

CHAIRMAN'S STATEMENT OLEG POPOV

ENGAGING STAKEHOLDERS TO ACHIEVE STRATEGIC GOALS

While 2019 was challenging for the global steel industry, Metinvest retained a clear focus on ensuring its long-term competitiveness, investing in technology and pursuing its sustainability agenda. Our goal is to balance the diverse needs of all stakeholders.



OVERCOMING TURBULENCE WITH PRINCIPLED LEADERSHIP

Last year, I had the privilege of leading the Supervisory Board of Metinvest for a second straight year. I believe that it is precisely the close cooperation of the Board, the international composition of which remained unchanged in 2019, and the management, that allow us to deliver consistently on the Group's long-term objectives.

Despite falling steel prices in the second half of 2019, which led to lower sales, Metinvest still posted annual gains in output of steel, iron ore and coking coal. Our ability to quickly react to volatile market conditions enabled us to fulfil our investment plan for the year, steered by the Technological Strategy 2030. We also proactively extended the maturity of the Group's debt portfolio to make it possible to continue to invest in developing the business sustainably.

I believe that our ability to overcome the turbulence on the steel market reflects the high level of professionalism of each member of our Supervisory Board and Executive Team, whose deep experience helps Metinvest to navigate such difficulties. This underscores the importance of adhering to values and ethics. It also confirms the soundness of our strategy. All of these serve as our internal compass. Together with the strong fundamentals of the Group's business model – vertical integration, a constant focus on health, safety and the environment, as well as placing a priority on the quality and transparency of the business as a whole – this made it possible for us to stay on track to fulfil our long-term aims for the business while preparing for the uncertainties that we now face.

FOSTERING CONNECTIONS THAT MATTER

We recognise the importance of the Sustainable Development Goals adopted by United Nations member states in 2015 and strive to do our part in creating a better future, not only for ourselves, but also for our children and subsequent generations.

Our first and most important contribution to achieve these goals is economic. We are responsible for almost 67,000 jobs worldwide. In 2019, we paid US\$741 million in taxes to the budgets of the various countries in which we operate.

While Metinvest has integrated environmental, social and governance (ESG) topics into its business-decision making since its inception, today we follow the global trend of analysing them under the single ESG umbrella. Ultimately, our approach to ESG matters is a critical component of our long-term ability to compete with top global metals and mining companies.

We understand that our stakeholder groups are interested not only in our visible contributions to local communities, but also in careful financial stewardship, the overall social and economic impact of our operations, our environmental track record and many other aspects of how we conduct our business. We are upgrading our technologies to use finite resources more efficiently, reduce the ecological footprint of the Group's operations and help to fight global climate change, among other efforts. While such concerns are naturally close to home for our employees and local communities, we are now also seeing customers and investors incorporating green metrics into their buying and investment decisions. In this and many other areas of our work, the ESG field covers all of our stakeholders and ties together every strand of our business, driving the life of the Group.

We also recognise that in assessing our results, stakeholders take into account key aspects of our activity such as effective governance and transparency in how we conduct our business. These are vital dimensions of our business that help them to ensure that Metinvest recognises their interests and honours its commitments. In addition to publicly reported financial results in strict adherence to international standards, we are steadily enhancing our ESG reporting.

CAPITALISING ON OUR SYNERGIES

Our employees have always been and remain the basis for the Group's sustainability. That is why we are constantly improving the efficiency of all functions responsible for the people-related aspects of our organisation. In furtherance of this, the departments responsible for human capital, health and safety, environmental protection, public relations and communication have been merged into the Sustainable Development and People Management Directorate.

We are certain that this centralised and more flexible management structure will help us to ensure the Group's long-term viability, safeguard the wellbeing of our employees and local communities, and strengthen relationships with our stakeholders. Put another way, this is the prerequisite to achieving our strategic objectives.

VALUING OUR PEOPLE AND COMMUNITIES

There is nothing more important than the life and health of people. Our core duty and responsibility is to provide a safe workplace for each employee and contractor. In 2019, we have revised our health and safety management system and adopted new practices. For example, senior managers' compensation has been linked directly to performance on relevant key safety metrics. The encouraging initial results of these approaches confirm the soundness of the chosen way forward and motivate us to continue to further transform our way of working in this area.

We are keenly aware that the global mining and steel industries have left a challenging ecological legacy over their long history. Since Metinvest was founded in 2006, we have invested more than US\$4 billion in green initiatives. Our Technological Strategy 2030 envisages a long-term agenda to further reduce our environmental footprint and adopt globally accepted standards in this area. Even as the global steel market slowed last year, we ring-fenced ecological projects to prevent any delays in their implementation. In 2019, we increased our environmental spending by 46% year-on-year to US\$384 million.

We are proud of the history of our assets and our veteran steelworkers. Equally, we are constantly looking for fresh talent. To ensure operational continuity, we are giving this new cohort the right educational and practical skills to operate the next generation of steelmaking technology by redoubling our efforts with local universities to develop new curricula and offer internships, among other initiatives.

We also work in close partnership with cities in which we are present by investing in their development, including transport and social infrastructure, as well as the improvement of education quality. Together, we have continued with reputable and experienced partners to invest in Mariupol, Zaporizhia and Kryvyi Rih via city development funds to deliver bigger and more impactful projects, which benefit the everyday lives of local communities. We are extraordinarily proud that this mode of cooperation has proved both efficient and a real breakthrough for these kind of community investment projects in Ukraine.

OUTLOOK FOR 2020

The year 2020 is posing no less serious challenges for Metinvest and all of our stakeholders. However, I am confident in our ability to overcome any consequences of the crisis caused by the global COVID-19 pandemic. We are ready to restore and grow economies, and we are ready to help societies in their recoveries. Metinvest will press ahead with its ESG agenda, including our commitment to health, safety and the environment, as it is essential to achieving our long-term strategic goals and creating value for all stakeholders.

On behalf of the entire Supervisory Board, I would like to thank all of the stakeholders of Metinvest, who form the key theme of this year's annual report, for their continued partnership as we build a more sustainable future, together. I would also like to thank each employee of Metinvest – together we will not only manage all of these challenges, but also emerge stronger.

Oleg Popov
Chairman of the Supervisory Board