

RELENTLESS PURSUIT OF ZERO INCIDENTS

In 2019, Metinvest conducted a comprehensive review of its health and safety management system and approved a new five-year roadmap, as part of its uncompromising drive towards zero incidents. The initial results were encouraging, as the Group recorded the lowest lost-time injury frequency rate in its history.

SAFETY CULTURE

Metinvest understands that an effective strategy to achieve zero incidents must focus on everyone involved in its operations. This includes efforts to enhance standards for employees and contractors, as well as to improve their safety awareness. The Group also openly shares its experiences and best practices in this field with other companies.

Consistent with the belief that human life is a key asset, in 2019, Metinvest was the first company in Ukraine to join Vision Zero, a global movement that unites hundreds of companies worldwide with a commitment to working without harming people. At the heart of the campaign are seven "golden rules" that help employers of any scale around the globe to reduce occupational injury and morbidity rates.

Metinvest's approach to health and safety cascades down from the highest level of the organisation, beginning with the Supervisory Board's Health, Safety and Environmental Committee, which provides effective oversight to ensure compliance with local regulations and practicable global standards. Notably, the Group's policy is to inform the CEO within two hours of any fatal incident and within 24 hours of any lost-time incident. Further, whenever unsafe working conditions are identified or an injury occurs, a root-cause analysis is performed to determine the ultimate causes of incidents and suggest steps to prevent future occurrences.

The Group continues to keep its assets in compliance with common global standards in this area. In 2018, Metinvest embarked on a transition to ISO 45001 when it replaced OHSAS 18001 as the best practice in international occupational health and safety management system standards. As of 2019, a total of four assets were ISO 45001 certified. Another six enterprises plan to undergo ISO certification audits once their current OHSAS certificates expire.

Metinvest has 15 corporate health and safety standards, which are based on leading international guidelines. In addition, the Group also conducts risk assessments as part of a mandatory system encompassing every aspect of the business, beginning with the design phase of investment projects and ending at the final

step of the production process. Across the Group, it has introduced globally recognised standards, including Hazard Identification (HAZID), Environmental Hazard Identification (ENVID) and Hazard and Operability Study (HAZOP), job safety and work safety analysis procedures, and lock out, tag out (LOTO) and permit-to-work methods¹.

Metinvest also maintains an internal safety audit system. This includes regular inspections to evaluate the effectiveness of the safety management systems at each facility, making initial assessments and recommendations for improvement. Moreover, in order to highlight the importance of adherence to these guidelines, every year, each member of the Executive Team visits at least two subsidiaries to check compliance with internal standards and regulations.

Each Group enterprise has a fully-staffed health and safety department, which provides advice on relevant issues and ensures compliance with corporate standards and all applicable laws and regulations.

NEW ROADMAP

In 2019, Metinvest launched a new, five-year roadmap that aims to revise the Group's health and safety management system and correct its course to work towards achieving the ultimate goal of zero incidents. The focus of the new plan is to gain a wider understanding and application of a risk-based approach that significantly changes the process of monitoring performance, planning precise action and tracking progress. The system engages the whole organisation to improve safety using a revised employee motivation system, upgrading corporate standards, implementing revised qualification requirements for employees, introducing contractor safety ratings during the selection process and applying modern training methods.

The initial results of the new programme's implementation appear cautiously optimistic when viewed in terms of the Group's overall performance on key metrics in 2019, although the full scale of results from the activities launched in the year will not be visible until the entire set of management tools has been implemented.

¹ HAZID (Hazard Identification), ENVID (Environmental Hazard Identification) and HAZOP (Hazard and Operability Study) are procedures for assessing the safety and environmental effect of both new projects and existing processes. LOTO (lock out, tag out) is a safety procedure to ensure that potentially dangerous equipment has been shut down correctly to prevent hazardous releases during maintenance, repair or cleaning activities.

In an effort to change the approach from punishment to motivation, in 2019, Metinvest introduced a supplemental incentive tool for the Executive Team and general directors of production assets called a Health and Safety Trigger to strengthen their focus on the area. The trigger modifies upwards or downwards the amount of their bonus, based on the Group's performance in the area. In 2020, this trigger will be extended to senior management of the Group's assets. In addition, starting from 2020, the bonus system for all line managers links a certain portion of the bonus to relevant KPIs.

To ensure that every level of the organisation is proactively engaged, the Group developed in 2019 and launched in 2020 a new Safe Work Award programme, which provides for a daily assessment of each employee's safety practices. Bonuses are tied to hazard elimination, sharing health and safety knowledge and preventing accidents. The goal is to provide immediate incentives for not just compliance with the rules, but also active promotion of safe practices.

The Group also launched a programme to raise corporate standards for critical risk management. They cover such areas as working at height, electricity isolation and goods transportation where roughly 90% of serious injuries have occurred in the past. In addition, Metinvest began to implement a new corporate IT tool to increase the effectiveness of corrective measures and allocation of resources to improve safety standards.

Another new initiative involves the wholesale revision of qualification standards and training programmes to improve the health and safety capacity of every level of the Group, as well as contractors. As standards on HSE are often voluminous, Metinvest is developing short paper and electronic manuals on key risks and requirements that employees can keep with them as they work. Equally, this information will be provided in clear language with supporting materials on the corporate portal. Another aspect is a shift in training to improve the way new employees are provided with information, to ensure greater retention of critical safety instructions, while imparting additional information over time. In addition, the Group is changing how health and safety trainers themselves are trained, in line with UK practices, considered among the most effective in the world. As such, in 2019, Metinvest introduced new training courses for the senior management team and the health and safety function, and prepared a team of internal trainers to roll out the programme within the Group.





