

HEALTH AND SAFETY

AN UNWAVERING COMMITMENT

In 2021, Metinvest expanded its safety roadmap to cover new critical risk areas and continued to roll out its healthcare strategy. The Group also began working to overcome the challenge of improving the culture of occupational safety at its newly acquired assets.

GENERAL APPROACH

GRI 103-2; 103-3; 403-1; 403-2

Metinvest remains committed to building an occupational health and safety culture capable of achieving zero incidents involving employees and contractors¹ at its operations. Consistent with this commitment, in 2021, the Group focused on embedding its health and safety policies, standards and practices at the newly acquired Pokrovske Coal and Kamet Steel. This took place alongside the ongoing efforts to expand the safety roadmap, which applies a risk-oriented approach to drive positive change throughout the organisation.

Metinvest's approach to health and safety is outlined in the Policy in the Field of Health, Safety and the Environment. In addition, the Group has 15 corporate standards in place that are based on international best practices.

The Health, Safety and Environmental Committee of the Supervisory Board oversees compliance with internal procedures and local regulations. It reviews the results of incident investigations to search for areas where improvements in governance can be made through risk management initiatives and programmes. The committee also works with the executive team to embed proven occupational health and safety approaches.

The Occupational Health and Safety Department of the Sustainable Development and People Management Directorate coordinates the implementation of programmes at the Group level. Health and safety departments at each production facility ensure compliance with internal and external standards and regulations.

In October 2021, an industrial safety centre of expertise was established at Metinvest Business Services. It provides consultations, assists with internal incident investigations and training, and conducts industrial safety audits.

During the reporting period, Metinvest made further progress certifying its assets in accordance with leading occupational health and safety standards. In particular, by the year-end, 15 assets² had been certified to ISO 45001. The Group expects to continue working to have certification across its facilities.

¹ The term "contractors" refers to both contractors and subcontractors.

² Azovstal, Central GOK, Ferriera Valsider, Ilyich Steel, Ingulets GOK, Mariupol Machining and Repair Plant, Metinvest Holding, Metinvest-Promservice, Metinvest Tramet, Northern GOK, Promet Steel, Spartan UK, Sviato-Varvarynska Beneficiation Factory, Zaporizhia Coke and Zaporizhia Refractories.

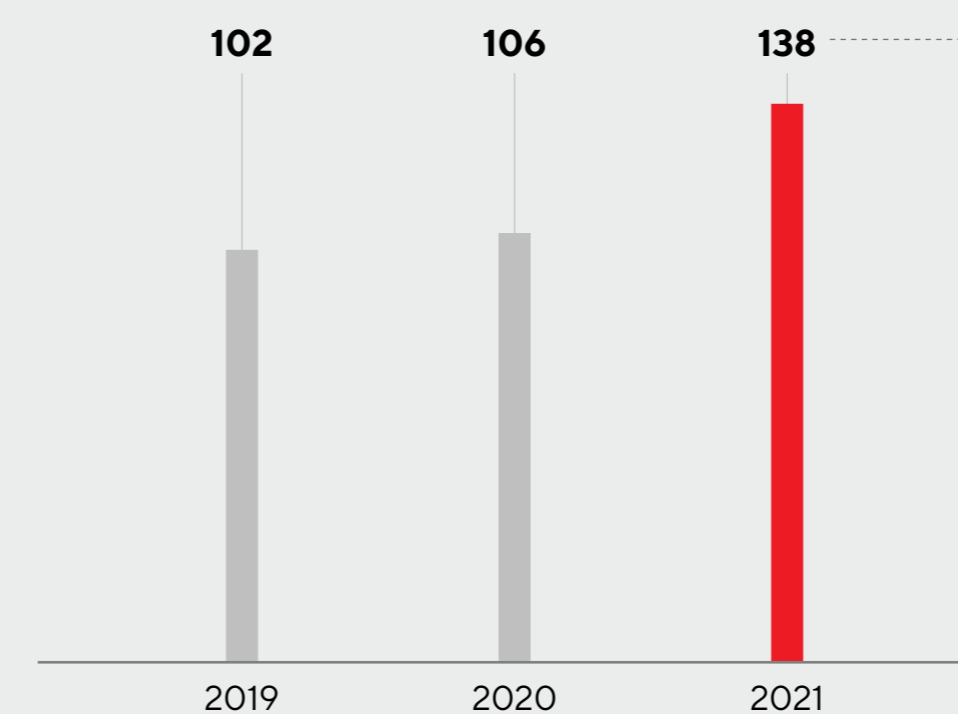
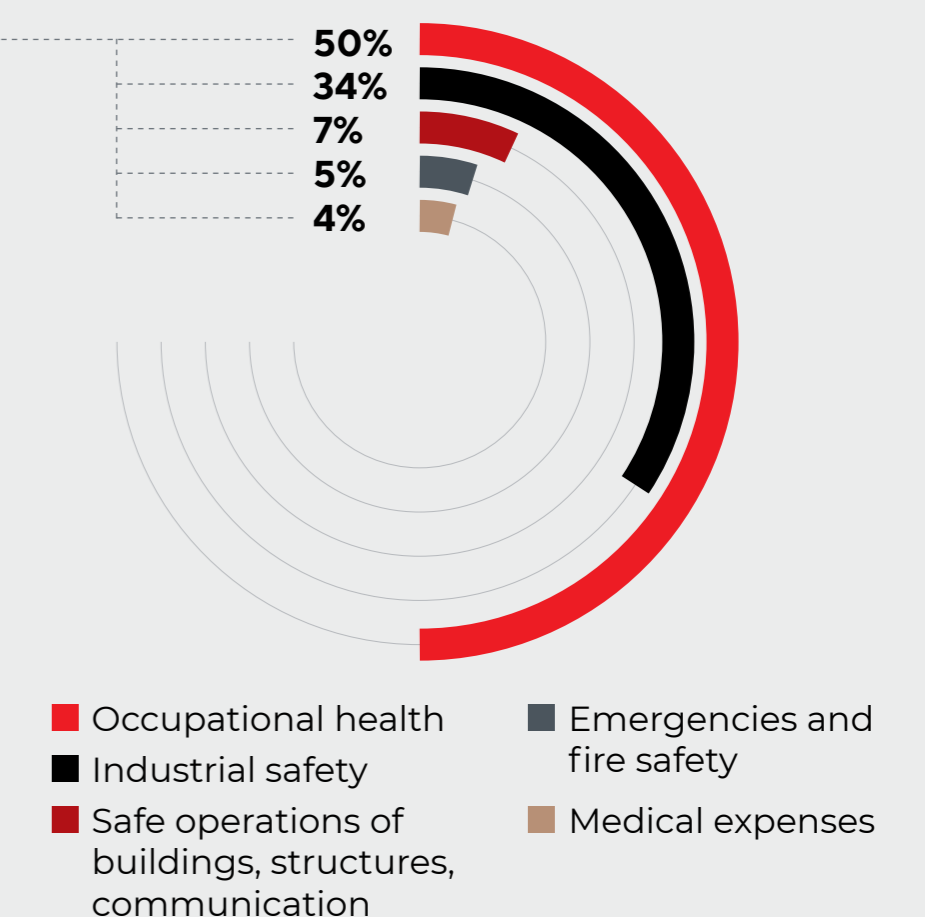
ENHANCED FOCUS

