

CONTRIBUTION TO SOCIAL DEVELOPMENT

The Company is committed to making a comprehensive and integrated impact on local communities and views social investments as the key to creating a favourable and comfortable social environment in the regions of operation. Metalloinvest's charity programmes aim to create a prolonged and sustainable effect. The Company believes such an approach is the most mature for social activities.

RUB 5.3 billion

total investment in external social programmes in 2018

208,000 people

number of direct beneficiaries of the Let's Do It Together! programme

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Plans and Results

During the reporting period, Metalloinvest managed to make significant progress in implementing its plans for interaction with the regions of operation for 2018 and the mid-term.



Plans for 2018 and the medium term	Results of the reporting period	Plans for 2019 and the mid-term
<h3>Programmes and measures to develop regions of operation</h3>		
<p>Further promote the transformation of the social environment of the regions of operation while developing infrastructure in cities and supporting the implementation of social programmes.</p> <p>Scale up successful practices and projects in the regions where the Company operates.</p> <p>Hold regular dialogues with stakeholders.</p> <p>Automate social programme management processes (collect applications for grant projects online and provide information about the projects in social networks).</p>	<p>Partnership programmes were signed with each of the regions where the Company operates. Corporate programmes continued to be implemented in the following areas: development of the socio-cultural environment, support for education, improvement of the quality of health services, support for vulnerable segments of the population, and the development of entrepreneurship and sports.</p> <p>Events were organised and held in the regions where the Company operates, which were attended by representatives of the municipal authorities and local communities. Metalloinvest representatives continued to regularly take part in dialogue meetings organised by the authorities in the regions of operation.</p>	<ul style="list-style-type: none"> › Expand the audience and increase the number of beneficiaries as part of successful projects in the regions of operation › Develop and implement social programmes to support regional entrepreneurship › Engage stakeholders in urban infrastructure development programmes
<p> For more details, see the box Stakeholder dialogues on sustainable development in the section the Relations with Regions of Operation in 2018 (p. 110)</p>		

Plans for 2018 and the medium term	Results of the reporting period	Plans for 2019 and the mid-term
	<p>Social media pages (VKontakte, Facebook, Instagram) were launched to promptly provide information and continuously interact with stakeholders.</p> <p>A grant competition was organised in which applications were only accepted in electronic form through a specially created portal.</p>	
<p> For more details, see the section External Social Programmes and Philanthropic Activities (pp. 112–113)</p>		
<h3>Corporate volunteering</h3>		
<p>Launch the corporate volunteering programme</p>	<p>The corporate volunteering programme was launched in the Belgorod Region at two enterprises, Lebedinsky GOK and OEMK.</p>	<ul style="list-style-type: none"> › Launch the Otkliknis! corporate volunteering programme in the regions where Mikhailovsky GOK and Ural Steel operate › Integrate and develop senior volunteering programmes › Implement the educational segment for volunteers
<p> For more details, see the section Corporate Volunteering Programme (p. 111)</p>		
<h3>Assessment of the effectiveness of programmes</h3>		
<p>Enhance the effectiveness of social programmes through the introduction of social impact assessment tools</p>	<p>An assessment of two social programmes – Let’s Do It Together! and Healthy Child – was conducted. A monitoring system for the grant competition was developed.</p>	<ul style="list-style-type: none"> › Automate reporting and launch the monitoring system of the Let’s Do It Together! programme.
<p> For more details, see the section Corporate Volunteering Programme (p. 111)</p>		

Relations with Regions of Operation

Developing the regions of operation is one of the key components of the Company's sustainable development agenda.

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The Company manages issues in this regard at several levels: at the level of the Management Company, which determines the strategic vector for developing the social agenda within the Social Policy and Corporate Communications Directorate and the Social Policy Department under its control, and at the level of the Company's enterprises.

