

PEOPLE ARE OUR FUTURE

Recognising that sustainability is derived from its people, the Group works hard to retain the best talent and recruit the brightest young minds. As the global steel industry enters a period of rapid technological advancement, the unmatched experience and insight of Metinvest's multiple generations of employees will help to ensure the enduring strength of its business in the interest of all stakeholders.

AN EMPHASIS ON PEOPLE

Human capital management ensures that Metinvest has the right workforce to meet current and future demands. During the reporting period, this critical business function was incorporated into the Sustainable Development and People Management Directorate, along with the health and safety, environmental protection, public relations and communications teams, all of which now report to the new Chief Sustainability Officer at the Executive Team level. This move puts people, Metinvest's greatest asset, at the centre of its strategic focus and planning by transforming the way the Group engages with its employees.

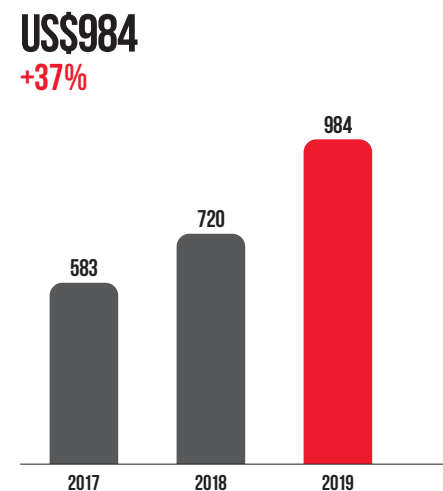
The new directorate is called upon to revamp the Group's system of working relations, enhance efficiency of remuneration and employee development system, improve internal communications with staff and strengthen the corporate culture, as well as upgrade the system of labour protection and employee safety.

CARING FOR THE TEAM

Among the key challenges facing Metinvest in 2019 were the migration of the labour force, an ageing population and greater employee requirements regarding working conditions and options for personal career growth, which were compounded by the steel market downturn. The Group undertook significant efforts to maintain stable workforce relationships to prevent an outflow of labour and avoid production stoppages.

First of all, Metinvest revised its remuneration to reflect market conditions. In April 2019, it provided an average salary increase of 15% for its Ukrainian production personnel, following two

Average monthly salary



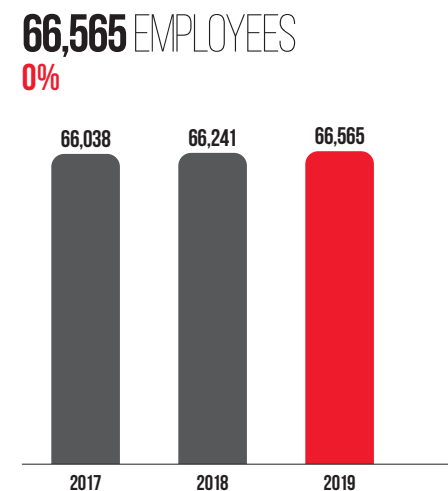
previous boosts in 2018. In addition, the Group introduced a single salary system for blue-collar staff: a particular salary is assigned to every blue-collar job, while specialists of working professions are entitled to a bonus in addition to their salary, based on their individual performance evaluation. Together with the appreciation of the Ukrainian currency against hard currencies, the average monthly salary in the Group climbed by 37% year-on-year to US\$984 per month in 2019, compared with US\$720 a year earlier.

Understanding that salary is no longer the only incentive for existing and potential employees, Metinvest has taken measures to improve its value proposition as an employer by enhancing the package of financial and non-financial benefits it offers to its staff. This includes improving working conditions, such as the modernisation of facilities at plants, not to mention sustained investments in occupational health practices and safety equipment and training.

Metinvest cares for the cities where it operates and encourages its employees to propose social infrastructure projects, which, if approved, receive funding from the Group to improve the communities where employees and their families live.

In addition, Metinvest continues to develop the social facilities under its ownership, like children's camps and health resorts, as part of a long-term plan to improve their management. To benefit the community, the Group has almost completed the process of transferring many of these leisure facilities to the ownership of local authorities under agreements that ensure they are managed properly and its employees retain access to them.

Employee headcount



During the year, Metinvest further developed its shared human capital management service, centralising the function from the enterprise level to the Group level. This ensures the application of unified standards and provision of a single, high-quality set of services to all employees, while maximising the productivity of human capital management staff. This improves efficiency and allows employees to receive speedy service regarding questions on such issues as benefits, compensation and other administrative matters. Together, these initiatives helped to decrease staff turnover to 11% in 2019.

