

Progressing towards _____ our ultimate goal

A PROGRESSIVE APPROACH

Metinvest's ultimate long-term goal in health and safety is to achieve zero incidents involving employees and contractors at its operations. The Group is currently implementing a safety roadmap aimed at progressively making this goal a reality. The risk-oriented approach seeks to enact organisation-wide change in the safety culture and especially at worker level.

Metinvest's priorities in health and safety are set in its Policy in the Field of Health, Safety and the Environment. The Supervisory Board's Health, Safety and Environmental Committee oversees compliance with internal procedures, local regulations, as well as reviews incident investigation results to promote risk reduction initiatives and programmes. The committee also supports the Executive Team in implementing the highest standards of health, labour and environmental safety culture throughout the Group.

In 2020, Metinvest continued to transition from OHSAS 18001 to ISO 45001 as the best practice in international occupational health and safety management system standards. As of the year-end, ten of its assets were ISO 45001-certified.

The Group has 15 corporate health and safety standards based on leading international guidelines. It conducts risk assessments at every stage of operations, from planning investment projects to manufacturing and shipping products. Globally recognised standards are embedded throughout the organisation, including hazard identification (HAZID), environmental hazard identification (ENVID), hazard and operability studies (HAZOP), job safety and work safety analysis procedures, and the permit-to-work and lock out, tag out (LOTO) methods²³.

Metinvest also performs regular internal audits to evaluate the safety management systems at each facility. These help to identify areas for further improvement. Each member of the Executive Team visits at least two subsidiaries every year to check compliance with internal standards and regulations.

In 2020, Metinvest made progress on its roadmap to adopt a more risk-oriented approach to health and safety, which resulted in an improvement of the lost-time injury frequency rate further.

At each asset, a fully staffed health and safety department advises on relevant matters and ensures compliance with corporate standards, as well as all applicable laws and regulations.

KEEPING OUR PEOPLE SAFE DURING THE PANDEMIC

In 2020, Metinvest implemented a comprehensive programme to protect its employees from COVID-19. Overall pandemic-related employee health and safety spending totalled around US\$5 million.

Institutionally and logistically, the Group ensured compliance with legislative requirements governing infection control throughout its operations, including pandemic response measures.

Risk management initiatives related to the pandemic are being carried out by the Metinvest anti-crisis headquarters, which is headed by the Group's CEO. The headquarters has been operating at the Group level since 2017 to rapidly respond to crisis situations of strategic importance. To implement its decisions, anti-crisis centres were created at each of Metinvest's production assets, which coordinate their efforts to prevent, contain and treat COVID-19.

The measures introduced limited the spread of COVID-19 among workers, as well as prevented interruptions in production processes.

²³ HAZID, ENVID and HAZOP are procedures for assessing the safety and environmental effects of both new projects and existing processes. LOTO is a safety procedure to ensure that potentially dangerous equipment has been shut down correctly to prevent hazardous releases during maintenance, repair or cleaning.

A MEASURABLE ROADMAP

In 2020, Metinvest continued to implement its safety roadmap to upgrade the health and safety management system, extending the critical risk-oriented approach introduced in 2019.

During the reporting period, the Group progressed on implementing best practices in all areas of the roadmap. The core focus was on work at height, health and safety incentive system refinement, and work with contractors.

SAFE WORK AT HEIGHT

In 2020, Metinvest made further progress on its safe work at height programme, including developing the tools and materials to implement it. The Group also set up training centres where employees can develop practical skills in this field at Azovstal, Ilyich Steel, Central GOK, Ingulets GOK, Northern GOK and Kryvyi Rih Machining and Repair Plant.

As part of the programme, functional managers of production assets and local change champions attended training courses. Overall, around 300 people who work in high-risk areas underwent an intensive five-day course, while an additional 240 people attended a one-day session.

To improve visibility, control and accountability, all business units at all production assets created registers for recording work performed at height. In addition, as part of the safety roadmap capital investment programme for 2020, the Group purchased equipment to make work at height safer, including anchor points, inertia reels and horizontal and vertical lifelines.

INCENTIVISING SAFE WORK

In 2020, Metinvest launched the Safe Work Award initiative at some facilities to introduce a workplace safety bonus. Employees can receive an increased monthly bonus for detecting or preventing unsafe actions or conditions. This is now being rolled out to all facilities.

Metinvest also has a system that offers financial incentives for employees to submit safety proposals at work. All proposals participate in a competition for the best HSE proposal at the business unit, asset and Group level.

For senior managers, a Health and Safety Trigger is applied to their bonus. This incentive was introduced to calibrate bonus awards based on health and safety performance of the enterprise at which they work. Line managers have clear objectives cascaded from the Group and asset levels. This process ensures clear goal-setting approaches to manage health and safety proactively.

IMPROVING CONTRACTOR SELECTION

During the reporting period, Metinvest developed a new contractor assessment and rating method. In the third quarter of 2020, the Group introduced quarterly appraisals of contractors at all assets. In January 2021, after the reporting period, the frequency became monthly.