The multi-tiered management approach ensures the effectiveness of the social agenda through a detailed study of issues at the local level, quality monitoring of the needs of specific regions, and the use of advanced tools that are developed at the corporate level taking into account the experience of the regions.

The Company continued to support the regions of operation during the reporting period by implementing corporate development programmes and programmes to support social infrastructure development. Corporate development programmes aim to integrate innovative approaches to the development of the regions of operation and support non-profit organisations, while programmes to support and develop social infrastructure entail investments in municipal and regional projects that are initiated jointly with local authorities.

Metalloinvest acts within the framework of tripartite socioeconomic partnership agreements that have been concluded with the administrations of the cities and regions in all the regions where it operates. Such an approach to interaction makes it possible to effectively identify areas for engagement and direct resources to solve the most pressing problems.

Dialogues with stakeholders on the sustainable development in Regions of Operation in 2018

The Company's social investments significantly contribute to the creation of a favourable and comfortable social environment in the regions of operation and are made based on the principles of transparency, open dialogue, and the involvement of all stakeholders. Dialogues with stakeholders are held at the end of the year and include a review of the results of collaboration and a discussion of priorities for the future.

A roundtable attended by the heads of Metalloinvest enterprises, representatives of the business community, municipal authorities, local communities, and associations was held on 26 February 2019 to review the results of 2018. The roundtable participants discussed the creation of factors for the sustainable development of Stary Oskol and Gubkin and heard a presentation on Metalloinvest's results in terms of the Company's contribution to the development of the cities. Matters discussed at the event included responsible business management, Metalloinvest's strategy, the Company's social policy, and their correlation with the socioeconomic development strategy of the Belgorod Region. In addition, the dialogue featured a survey of stakeholders that aimed to formulate a list of significant topics for this Report and determine their degree of materiality.

In addition to the annual dialogues, the Company regularly takes part in meetings initiated by the municipal authorities. During a meeting with the mayor of Stary Oskol in 2018 that was attended by city residents and business representatives, Metalloinvest Social Policy and Corporate Communications Director Yulia Mazanova spoke about the Company's mission, activities to support the regions where the Company operates, and plans for the future.

Regular dialogues with stakeholders in the regions where Metalloinvest operates enabled the Company to promptly respond to the issues that were raised. In particular, the development of infrastructure and support for entrepreneurship became key areas of common interest during the reporting period. Metalloinvest quickly responded to the suggestions it received and implemented a number of projects on the matters that were addressed. In addition, representatives of the local community expressed their gratitude and appreciation to the Company for its positive socioeconomic impact on the development of the regions.



Otkliknis! corporate volunteering programme for employees

Metalloinvest launched a corporate volunteering programme in 2018. The Company's employees are the core and key resource of the programme. They have been given the opportunity to develop their own potential, in particular effective time management skills, communication skills, and other professional and personal skills, contribute to the development of society and reap the benefits of their activities, and also strengthen the corporate culture.

- Principles of the corporate volunteering programme:
- > voluntary participation;
 - > gratuitousness;
 - > facilitate the implementation of the Company's key values;
 - > openness and partnership;
 - > development.

Objectives that the programme aims to meet:

- > expand employees' involvement in the social life of the regions;
- > solve significant social problems faced by cities;
- > develop local communities and involve citizens in social and city events;
- > develop employees and establish the Company's personnel brand;
- > boost employee loyalty and recognise colleagues' achievements.

The programme was launched in Stary Oskol and Gubkin with motivational and educational sessions for volunteers.

