

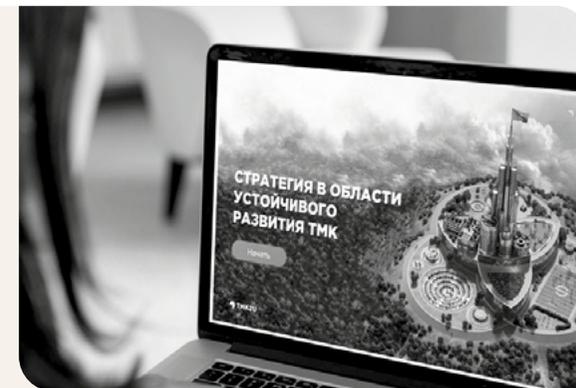
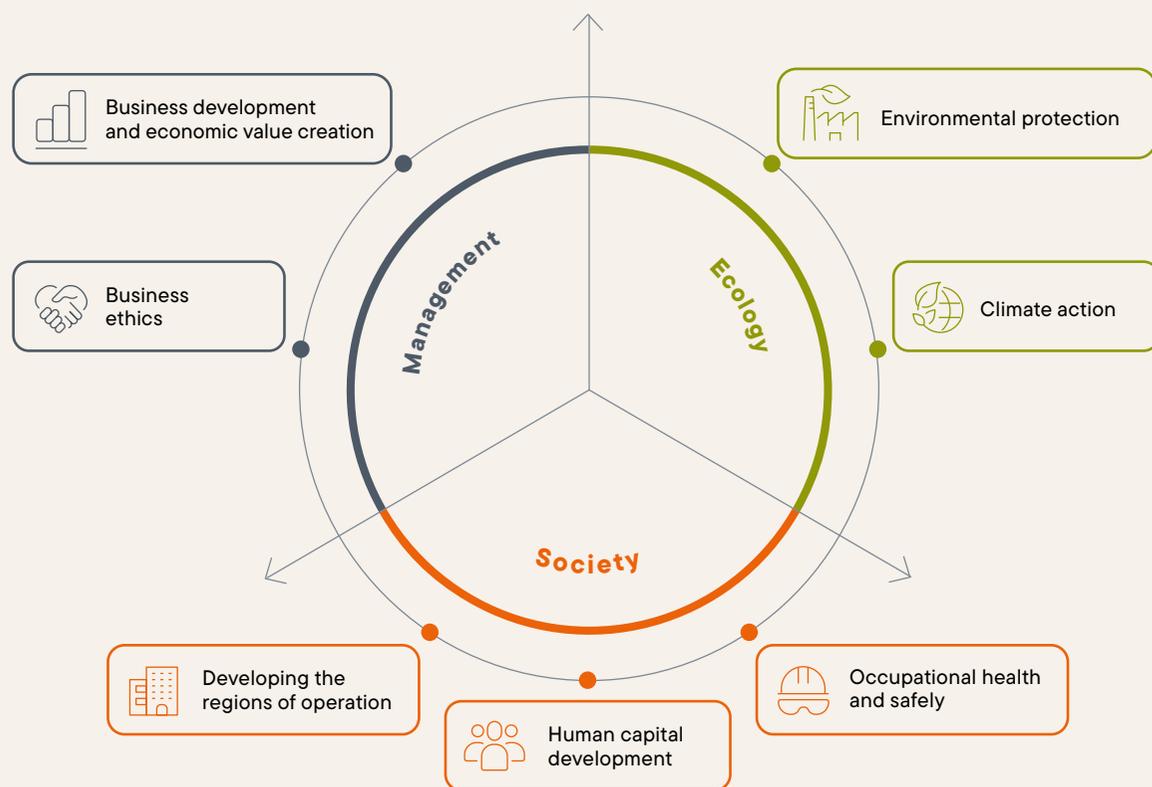


# TMK'S SUSTAINABILITY PERFORMANCE IN 2023



# TMK'S SUSTAINABILITY STRATEGY

## 7 focus areas of TMK's Sustainability Strategy



17

objectives

33

KPIs

- Environmental: 6 objectives and 11 KPIs
- Social: 8 objectives and 16 KPIs
- Governance: 3 objectives and 6 KPIs

In 2023, an online training course on TMK's Sustainability Strategy was developed and made available on the SOTA2U corporate platform. The course details TMK's sustainability strategy and relevant achievements, presents the theoretical background and history of the sustainability concept, and offers practical advice on how everyone can support sustainability goals in their life and work. The course is available to all Company employees.

