117	1	15,531	3,045	680	0
Placed, including:	0	0	3,735	138,851	131,138	198,295,897
placed at the company's facilities	0	0	3,649	129,231	127,281	198,295,897
transferred to a third party for placement	0	0	86	9,620	3,857	0
Transferred by MSW to a regional operator	0	0	0	3,138	303	-

Air pollution

GRI 305-7 GRI 14.3.2 SASB EM-MM-120a.1 EM-IS-120a.1 MED-19

Severstal's pollutant emissions broken down by individual substances, thousand tonnes

Type of pollutants	2020	2021	2022	2023	2024
Nitrogen oxides (NO ₂ + NO)	15.6	16.7	15.6	15.1	15.4
Sulphur dioxide (SO ₂)	101.6	104.4	98.8	101.2	112.0
Volatile organic compounds (VOC)	0.9	1.1	1.3	1.3	1.0
Particulate matter (PM)	22.3	24.4	19.7	20.2	18.2
Carbon monoxide (CO)	208.8	212.0	202.3	205.4	166.0
Other	102.0	109.4	31.8	0.6	0.9
Total	451.2	468.0	369.5	343.8	313.5

Severstal's pollutant emissions by division, thousand tonnes

Division	2020	2021	2022	2023	2024
'Severstal Resources	193.5	207.4	122.2	91.9	106.5
'Severstal Russian Steel	257.7	260.6	247.3	251.9	207.0
Total, incl.	451.2	468.0	369.5	343.8	313.5
Emissions from stationary sources	451.2	468.0	369.5	343.8	313.5

Severstal's pollutant emissions by mining assets, thousand tonnes

Type of pollutants	2023	2024
Nitrogen oxides (NO ₂ +NO)	4.8	6.6
Sulphur dioxide (SO ₂)	77.7	90.7
Volatile organic compounds (VOC)	0.8	0.7
Particulate matter (PM)	6.1	9.1
Carbon monoxide (CO)	2.5	2.0
Other	0.0	0.0
Gross pollutant emissions by producing assets	91.9	109.1

Absolute and specific pollutant emissions of CherMK by substance, thousand tonnes

Indicators of pollutant emissions	2020	2021	2022	2023	2024
Nitrogen oxides (NO ₂ + NO), thousand tonnes	11.0	10.4	9.7	9.9	9.94
(specific emission), kg/t steel	0.96	0.89	0.91	0.88	0.96
Sulphur dioxide (SO ₂), thousand tonnes	25.7	24.7	22.4	23.4	20.43
(specific emission), kg/t steel	2.24	2.12	2.10	2.08	1.97
Volatile organic compounds (VOC), thousand tonnes	0.4	0.3	0.3	0.3	0.31
Particulate matter (PM), thousand tonnes	14.0	15.1	14.0	14.0	11.91
(specific emission), kg/t steel	1.23	1.30	1.31	1.24	1.15
Carbon monoxide (CO), thousand tonnes	204.8	208.0	198.8	202.1	161.9
(specific emission), kg/t steel	17.85	17.86	18.59	17.93	15.59
Other, thousand tonnes	0.5	0.7	0.7	0.7	0.85
Total, thousand tonnes	256.4	259.2	245.9	250.4	205.34
(specific emission), kg/t steel	22.36	22.26	23.00	22.21	19.77

Absolute and specific pollutant emissions of CherMK by hazard class, thousand tonnes

Type of pollutants	2023	2024
Hazard Class I pollutant emissions, thousand tonnes	0.001	0.001
(specific emission), kg / tonne of steel	0.0	0.0
Hazard class II pollutant emissions, thousand tonnes	0.797	0.833
(specific emission), kg / tonne of steel	0.071	0.080
(specific emission: hazard classes I and II), kg / tonne of steel	0.071	0.080
Emissions of pollutants of III class of hazard, thousand tonnes	45.370	40.348
(specific emission), kg / tonne of steel	4.025	3.886
Emissions of pollutants of IV class of hazard, thousand tonnes	202.269	162.039
(specific emission), kg / tonne of steel	17.943	15.605

Appendix 6: Independent Practitioner's Assurance Report

Independent practitioner's assurance report on the Severstal, PJSC Integrated Report for 2024

Translation of the original Russian version

To the Board of Directors of Severstal, PJSC

Subject matter information

We have performed a limited assurance engagement to report on the Biodiversity and Land Resources Preservation section and the following sustainability performance indicators included in the attached Severstal, PJSC (hereinafter "Company") Integrated Report for 2024 (hereinafter "the Report") and identified there by the "🔍" symbol (hereinafter "the Indicators"), as of 31 December 2024 or for 2024 (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-eq./tonnes of steel;
- ▶ reduction in CO₂ emissions intensity against the baseline, determined for a comparable steelmaking charge conditions, in accordance with the Severstal's Climate Performance Evaluation Methodology in terms of achieving the adopted greenhouse gas emission reduction targets, %;
- ▶ 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, including:
 - ▶ Fuel consumption from non-renewable sources (broken down by fuel type);
 - ▶ Fuel and energy consumption from renewable sources (broken down by fuel type);
 - ▶ Energy purchased (from third parties) for consumption (electricity and heat);
 - ▶ Sales of energy generated (to third parties);
- ▶ Frequency rate of occupational injuries by employees and contractors;
- ▶ Number of fatal injuries among employees and contractors, pcs;
- ▶ Volume of social investments by category, RUB billion;
- ▶ Personnel indicators of the Company from the "Severstal People" section of the Integrated Report;
- ▶ expenses on climate change adaptation activities, RUB thousand.

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.

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 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; Severstal's Climate Performance Evaluation Methodology in terms of achieving the adopted greenhouse gas emission reduction targets as set forth in the criteria defined in chapter Appendix 5 Additional Data of the Report 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 particular, the Company's management is responsible for internal controls being designed and implemented to prevent the information, included in the Report, from being materially misstated.

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 3000 (revised) *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* (hereinafter "ISAE 3000").

ISAE 3000 requires that we comply with ethical standards, plan and perform our assurance engagement to obtain limited assurance about the Biodiversity and Land Resources Preservation section and the Indicators.

Independence and quality management

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.

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 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.

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 and Land Resources Preservation 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 Biodiversity and Land Resources Preservation section and the Indicators;
- ▶ Review of data samples regarding the Biodiversity and Land Resources Preservation section and the Indicators for the reporting period, to assess whether these data have been collected, prepared, collated and reported appropriately;

Appendix 7. RSPP Independent Assurance Report

[RSPP Independent Assurance Report is only available in Russian.](#)



- ▶ Visit to the Company in order to interview Company's representatives responsible for the Indicators and gather evidence supporting the assertions on the Company's sustainability policies, activities, events, and performance made in the Report.

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.

We believe that performed procedures are sufficient to provide a basis for our conclusion.

Practitioner's conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Biodiversity and Land Resources Preservation section and the Indicators are not prepared properly, 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.

LEZHANKOVA ELENA NIKOLAEVNA
Partner
TSATR – Audit Services Limited Liability Company

8 April 2025

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, 75.
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 8. 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.

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PAO Severstal's registered office: 30 Mira Street, Cherepovets, Vologda Region, 162608, Russia.

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