Events in which corporate volunteers took part in 2018 include the following:

Stary Oskol	Gubkin
Assistance to a crisis centre for women Volunteer events with the centre's wards at the Zhelezno! Community Prevention Centre	Accessible game – a campaign for children with disabilities on a specialised playground
Clean Shore clean-up campaign as part of the Let's Do It! International Environmental Campaign	Maple Day – an environmental campaign at the Belogorye reserve
Rock for Stray Animals – a fundraising campaign to raise funds to support animal shelters	Efficiency Champion – mentoring programme for students on the matter of lean production 22 lessons organised by volunteers at four Gubkin schools among 7th grade students
Superheroes Save New Year – New Year's events for children with disabilities	Cycle race at the Orlyonok Sports Complex dedicated to the 75th anniversary of the victory in the Battle of Kursk
Regular assistance to the Four Paws animal shelter	
Good First of September – collection of stationery for low-income families for 1 September	

Plans for 2019–2020:

In 2019, Metalloinvest plans to scale up the programme and launch it in the cities of Novotroitsk and Zheleznogorsk. There are also plans to have nominations for volunteer initiatives under the Let's Do It Together! programme.

The initiative will continue with the launch of a corporate educational volunteer programme in 2019.

External Social Programmes and Philanthropic Activities

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In 2018, Metalloinvest was once again recognised in the rating of the annual Corporate Philanthropy Leaders project and joined the top five companies with the most mature approach to the implementation of charitable projects that made a significant contribution to the implementation of social programmes. Forty-seven companies took part in the study that resulted in the compilation of the rating.

Experts evaluated the management system of charitable programmes, the maturity of the approaches used to assess the results of charitable activities, the correlation of the goals of charity and the goals of business strategy, and the complexity of communication on these issues. In addition, Metalloinvest's Let's Do It Together! project won a prize in the category Best Grant Competition, while the School of Entrepreneurship corporate programme won the category Best Programme Contributing to the Development of Social Entrepreneurship in Russia.

The Company managed to achieve such impressive results thanks to the comprehensive and systematic development of its social programmes. No significant changes were made to external social assistance in the reporting period. Metalloinvest continued to invest in the development of the socio-cultural environment, education, healthcare, sports, projects to support vulnerable groups of the population as well as initiatives to develop entrepreneurship.



Key trends of 2018 by segment:

Direction	Projects
Development of the socio-cultural environment	<p>Key projects implemented in the reporting period:</p> <ul style="list-style-type: none"> › improvements to the embankment in Stary Oskol; › road construction and reconstruction (Stary Oskol, Gubkin); › purchase of equipment for the Stary Oskol Youth Initiatives Centre; › improvement to residential areas; › improvements to municipal parks in the cities of Novotroitsk and Zheleznogorsk; › improvements to the Root Hermitage complex.
Support for education	<p>Support for educational institutions to develop the potential of talented young people and educate skilled personnel. Targeted support for gifted children and students.</p> <p>Key projects implemented in the reporting period:</p> <ul style="list-style-type: none"> › participation in the project to build the Kvantorium technopark in Zheleznogorsk; › reconstruction and repair of schools and daycares (Stary Oskol, Gubkin, Zheleznogorsk, and Novotroitsk); › support for MISIS National University of Science and Technology and core secondary educational institutions.
Improvements to the quality of healthcare services	<p>Reconstruction, repair, and equipping of medical institutions and assistance in attracting qualified medical personnel.</p> <p>Targeted assistance to seriously ill children and facilitating the development of healthcare facilities.</p> <p>Key projects implemented in the reporting period:</p> <ul style="list-style-type: none"> › development of a concept of healthcare development in Zheleznogorsk; › reconstruction and equipping of medical institutions in the cities where the Company operates.
Support for grassroots and children's sports	<p>Key projects implemented in the reporting period:</p> <ul style="list-style-type: none"> › support for Belogorye Volleyball Club in Belgorod; › support for the Belgorod SAMBO Federation; › support of Dynamo Basketball Club in Kursk; › construction of sports venues in Gubkin; › reconstruction, repair, and equipping of sports facilities in the cities where the Company operates.
Support for vulnerable segments of the population	<p>Implementation of programmes to support socially vulnerable segments of the population in the regions where the Company operates as well as initiatives and projects to protect mothers and children.</p> <p>Key projects implemented in the reporting period:</p> <ul style="list-style-type: none"> › support for the Special (Correctional) Boarding School in Novotroitsk; › support for Childhood World regional charity marathon (Kursk Region); › targeted assistance for the treatment of people in difficult life situations.