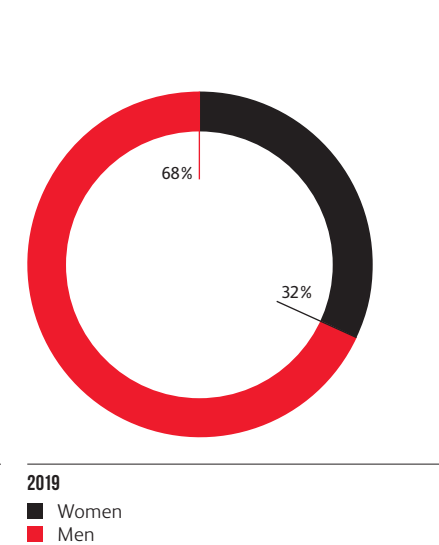
MANAGING INEVITABLE CHANGE

In 2019, Metinvest hired additional staff for investment projects and for new equipment operations required by the Technological Strategy 2030, as well as in accordance with production plans. In parallel, the Group carried out optimisation measures to increase its efficiency.

These measures were based on the results of internal benchmarking and the zero-based budgeting approach, as well as in relation to the centralisation of the human capital management function. This drive was accelerated amid the adverse steel market developments in the second half of the year, as the Group scrutinised all fixed costs, including labour, by planning to eliminate 30% of administrative staff positions. As this decision was taken in late 2019, the effects on Metinvest's performance will be seen in 2020.

Overall, the total headcount decreased by around 2,000 in the second half of 2019 while remaining relatively flat in year-on-year terms at 66,565. Metinvest provides crucial support

Staff structure by gender



services to all employees affected by layoffs, who also receive free assistance in conducting their job search. As part of this approach, agreements were signed with three city administrations to provide ex-employees with job opportunities in public utilities.

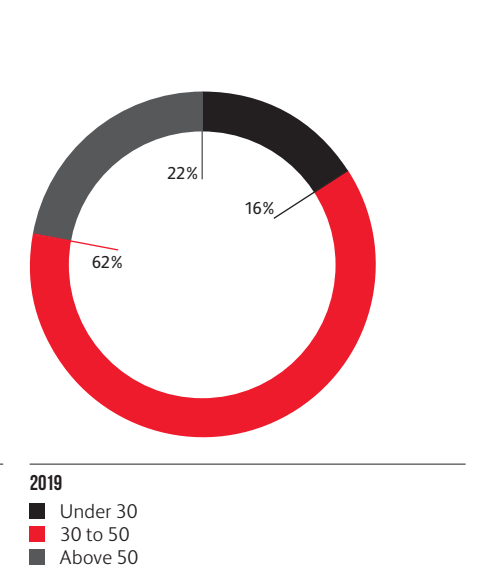
ATTRACTING THE NEXT GENERATION

Amid the challenges of the present, the Group is planning for the future. While retaining its skilled workforce is an essential task, Metinvest's human capital management strategy envisages promoting the Group as an employer of choice. This, in turn, should help to attract the next generation of employees who will replace Metinvest's skilled and experienced workforce, many of whom have worked at its mines, mills and quarries for decades. In 2019, nearly 1,500 new graduates were hired, accounting for 14% of total recruitment during the year.

2019 was a landmark year for Metinvest in relation to the development of programmes for interacting with young people and educational institutions. The Group unveiled a wide range of solutions targeting school-age children to increase the number of students in specialised technical courses including through career guidance programmes, as well as by promoting mathematical contests and offering assistance in exam preparation.

Metinvest also strengthened its close relationships with key educational institutions in Ukraine by signing long-term cooperation agreements with them. The Group introduced scholarships for the best students in specialised Ukrainian universities.

Staff structure by age



HUMAN CAPITAL CONTINUED

For local universities in Kryvyi Rih, Mariupol and Zaporizhia, Metinvest developed programmes that combine classroom and workplace learning in a dual education track, with on-the-job experience making students familiar with production environments and the Group's employees.

Metinvest also developed fast-track programmes for young professionals who demonstrate the greatest potential for growth within the Group, offering them a one-to-two-year path to more senior positions. Importantly, Metinvest also continued to provide internships at all of its assets, after the completion of which the best students could receive a job offer from the Group. As such, almost 3,000 students from 26 educational institutions undertook an internship at Metinvest and more than 400 were hired.

To foster young employee development and motivate them, Metinvest holds an annual internal competition among its leaders under the age of 35 to prove and enhance their skills. Winners of the fifth season of this contest,

which took place during 2019, visited the Group's Bulgarian and Italian re-rollers. This helped to transfer knowledge from preceding generations of employees to young professionals, as well as from Europe to Ukraine.

OFFERING EQUAL OPPORTUNITIES

The Group provides equal opportunities to all employees and does not discriminate according to gender, age or other factors. While most production roles in the steel and mining industries historically have been dominated by men, technological progress has reduced the physical burden on staff, enabling women to do jobs that were previously considered too physically demanding for them. In 2019, nearly 68% of the Group's employees were men and just over 32% were women. Notably, the ratio of women at the level of the Executive Team and the Supervisory Board was 27% and 10%, respectively.

In terms of age distribution, 62% of the workforce is aged between 30 and 50 years old, 22% is over 50 and 16% is under 30. The Group prizes the experience and skills of its older employees and regularly invites retired employees and managers to train younger staff.