RESULTS IN 2019

Consistent with international best practices, Metinvest uses the lost-time injury frequency rate (LTIFR) and fatality frequency rate (FFR) metrics, which are measured in terms of incidents per million man-hours worked, to monitor its performance in this area. Despite experiencing a total of 83 injuries at its enterprises and six fatalities among the Group's employees in 2019, which is still far from the Group's ultimate long-term goal of zero incidents, the key metrics show important incremental progress with the further reduction of the LTIFR to 0.790, which was the lowest level in the Group's history, while the FFR decreased to 0.053.

In 2019, nearly all of Metinvest's production facilities improved their performance on key metrics in year-on-year terms. One notable example was Ilyich Steel reporting the longest period without a lost-time injury in its history: 153 days. Even more encouraging, Ingulets GOK delivered its first year without any lost-time injuries, partly thanks to the introduction of an automated system that monitors the well-being of employees whose work requires constant concentration and utmost care, including operators of complex equipment with inherent hazards. This is an impressive achievement that we aim to reproduce year after year and replicate throughout the organisation.

Overall, Metinvest invested a total of US\$102 million to improve operational safety during the reporting period, up 7% year-on-year. Of this amount, occupational health accounted for 50% and the share of the Group's expenditure on the safety of buildings, facilities and transportation was 24%. Meanwhile, workplace safety accounted for 17% of spending, emergencies

and fire safety for 5% and medical and other expenses for 4%.

In 2019, 1,611 employees attended corporate health and safety trainings. A total of 31 HAZID-based risk assessments were performed across the Group's enterprises and business units in Ukraine and two HAZOPs were conducted. In addition, 22 new HAZID chairpersons and 15 new HAZOP chairpersons went through theoretical and practical training.

During the reporting period, the internal safety audit system performed around 116 thousand audits by line managers, detecting over 167 thousand nonconformities and developing around 127 thousand risk-mitigation actions. In addition, senior executives performed 23 safety audits during the year.

HEALTHCARE DEVELOPMENT

Metinvest's healthcare development strategy is designed to improve employee health, provide effective first aid and prevent occupational incidents related to personal medical issues.

In 2019, the Group prioritised its efforts to prevent non-work-related incidents through enhanced screening. Other initiatives included transitioning to a new procedure for providing medical supplies such as first aid kits, as well as efforts to prevent sudden health decline at the workplace and to train employees in pre-medical first aid.

OUTLOOK FOR 2020

Metinvest's absolute priority is the well-being of its people. In response to the COVID-19 pandemic in early 2020, the Group has taken unprecedented measures to prevent

the further spread of the virus. The chosen strategy in combating the virus is to reduce the number of contacts where possible, including requiring employees who can to work remotely, eliminating events that do not comply with social distancing practice, cancelling non-essential business trips and providing means for personal protection in those instances where people cannot stay home.

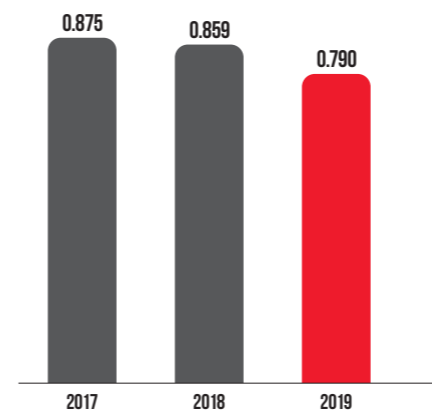
In terms of the safety revision, Metinvest's primary quantitative objective for 2020 is to further decrease the number of accidents at its facilities. Qualitatively, the objective of the whole team is to continue implementing the new roadmap.

A major part of these efforts in 2020 will focus on contractors, which is one area where Metinvest recognises that significant improvements can be made. This will include a review of the contractor selection process at both the pre-qualification and tender phases to include their health and safety performance during previous work for Metinvest as part of the criteria in the contractor selection process. In addition, a new standard for risk-based management of contractors' safety is planned to be revised. Besides this, in order to implement the new risk management system, the integration of health and safety goals in KPIs throughout the organisation will go on.

The Group will continue its phased increase in health and safety standards with a focus on the most critical areas. As a steady reduction in injuries is achieved, control measures will become ever more stringent in line with Metinvest's strategy for the coming years to gradually shift the emphasis from control to more effective risk management measures.

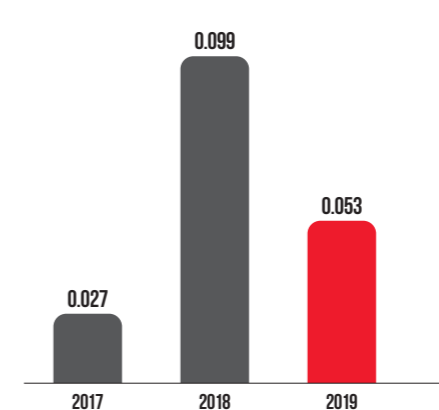
Lost-time injury frequency rate

0.790



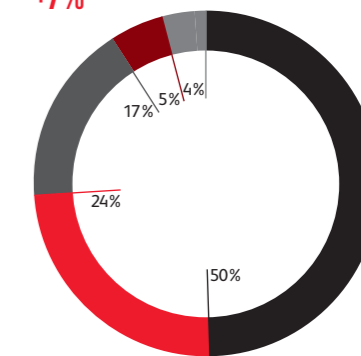
Fatality frequency rate

0.053



Spending on health and safety

US\$102M
+7%



2019

- Occupational health
- Safety of buildings, facilities and transportation
- Safety in the workplace
- Emergencies and fire safety
- Medical and other expenses