In the reporting period, Metinvest spent US\$138 million on health and safety initiatives, an increase of 31% year-on-year, as the Group prioritised key aspects of occupational health and industrial safety.

The primary focuses of the capital investment programme for 2021 were work in gas-hazardous places, safe work at height, specialised medical equipment and safe work with rail transport and lifting mechanisms.

Spending on health and safety

US\$138 mn +31%

**Spending by focus area in 2021**

AN EXPANDED ROADMAP

In 2021, Metinvest expanded the coverage of critical risks in the safety roadmap, outlining the following areas: work at height, hazardous energy control, railway transportation, hoisting and lifting operations, as well as buildings and structures. Other areas of focus included refining the health and safety incentive system and improving contractor safety.

The expansion also involved rolling out safety roadmap initiatives to cover the Pokrovske Coal and Kamet Steel assets acquired in 2021. This marked the beginning of the Group's journey to synchronise and align the health and safety practices of these assets with its own.

Kamet Steel started to implement the standards and practices applied at the Mariupol steelmakers. In addition, Pokrovske Coal developed a comprehensive programme of improvement measures, some of which were added to the safety roadmap in late 2021. For more details, see the following page.

Focused on prevalent hazards

During the year, Metinvest continued to address the needs of employees working at height. This led to the purchase and installation of additional safety equipment at its operations. The Group also renovated some of its work at height safety training centres.

In addition, Metinvest conducted risk assessments of hazardous energy sources and developed competency matrixes and specific training programmes for employees who work with them.

The Group also focused on technical measures to reduce employee exposure to hazardous energy sources.

Under the new priority of enhancing rail transport safety, Metinvest began to develop and implement measures aimed at mitigating the risk of injuries in this area. This included purchasing new railway safety equipment, installing additional signs at railway tracks and adjacent infrastructure, improving locomotive headlights and organising training for employees involved in work on railway transport.

To mitigate the risks of incidents from hoisting and lifting mechanisms, the Group upgraded certain lifting equipment at its assets, installed special stands for proper storage and testing of removable load-handling devices, and replaced crane lighting with LED lamps among other measures. Metinvest also inspected buildings and structures at its assets for damage or hazardous conditions and carried out repairs to ensure their safety.

Safety incentives

GRI 403-4

Metinvest strives to continuously strengthen the occupational safety culture throughout its operations. The Group has incentive programmes that encourage employees to participate in health and safety initiatives.

For example, in 2021, Metinvest expanded the Safe Work Award to cover an additional seven facilities³ following positive results at the initial four pilot sites⁴. The motivational programme provides incentives for employees who detect or prevent unsafe actions or conditions.

In addition, the Group introduced new software during the year to make it easier to track progress under this programme.

As part of the system for employees to address safety proposals, the best submissions participate in the CEO Award competition. In addition to the proposals selected by the CEO, this initiative has been updated to add incentive levels awarded by various organisational units, such as workshops and departments.