PROVIDING CONTINUOUS LEARNING

Metinvest invests in training on all levels to provide the necessary resources to build a career within the Group and unlock the full potential of each employee, make sure their knowledge and skills correspond to today's changing job requirements, as well as to maintain its relentless focus on health and safety. Overall, a total of 108,742 employee training sessions were conducted during the reporting period.

Metinvest is developing and implementing a variety of e-learning tools, including the Eduson online learning management platform, which offers multiple available training courses. The Group also has separate e-learning programmes for health and safety, the Code of Ethics and cybersecurity.

New hires receive hands-on, supervised onboarding training at the workplace, in addition to which they also use training machines and simulators to practice using complex equipment in a virtual environment.

A wide range of training programmes are available for workers, including health and safety, professional competencies, additional skills and corporate standards. For mid-level managers, the Group's strategy is focused on addressing key skills areas with the support of Metinvest's Corporate University. A total of 12 technical academies have been created for line managers of production shops to cover crucial engineering and business disciplines, fill potential skills gaps and teach new techniques.

The Group has more than 20 managerial training programmes in place, which provided a total of 21,861 training sessions in 2019. They are aimed at acquiring competencies and skills that help to effectively solve emerging problems, develop value thinking, manage changes amid uncertainty, find new and innovative solutions for business, as well as interact and communicate within a team. Among the managerial training courses tailored to increase professional skills in particular areas were the Sales Academy, HR Academy and Project Management Academy.

To ensure continuity and sustainable development, Metinvest devotes significant resources to the succession pool, a group of promising managers being prepared to one day take over senior roles at Metinvest, at both its assets and headquarters. The Group has partnered with INSEAD for many years as it has developed the pool, and last year, they launched a new programme, Metinvest Tomorrow Builders, involving 39 high-potential managers.

Metinvest also provides continuing education programmes for senior management of the Group. Last year, it partnered with Wharton Business School to develop a series of courses. One module brought senior managers to China, a trend-setting country for the metals and mining industry, to meet and learn from local business and academic leaders about new technologies and digitalisation.

IMPROVING INTERNAL COMMUNICATION

Metinvest uses employee engagement surveys as an additional tool to gain valuable feedback about employee sentiment. This helps to provide all employees with a greater voice in the management of the Group.

Important changes that were suggested in past surveys include providing employees with choices in selecting their own set of benefits, rather than a fixed package. Now, they can choose what they want in terms of benefits for themselves and their families, without wasting resources on blanket services that many employees never choose to use.

The management has also changed how it conducts staff meetings, holding them more often and with the presence of senior executives, so staff can express ideas and concerns to those who can help them make a difference.

OUTLOOK FOR 2020

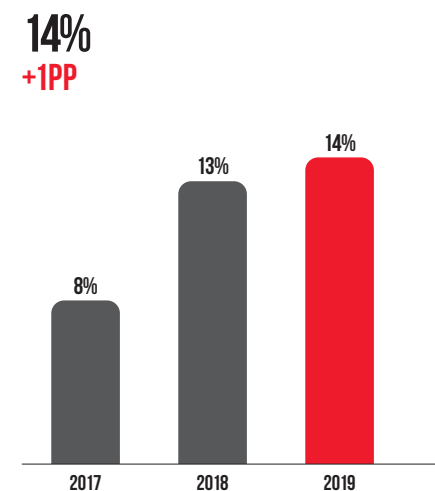
The year 2020 has brought a new, rather unexpected set of challenges for Metinvest and its people: COVID-19. The Sustainable Development and People Management Directorate is playing an important role in the Group's response to the pandemic at its assets worldwide, taking all necessary measures to prevent the spread of the virus among its staff and local communities.

This year, Metinvest will continue to implement its five-year human capital management strategy. The main tasks for human capital management will focus on increasing Metinvest's attractiveness as an employer by enhancing working conditions, as well as improving personnel efficiency by increasing their skills and the automation of processes to permit employees to perform more value-added activities. Other priorities include the formation and construction of a self-learning organisation and the introduction of knowledge preservation tools to prevent losing key expertise as the most experienced employees retire or move on to other opportunities.

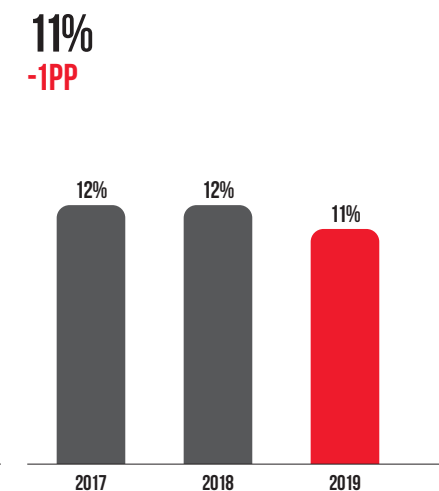
One project is to review how Metinvest sets out its mission to make sure there is a shared set of values with its employees and common commitment to building a sustainable business. The ultimate goal is to ensure that the Group's people feel they are working in partnership with the Group and improve feedback on both sides.



Share of graduates in new hires



Staff turnover



Management trainings

21,861 TRAINING SESSIONS