Company Profile

Sustainable Development Strategy

Economic Performance

Environmental Responsibility

Occupational Health and Safety

Human Rights

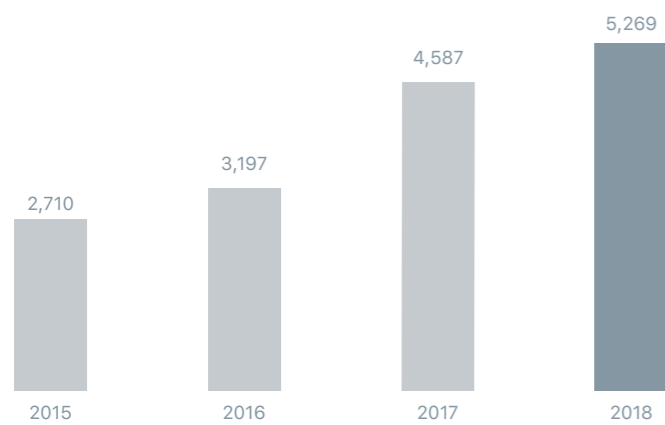
Responsibility to Employees

Contribution to Social Development

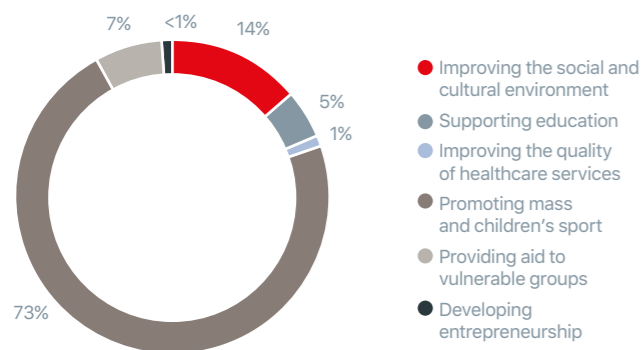
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Total invested in external social programmes in 2015–2018 [RUB million]

RUB 5,269 million
Total investment in external social programmes in 2018



Investments in external social programmes in 2018



Part of Metalloinvest's responsible approach to charity is to monitor the targeted use of charitable donations. The Company has developed a risk-control matrix, which serves as an effective monitoring tool to confirm that funds were transferred in accordance with the intended purpose.

Corporate development programmes

During the reporting period, Metalloinvest continued to implement the following multi-year programmes:

- > Let's Do It Together! – Belgorod Region (Sary Oskol and Gubkin), Kursk Region (Zheleznogorsk), and Orenburg Region (Novotroitsk);
- > Our City Initiatives – Orenburg Region (Novotroitsk);
- > School of Entrepreneurship – Orenburg Region (Novotroitsk);
- > Healthy Child – Belgorod Region (Sary Oskol and Gubkin) and Kursk Region (Zheleznogorsk);
- > Women's Health – Belgorod Region (Sary Oskol and Gubkin) and Kursk Region (Zheleznogorsk);
- > Supporting Critically Ill Children – Belgorod Region (Sary Oskol and Gubkin), Kursk Region (Zheleznogorsk), and Orenburg Region (Novotroitsk);
- > Our Future – Belgorod Region (Sary Oskol and Gubkin), Kursk Region (Zheleznogorsk), and Orenburg Region (Novotroitsk);
- > Our Champions – Belgorod Region (Sary Oskol and Gubkin), Kursk Region (Zheleznogorsk), and Orenburg Region (Novotroitsk);
- > Zhelezno! – Belgorod Region (Sary Oskol);
- > Otkliknis! – Belgorod Region (Sary Oskol and Gubkin).



For more details about the programmes, see our 2017 Corporate Social Responsibility Report (pp. 94–97).