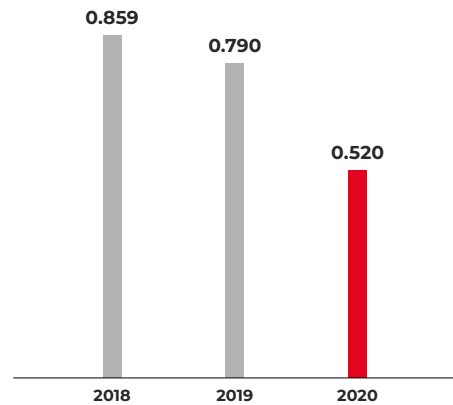
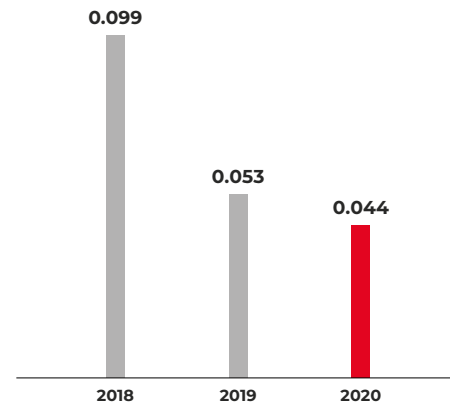
The contractor assessment method has 29 criteria, one of which is incident history. This includes all safety incidents, road incidents, accidents, spills of chemically hazardous substances and oil, among others. Contractors are scored based on the number of incidents, as well as the preventative actions that they take. Contractors that have no incidents during a reporting period and fulfilled all corrective actions in previous ones receive the maximum score for these criteria. Health and safety is one of the criteria used for contractor selection, in addition to price and quality.

RESULTS IN 2020

In 2020, the Group recorded 54 injuries and five fatalities. This tragic loss falls short of the ultimate long-term goal of zero incidents. While it is of little comfort for those affected, these numbers represent a downward trend from the 83 injuries and six fatalities in 2019.

Metinvest follows international best practice to monitor its health and safety performance. The primary metrics that it tracks are the lost-time injury frequency rate (LTIFR) and fatality frequency rate (FFR), which are measured in terms of incidents per million man-hours worked. In 2020, the LTIFR stood at 0.520, down from 0.790 in 2019. According to the World Steel Association, the global benchmark for 2019 was 0.830. In 2020, the FFR was 0.044, down from 0.053 a year earlier. Almost all production assets of the Group improved their performance on key metrics in annual terms.

As part of the internal safety audit system, line managers performed more than 159,000 audits. Overall, these checks detected about 390,000 non-conformities and helped to develop around 267,000 risk-mitigation actions. The increase in these metrics is consistent with Metinvest's growth through the addition of new entities, as well as increased efforts to unify health and safety standards throughout the Group. In addition, senior executives performed 16 safety audits.

Lost-time injury frequency rate**0.520****Fatality frequency rate****0.044**

In 2020, Metinvest invested US\$106 million in improving health and safety. Of this, occupational health accounted for 46%; industrial safety for 38%; safety in the workplace (such as safe operation of buildings, structures and communications) for 7%; emergencies and fire safety for 5%; and medical and other expenses for 4%.

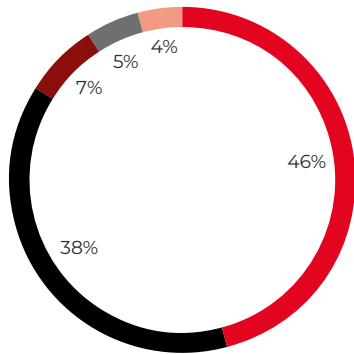
In 2020, Metinvest developed a new healthcare strategy that aims to change the approach to health, increase professional longevity and enhance the degree of care for employees. The main elements are managing occupational health risks, first aid and emergency medical care, prevention, infection control, and sanitary and hygiene safety. The Group intends to phase in the programme at all enterprises within the next five years.

During the reporting period, Metinvest was named the winner in the Change Programme of the Year category at the International Institute of Risk and Safety Management (IIRSM) 2020 Risk Excellence Awards.

Spending on health and safety

US\$106M

+4%



- 2020**
- Occupational health
 - Industrial safety
 - Safe operations of buildings, structures, communications
 - Emergencies and fire safety
 - Medical expenses

OUTLOOK FOR 2021

Metinvest continues to progress towards its ultimate goal of zero incidents, guided by its safety roadmap and Safe Workplace programme aimed at enhancing the safety culture. This includes an introduction of qualification standards and a competence matrix for the health and safety and other functions. The Group is also seeking to improve the efficiency of its health and safety motivational tools at all organisational levels.

In 2021, Metinvest’s priorities under the roadmap will include a continuous effort to mitigate such critical risks as work at height. The Group will also focus on safety regarding the LOTO system, lifting and hoisting operations, railway transportation, and buildings and structures.

In addition, Metinvest will work to align the health and safety practices of the newly acquired Pokrovske Coal with the Group’s standards and global best practices.

