

STAKEHOLDER ENGAGEMENT

BUILDING OUR FUTURE TOGETHER

Metinvest works closely with each of its key stakeholder groups to carefully balance their diverse interests. Together with its employees, customers, suppliers and contractors, equity and debt providers, local communities, and government authorities, the Group strives to follow sustainable business practices that will meet the needs of future generations.

EMPLOYEES

**IMPORTANCE FOR METINVEST**

Metinvest's most valuable assets are its people, without whom none of its achievements would be possible. Around the world, the Group's almost 67,000 employees mine and process raw materials to make steel, which they then cast and roll into finished products, while office workers and managers support the smooth functioning of the vertically integrated structure and the supply chain that brings the final product to customers.

ENGAGEMENT

The Group carries out regular employee engagement surveys in order to improve the effectiveness of measures taken to increase employee satisfaction. Staff meetings are conducted with the presence of senior managers who can act on the ideas and concerns raised. Metinvest also provides internal training opportunities. These are used to deliver comprehensive health and safety instruction. In addition, the Group provides internal courses to develop work skills and partners with universities to provide managers the opportunity to increase their qualifications. The Group also maintains a confidential Trust Line, providing staff with a safe means to communicate concerns and complaints.

RESULTS FOR 2019

During 2019, the average salary in the Group rose by 37% year-on-year in US dollar terms, driven in part by Metinvest's efforts to expand financial benefits for employees. In addition, the Group is also focused on augmenting non-financial benefits. For instance, a major project is under way to improve employee amenities to raise the quality of overall working conditions. More than 108,000 training sessions were held in 2019 as Metinvest deployed new e-learning tools to facilitate remote learning opportunities. Consequently, Metinvest's turnover rate decreased year-on-year to 11%. Importantly, the Group hired around 1,500 new graduates as part of its drive to recruit the brightest young minds.

CUSTOMERS

**IMPORTANCE FOR METINVEST**

Meeting the needs of its customers represents Metinvest's core mission as a business. The Group's global network of 45 sales offices reaches around 6,800 customers from 100 countries in such diverse regions of the world as Europe, the CIS, MENA, North America and Southeast Asia.

ENGAGEMENT

The Group strives for excellence through improving customer service, including the quality enhancement of existing products, development of new products tailored to the needs of customers, as well as the optimisation of logistics to minimise delivery times. Metinvest carries out regular communication to measure customer satisfaction levels and swiftly address their concerns. In addition, it organises events and production site visits, as well as participation in public exhibitions, which drive open dialogue.

RESULTS FOR 2019

As part of its improved customer engagement, Metinvest has carried out the integration of SAP CRM into its operations to standardise the sales process and unify information and workflow overall, which leads to faster decision making and improved transparency. In addition, Metinvest launched 45 new steel products at Azovstal and Ilyich Steel, mainly additional types of hot-rolled plates, cold-rolled coils, galvanised coils and slabs.

STAKEHOLDER ENGAGEMENT CONTINUED

SUPPLIERS AND CONTRACTORS

**IMPORTANCE FOR METINVEST**

Metinvest's suppliers and contractors provide many of the goods and services that it needs to achieve its goals. The Group engages with around 6,700 suppliers and contractors to receive key production inputs and perform a wide range of vital services at its facilities.

ENGAGEMENT

Metinvest engages with suppliers to ensure a fair and level playing field for everyone and to create attractive and convenient conditions for cooperation. The Group has established an extensive yet clear set of requirements to ensure strict compliance with the Code of Ethics, as well as health and safety rules. Technological solutions permit the efficient and regular auditing of suppliers, while streamlining the process for contractors.

RESULTS FOR 2019

During the year, to improve the efficiency of procurement for all parties and increase the transparency of this process, Metinvest expanded the use of electronic trading platforms. As part of the introduction of the SAP ARIBA SLP Module, the Group has unified the pre-qualification procedures for all suppliers and made it possible to self-register, in line with the overall drive to automate processes. During 2019, there were around 5,000 pre-qualification procedures, which resulted in the selection of about 500 new suppliers, while some 60 existing suppliers were disqualified.

EQUITY AND DEBT PROVIDERS

**IMPORTANCE FOR METINVEST**

Metinvest's equity and debt providers help to provide the financial flexibility to overcome market turbulence. With the ongoing support of shareholders and around 600 investors, bank lenders and a wide range of international financial institutions, the Group continues to implement its Technological Strategy 2030.

ENGAGEMENT

Metinvest has carried out regular disclosure of relevant financial and non-financial information for more than a decade, and reports publicly available annual and sustainability reports with a strong emphasis on open discussions with the investment community, including via such channels as meetings with the Group's senior management and participation in conferences.

RESULTS FOR 2019

During the reporting period, the Group published monthly and quarterly financial results, quarterly operating results, semi-annual and annual financial statements, as well as corporate presentations and other materials. Management communicated regularly with the investment community, including by conducting one deal roadshow and two non-deal roadshows. Metinvest also participated in nine investor conferences.

LOCAL COMMUNITIES

**IMPORTANCE FOR METINVEST**

The local communities where Metinvest operates are more than just the home of the Group and its workforce. The Group plays a major role in the social, economic and environmental wellbeing of its 2.7 million neighbours in cities and towns throughout Ukraine, Italy, Bulgaria, the UK and the US.

ENGAGEMENT

Metinvest maintains partnerships with local communities to implement developmental programmes and improve the quality of life, support for and organisation of public environmental, sporting and educational initiatives, as well as regular communication with communities' representatives to identify key issues and carry out large-scale investment projects.

RESULTS FOR 2019

During the year, Metinvest expanded its social partnerships through its close work with city development funds in such Ukrainian cities as Mariupol, Kryvyi Rih and Zaporizhia. Their projects cover such key areas as social infrastructure, the environment, education, healthcare, sports and culture. In Italy, Metinvest sponsored several events, including the Genoa half-marathon.

GOVERNMENT AUTHORITIES

**IMPORTANCE FOR METINVEST**

Metinvest must meet the stringent requirements of government authorities in the various jurisdictions in which it operates. The Group works with regulatory agencies in key areas such as environmental protection, occupational health and safety, ethical business practices, labour rights and financial activity.

ENGAGEMENT

The Group continued to foster partnership through meeting legal obligations to the state, assisting in the socio-economic development of regions and payment of taxes. The main approach is regular direct communication or communication via public meeting platforms.

RESULTS FOR 2019

During the year, Metinvest was able to develop its active dialogue with government authorities all around the world and achieve, overall, balanced outcomes providing the Group and its industry with the opportunity to carry out their work without an undue regulatory burden, while contributing their fair share to the development of communities on the local and national scale. Among other opportunities, Metinvest participated in the events of the European Business Association, where it held meetings with senior officials and provided input on legislation with a potential direct or indirect effect on the Group.