# 2023 HIGHLIGHTS



## Production



4.9

mln tonnes

product shipments

91%

share of sales in the Russian market

3%

TMK's share in the global steel pipe market

## Social



60.2

thousand

employees

3.1

mln hours

of employee training

0.6

LTIFR (Lost Time Injury Frequency Rate)

2.5

RUB bln

charitable and sponsorship expenditures

## Environmental



4.5

RUB bln

environmental expenditures

96%

water recycling ratio

93%

share of waste diverted from disposal

0

environmental accidents

## Governance



### The Board of Directors includes

9

directors

3

of them independent

The Board of Directors reviews all key sustainability matters

### Credit ratings

NCR

A+.ru,  
outlook positive

Expert RA

ruA+,  
outlook stable

# AWARDS AND ACHIEVEMENTS

Organizer	Achievement
<b>Ratings</b>	
<b>National Rating Agency (NRA)</b>	Group 1 (companies with advanced sustainability practices) in the ESG ranking of Russian industrial companies
<b>Analytical Credit Rating Agency (ACRA)</b>	ESG-4 level (ESG-B category) – a very high ESG assessment
<b>National Credit Ratings (NCR) in cooperation with RBC</b>	Group 2 (above average) in the ESG Index of Russian Business
<b>Forbes</b>	The Gold category of Russia’s best employers ranking
<b>Russian Union of Industrialists and Entrepreneurs (RSPP)</b>	Class AAA – a very high level of anti-corruption compliance – in the 2023 Anti-corruption Ranking of Russian Business
<b>Donors Forum</b>	Category A in the Corporate Philanthropy Leaders ranking
<b>Competitions and awards</b>	
<b>Company of the Future 2023 award</b>	Winner in the Corporate Socialization category for the creation and development of the Mobi2U corporate social network.
<b>ECOTECH-LEADER 2023</b>	The project to upgrade the biological effluent polishing facilities at STZ won in the Construction and Operation of Treatment Facilities category
<b>Russia’s Best Corporate Media 2023, 20th Annual National Corporate Media Competition</b>	TMK’s corporate television won in the B2P – Internal Corporate Media: TV category
<b>ComNews Awards 2023. Best Solutions for the Digital Economy</b>	The Business Services Center’s Digital Assistant won the Best RPA Solution in Metallurgy category
<b>The Project of the Year 2023 annual competition organized by the Global CIO professional community of digital transformation leaders</b>	The project to automate service management processes won in the Best IT Management Project category while the Implementation of a Modern Authentication System (TMK ID) project won in the Best Solution in the Field category

# ENVIRONMENTAL PROTECTION: OUR PERFORMANCE



4.5

RUB bln

environmental expenditures, including green investments of RUB 1.5 bln

82%

share of scrap metal in total materials used

96%

water recycling ratio in production cycles

16%

reduction of total weight of waste generated compared with 2022

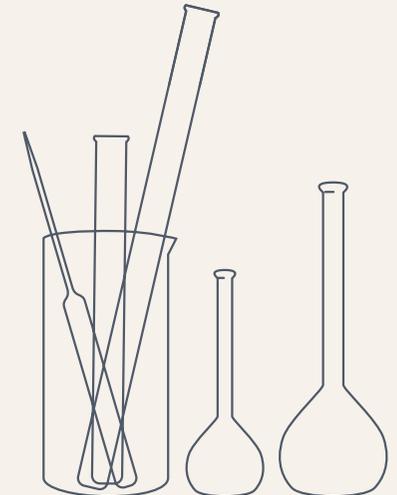
5.7%

reduction of air pollutant emissions intensity

677.5

thousand GJ

reduction of energy consumption as a result of energy efficiency measures



# ENVIRONMENTAL PROTECTION: OUR PRACTICES



## **CHTPZ is a participant of the Clean Air federal project.**

In 2023, CHTPZ continued upgrading its gas cleaning systems, driving a 30-tonne reduction in air pollutant emissions. By implementing activities to reduce pollutant emissions, we are contributing to Russia's national goals.



## **Between 2019 and 2023, TMK implemented a large-scale project to modernize lighting systems at shops across TMK enterprises.**

More than 1.2 mln m<sup>2</sup> of shop floor spaces are now illuminated with modern lights. The reduction in energy consumption totaled 115,700 MWh per year, driving cost reductions.



