

Stand on the matter of Metinvest's environmental protection measures in Mariupol

Metinvest management and the shareholders are deeply concerned about environmental situation that has developed in Mariupol.

Despite severe crisis in mining and metals, Metinvest Group, as a socially responsible company continues delivering its commitments and consistently implements its large scale production equipment modernization program at Azovstal, MMKI and other enterprises of the Group. Under this program, Azovstal decommissioned open hearth production, three coking batteries and a blast furnace ahead of planned schedule. MMKI is commissioning its PCI unit and has commenced a large scale sinter factory reconstruction program.

At the same time, we consider it necessary to squash any speculations and attempts of the organizers of Mariupol's environmental movement to mislead the public about allegedly exorbitant profits of iron and steel makers and unwillingness of Metinvest Group to invest in modernization of the iron and steel shops in Mariupol.

Today's reality is such that total losses made by Azovstal and MMKI as of the period from 2009 to October 2012 comprised over UAH 10 bln. This super loss was covered by own funds of Metinvest shareholders. We clearly see our responsibility for the future of the personnel at Azovstal and MMKI and for the future of the city. Notwithstanding deep economic and financial crisis our enterprises continue to operate and employees receive their salaries and the city's continues to receive over half of its budget. Shutdown of our enterprises will imply shutdown of the city. We continue financing such a large scale reconstruction, which has not been undertaken within last 50 years before us to add to our super loss situation. Therefore we encourage public activists, when advocating their rights, to take into account all facts to the same degree, tell the truth and conduct a fair dialogue.

Metinvest management shares concern of the city residence about smog during the days of unfavorable meteorological conditions in the city and has analyzed the situation thoroughly. According to our specialists, the probable cause of recently intensified smog smell is more intensive disposal of recycled materials from Azovstal sludge dump, which is taking place at Azovstal sinter factory. This activity is a part of the approved Azov Sea environmental program and includes dewatering of Azovstal sludge pond. These secondary materials contain increased quantities of organic compounds, such as peat.

Metinvest management adopted the resolution about additional measures improving environmental situation in Mariupol. The company decided to shut down Azovstal's sinter plant starting November 12 for 1 month to conduct an in-depth diagnostics of the treatment facilities and eliminate potential breakdowns. In the future usage of the recycled materials containing organic impurities will be minimized.

In addition, Metinvest has made a decision to accelerate the modernization program implementation and gradual transfer of production to MMKI sinter factory to decommission Azovstal's sinter unit by the end of 2016.

We are confident that we will do everything possible to assure clean air in the city.

Editorial notice:

METINVEST GROUP is a vertically integrated steel and mining group of companies, managing every link of the value chain, from mining and processing iron ore and coal to making and selling semi-finished and finished steel products. The Group comprises steel and mining production facilities located in Ukraine, Europe and the USA and has a sales network covering all key global markets. Metinvest Group is structured into two operating divisions: Metallurgical and Mining Divisions and has a strategic vision to become the leading vertically integrated steel producer in Europe, and to deliver sustainable growth and profitability resilient to business cycles, providing investors with returns at above the industry benchmarks.

The major shareholders of METINVEST B.V. (a holding company of Metinvest Group) are SCM Group (71.25%) and Smart-Holding (23.75%), partnering in the Company's management.

METINVEST HOLDING, LLC is the managing company of Metinvest Group.

For additional information please visit

www.metinvestholding.com

Contact person:
Evgeniy Dubogryz
Corporate Communications Manager
+380 62 214 72 85

press@metinvestholding.com

| Пресс-центр Группы Метинвест

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