The current Report presents the results of performance evaluations of the programs Let's Do It Together! and Healthy Child that were conducted in 2018. Programme evaluation is an important stage in the development of the social agenda, which makes it possible to track the effectiveness and adjust the development vector of social programmes in such a way as to scale up the social effect each year.



Let's Do It Together!

The current Report presents the results of performance evaluations of the programs Let's Do It Together! and Healthy Child that were conducted in 2018. Programme evaluation is an important stage in the development of the social agenda, which makes it possible to track the effectiveness and adjust the development vector of social programmes in such a way as to scale up the social effect each year.

In 2018, a system was developed to monitor the programme using 13 criteria, which included the following: the number of direct beneficiaries, the number of successfully completed projects, the amount of resources attracted, the number of participants who underwent training in social engineering, and the effectiveness of the use of information channels of potential bidders. In 2019, the Company plans to automate the monitoring system in order to conduct regular assessments in future reporting periods.

The goal of the assessment in 2018 was to determine the degree to which the targets set by the program were achieved during the year. Based on the results of 2018, the share of direct beneficiaries was 117% of the target, the share of attracted resources was 136% of the planned amount, and the share of people trained in social engineering was 122% of the figure approved at the start of the period. The share of completed projects among the total number of grant recipients was slightly below the target, as 96% of the projects had been completed as of the end of the reporting period. The assessment helped to identify areas for improvement. In particular, the share of information channels about the programme amounted to 75% of the total number of mandatory/planned information channels. Metalloinvest plans to further develop the practice of external communications to achieve the target in the new reporting period.

59 grant recipients
in 2018, including 40 receiving grants for the first time

207,764 people
Number of direct beneficiaries

RUB 5.49 million
Amount of resources attracted

56 projects
Number of successfully completed projects

476 people
Number of project executors that received a grant

1,115 people
Number of volunteers

26,863 people
Number of participants in mass events held as part of the programme



Healthy Child

The Healthy Child programme, which has been implemented since 2011, aims to support the physical, mental, and social well-being of preschool children.

An independent comprehensive evaluation of the programme was carried out in 2018 to analyse the effectiveness of the mechanisms used for its implementation as well as whether the programme's objectives are consistent with the initial mission. The evaluation included a desk study of the documents regulating the process of the programme's implementation in addition to interviews with Metalloinvest employees involved in implementing the programme and with representatives of the programme's target audience.

The study demonstrated the effectiveness of the approach taken to the project's implementation, in particular with regard to its priority – the impact on children's health through the impact on professionals working with preschool children (specialists at pre-school educational institutions, other educational institutions, and doctors). The transformation of the programme's mission from a purely medical understanding of health (a decrease in the incidence rate) to its value-based understanding (health as a factor in increasing people's general well-being) was recognised and given a positive assessment.

The following tangible results of the programme were identified during the period of its existence:

- › **For specialists of pre-school educational institutions:**
 - creation of an atmosphere to conduct a creative search;
 - development of a project-based approach;

- development of effective teamwork skills;
- development of skills for effective interaction with external specialists;
- emergence of informal associations of specialists at the municipal level;
- acquisition of new professional and personal skills.

- › **For pre-school educational institutions:**
 - an increase in the number of categories of children with which the Company engages (young children, preschool children living in rural areas, and children with speech disorders);
 - development and introduction of new methods of physical education for children;
 - use of new approaches to interaction with parents of pre-school children (individual counselling for parents, parental education programmes, involving parents in projects);
 - change in parents' perception of pre-school educational: the image of resource centres.
- › **For parents:**
 - greater involvement in the lives of children;
 - improved interaction with children.
- › **For children:**
 - correction of speech defects;
 - improved interaction with parents;
 - improved communication skills and teamwork;
 - increased level of overall preparation for school.

In accordance with recommendations and current strategic priorities, Metalloinvest plans to continue implementing the programme in the medium term with further improvements to the monitoring system.