## **STZ introduced a biological effluent polishing system that mimics the natural processes of self-purification of water bodies.**

It is a string of biological ponds housing higher aquatic plants and various species of fish that naturally ensure deep cleaning of flowing water. In 24 hours, 16 thousand m<sup>3</sup> of water pass through the system, with the treated water discharged to the Severushka River. Along with its own wastewater, the plant treats wastewater from the northern part of Polevskoy.



## **At TMK pipe plants, removed waste is recorded via an automated system.**

The automated system generates control vouchers containing information on the type of waste, the production site where it was generated, the purpose of its transfer, and its final disposal location. The system enables the most transparent and accurate tracking of the enterprise's waste movement as well as reporting to supervisory bodies, if necessary.

# CLIMATE ACTION: OUR PERFORMANCE



3.6

mln tonnes  
of CO<sub>2</sub> equivalent

GHG emissions  
(Scope 1 and 2)

0.68

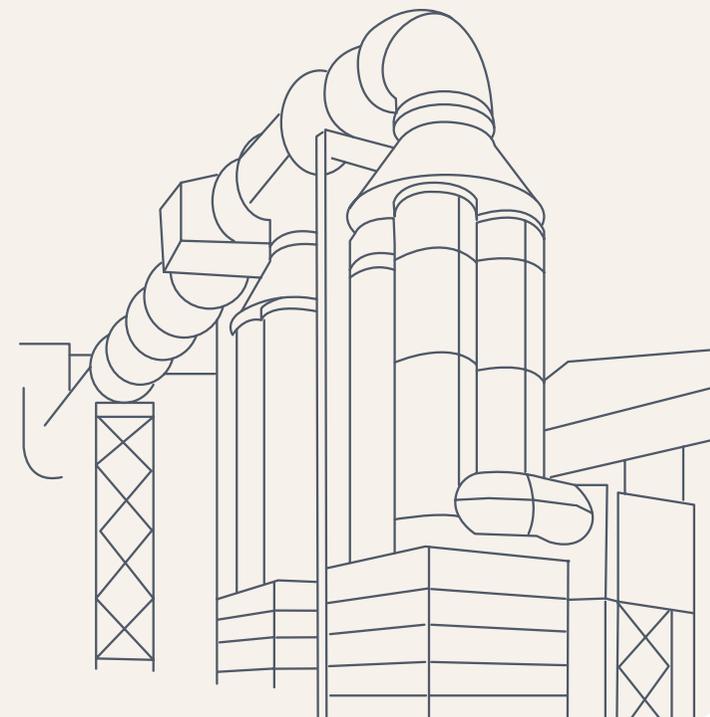
tonnes of CO<sub>2</sub> equivalent  
per tonne of steel

GHG emissions  
intensity

103.8

RUB mln

TMK's spending  
on greening initiatives



# CLIMATE ACTION: OUR PRACTICES



**In 2023, TMK identified and assessed physical and transition risks of its key production facilities, guided by the TCFD recommendations.**

Based on the assessment of climate risks in 2023, a Climate Change Adaptation Plan and an Energy Transition Roadmap were developed.



**In 2022–2023, TMK participated in the Save the Forest All-Russian Reforestation Campaign.**

In 2023, the Company helped plant trees in two regions at a time, the Sverdlovsk and Chelyabinsk Regions. The activities involved volunteers from PNTZ, CHTPZ, and STZ. As a result, 24.5 thousand spruce, pine, linden, and maple saplings were planted.



**In 2023, TMK Group's major enterprises with emissions exceeding 150 thousand tonnes of CO<sub>2</sub> equivalent**

VTZ, TAGMET, PNTZ, CHTPZ, and STZ prepared their first mandatory reports on GHG emissions.



**VTZ is implementing a unique scientific project to set up a carbon farm at its landfill facility.**

In the spring of 2023, experimental sites measuring close to 0.5 hectares were laid at the facility, with stem cuttings of different varieties of fast-growing poplars planted at the sites. These trees can effectively absorb carbon dioxide and other greenhouse gases, influence the exchange of CO<sub>2</sub> with the atmosphere, and clean soil and groundwater. Reforestation at the carbon farm will contribute not only to carbon dioxide removal but also to reducing the risk of fire in the area.

# OCCUPATIONAL HEALTH AND SAFETY: OUR PERFORMANCE



1.9

RUB bln

costs of occupational health and industrial safety initiatives

0.60

LTIFR — Lost Time Injury Frequency Rate

1.11

TRIFR — Total Recordable Injury Frequency Rate

0.1

the rate of high-consequence work-related injuries

75%

of TMK enterprises certified to ISO 45001:2018 or GOST R ISO 45001-2020



# OCCUPATIONAL HEALTH AND SAFETY: OUR PRACTICES



**TMK holds an annual Safety Day, bringing together both Company and contractor employees.**

In 2023, 46 thousand employees (89% of the total workforce) took part in the event. Areas of focus included fire safety, warehousing, freight handling, process safety, and exposure to moving and rotating objects. Following the Safety Day, the Company allocated RUB 230 million to address the identified gaps.



**Medical aid posts at STZ, TAGMET, SinTZ, VTZ, and OMZ use an electronic medical checkup system.**

The system helps detect cardiovascular diseases in employees at early stages and reduce the risk of heart attacks and strokes.



**TMK enterprises are enhancing the video monitoring system to prevent and promptly respond to OHS violations.**

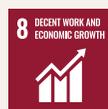
In 2023, TAGMET installed 113 cameras and introduced a computer vision system. PNTZ has installed video cameras on electric overhead cranes, eliminating blind spots to ensure safe cargo handling.



**PNTZ employees have been trained to provide first aid in the workplace for five years as part of the Volunteer Rescuer social movement.**

In 2023, 147 new employees took the course, and 36 employees were also trained as first aid instructors. About 600 plant employees in total are members of the volunteer rescuer movement.

# HUMAN CAPITAL DEVELOPMENT: OUR PERFORMANCE



60.2

thousand employees  
headcount

40

average age  
of TMK Group  
employees

13%

employee turnover

91%

of employees covered  
by collective bargaining  
agreements

4.9

thousand people  
in the talent pool

63 p.p.

employee engagement  
level at TMK Group

85%

of employees covered  
with training programs

>3.1

mIn hours  
total hours  
of employee training

230

RUB mln  
invested in employee  
training and development



# HUMAN CAPITAL DEVELOPMENT: OUR PRACTICES



**The Company regularly evaluates its employees' performance.**

In 2023, the performance evaluation process covered 5,186 employees, including 4,608 blue-collar employees and 578 managers and other white-collar employees.



**TMK provides VHI for all employees.**

The VHI policies cover both outpatient and inpatient healthcare services and telemedicine. On top of that, Group employees are offered health resort treatment, with their children and spouses also eligible for subsidized vouchers.



**One of TMK's key communication channels with its employees is the Mobi2U corporate social network.**

Mobi2U offers it all: gathers Company and enterprise news, event announcements, contests, quizzes, and a lot of other useful information. The social network has over 52 thousand employees as registered users.



**TMK is involved in the Professionalitet project.**

The project is intended to fundamentally change the secondary vocational education system by rolling out the industry workforce training model for in-demand blue-collar jobs. TMK2U Corporate University provides overall coordination for the Company's efforts within this area. In 2023, as part of the Professionalitet project, TMK2U conducted the first coaching session for the faculty of technical and other colleges as well as for employees of TMK enterprises who teach industry-related subjects.



**In 2023, TMK set up a Center of Excellence for augmented and virtual reality (AR/VR).**

Jointly with TMK2U Corporate University, the center has implemented training projects such as quality control simulators for seamless pipe and premium threads and a virtual laboratory bench for training in coding. At the end of 2023, the AR/VR Center of Excellence and TMK2U approved the concept of joint activities for 2024.



**TMK2U organizes the Horizons corporate forum.**

In 2023, the 19th forum was held. As part of the forum, participants not only defend their innovation projects before senior management but also take training, compete as part of KVN comedy sketch competition teams as well as in futsal and chess tournaments, and attend lectures of renowned speakers, trainings, and arts and sports master classes. In 2023, a total of 191 events were held during the forum's seven days, with almost 1,000 people attending them.

# DEVELOPING THE REGIONS OF OPERATION: OUR PERFORMANCE



2.5

**RUB bln**  
allocated to charity  
and sponsorship

> 20%

allocated to infrastructure  
projects

10

key regions covered  
by social projects

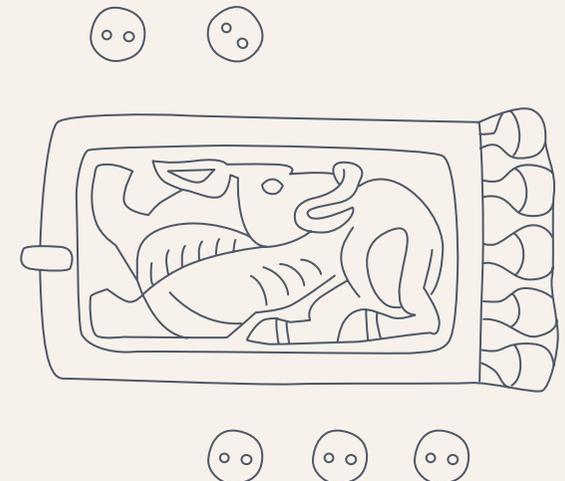
203

applications submitted  
to grant competitions

> 40

**thousand tourists**  
visited TMK's industrial  
enterprises

The prioritized social investment areas are infrastructure projects, support and development of culture, arts, sports, education, and healthcare, as well as targeted support to non-profit organizations and certain social groups.



# DEVELOPING THE REGIONS OF OPERATION: OUR PRACTICES



**Since 2007, the Sinara Charitable Foundation has been acting as the single operator of TMK Group's charitable activities.**

The Sinara Charitable Foundation implements projects and initiatives of various scales:

- Named projects
- Joint projects
- The grant competition to support local communities and the project grant competition
- Targeted aid
- Targeted support for non-profit organizations
- Volunteer activities



**Since 2013, the Sinara Charitable Foundation has been running the Tochka Opory (Foothold) project focused on blue-collar jobs in demand in Russian regions.**

TMK enterprises organize educational and research activities and projects, career guidance advice for students and parents, and shop-floor tours to production sites. In 2023, a total of 4,000 school students took part in the project; 37 dedicated classrooms were equipped. The project spending totaled RUB 25.8 million.



**The Pain-Free Children's Hospital project by the Sinara Charitable Foundation aims at creating comfortable conditions for children and their parents staying in hospital.**

The project also promotes the latest low-invasive methods in the treatment of children. The list of purchases under the project in 2023 included 230 convertible pouf beds for parents and foster parents, electric vehicles for children to move around the hospital site, and necessary furniture for 10 children's institutions. The project spending totaled RUB 3 million.



**Since 2007, the Sinara Charitable Foundation has been running a grant competition for non-profit and non-governmental organizations.**

In 2023, the competition attracted non-profit organizations from 10 Russian cities. Out of the 82 applications submitted, 20 received grants totaling RUB 4.1 million. In 2023, the Foundation supported inclusive, sports, and educational projects.



**TMK has been developing industrial tourism for more than 20 years.**

An unusual leisure activity, industrial tourism gives the opportunity for visitors to get a glimpse into how our enterprises operate, learn about the Company's activities and accomplishments, and appreciate the work of metallurgists and other employees in related blue-collar jobs. In 2023, TMK enterprises had over 40 thousand visitors.

# BUSINESS ETHICS: OUR PERFORMANCE AND PRACTICES



0

incidents of corruption

0

incidents of discrimination

1,275

reports received by the hotline and investigated

4

confirmed cases of violations of the Code of Ethics



**TMK's corporate governance is driven by commitment to business ethics and zero tolerance for any corrupt practices.**

TMK Group's Code of Ethics sets out the ethical standards and moral principles the Company pledges to follow in everything it does. The Code applies to all TMK employees.



**TMK operates a hotline for whistleblowers.**

The hotline is available both to Company employees and stakeholders. All reports submitted via the hotline are handled by the Compliance Risk Management Committee, which reports directly to the CEO. TMK guarantees non-retaliation and confidentiality of whistleblowers.

# BUSINESS DEVELOPMENT AND ECONOMIC VALUE CREATION: OUR PERFORMANCE AND PRACTICES



31.3

RUB bln

investment in innovation projects

90%

proportion of spending on Russian suppliers

75%

of key suppliers assessed using sustainability criteria

4.42

out of 5

overall customer satisfaction score



**In 2023, TMK completed the first assessment of its suppliers using sustainability criteria.**

The assessment used TMK's own methodology and covered 15 key suppliers, with 11 of them categorized as companies with highly mature sustainability practices.



**2023 saw our first satisfaction and loyalty survey of customers.**

The survey covered 397 companies, 252 of them providing detailed feedback. As a result, nine internal business processes were identified that require attention. We plan to focus on their further development in 2024.



**TMK has set up its own corporate accelerator.**

The accelerator encourages young developers to propose innovative ideas to address the Company's current business challenges. In 2023, the accelerator received about 500 business ideas, 30 of which successfully passed expert review, including 11 that were selected for further exploration and piloting and 18 that were recommended for implementation.

# CONTACTS

## Sustainability function

[ESG@tmk-group.com](mailto:ESG@tmk-group.com)

40 Pokrovka St., Bld. 2a, Moscow, 101000, Russia