Another incentive tool, the Health and Safety Trigger, aims to focus the attention of Metinvest's senior managers on

safety issues. Under this mechanism, the size of bonuses is directly linked to a range of occupational health and safety metrics at particular assets, including the fatality frequency rate and other internal performance ratings, such as health and safety system efficiency and implementation of safety roadmap measures. Line managers have objectives cascaded down from the Group and asset levels. This process ensures clear goal-setting approaches that lower the risks associated with health and safety issues. Starting from 2022, the Health and Safety Trigger has also been embedded at the newly integrated assets.

Contractor safety

GRI 403-7

Metinvest believes that the safety of contractors working at its assets is just as important as the safety of its own employees. It expects them to comply with the safety rules and procedures in place at its production sites, which are set out in the Group's Safety Standard for Contractor Organisations. Metinvest regularly conducts safety audits and

holds briefings with contractors to ensure compliance with occupational health and safety regulations.

In 2021, the Group piloted the contractor safety assessment and rating methodology that it developed in 2020 at its production assets in Ukraine. It uses this methodology to assess contractors involved in hazardous work. Among other things, Metinvest

analyses their incident documentation and statistics, the results of their workplace audits and inspections, the qualifications of their employees, and the compliance of their equipment with safety requirements. It then prepares a comprehensive rating for each company that includes proposed occupational health and safety improvements. The Group also takes these assessments into consideration in future tenders.

³ Avdiivka Coke, Azovstal, Central GOK, Ingulets GOK, Kamet Steel, Mariupol Machining and Repair Plant and Zaporizhia Coke.

⁴ Ilyich Steel, Kryvyi Rih Machining and Repair Plant, Northern GOK and Zaporizhia Refractories.

PERFORMANCE IN 2021

GRI 403-9

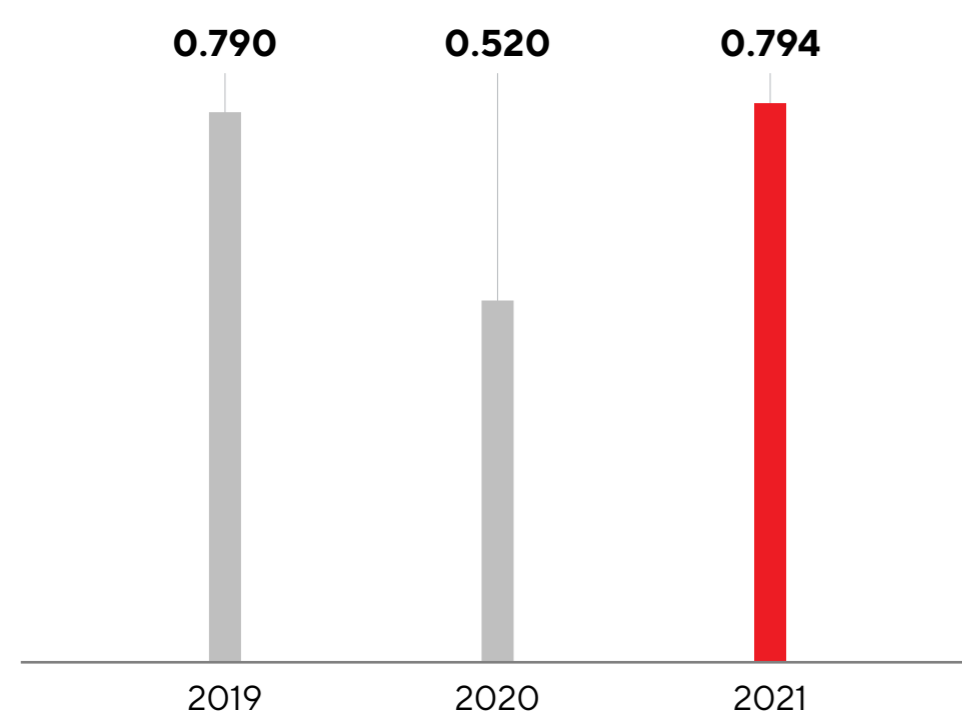
In 2021, Metinvest recorded 99 injuries and eight fatalities among employees, as well as ten injuries and six fatalities among contractor personnel. This is a regrettable performance, and an increase from 2020, when there were 54 injuries and five fatalities among employees, as well as ten injuries and four fatalities among contractors.

Consistent with its general approach, Metinvest conducted a thorough investigation of each incident to identify the root causes. The main causes of injuries in 2021 at the Group's assets, excluding newly acquired ones, were contact with rotating machinery, falls while moving and falling objects. Metinvest used the investigation findings to identify and implement additional control measures aimed at preventing safety violations and incident reoccurrences.

The review also found that the increase in the number of injuries in 2021 was driven primarily by incidents at Pokrovske Coal.

Lost-time injury frequency rate

0.794 +53%



Overall, around a third of the injuries and half of the fatalities throughout Metinvest's operations were recorded there. The higher rate of incidents was partly related to the inherently hazardous nature of underground coal mining.

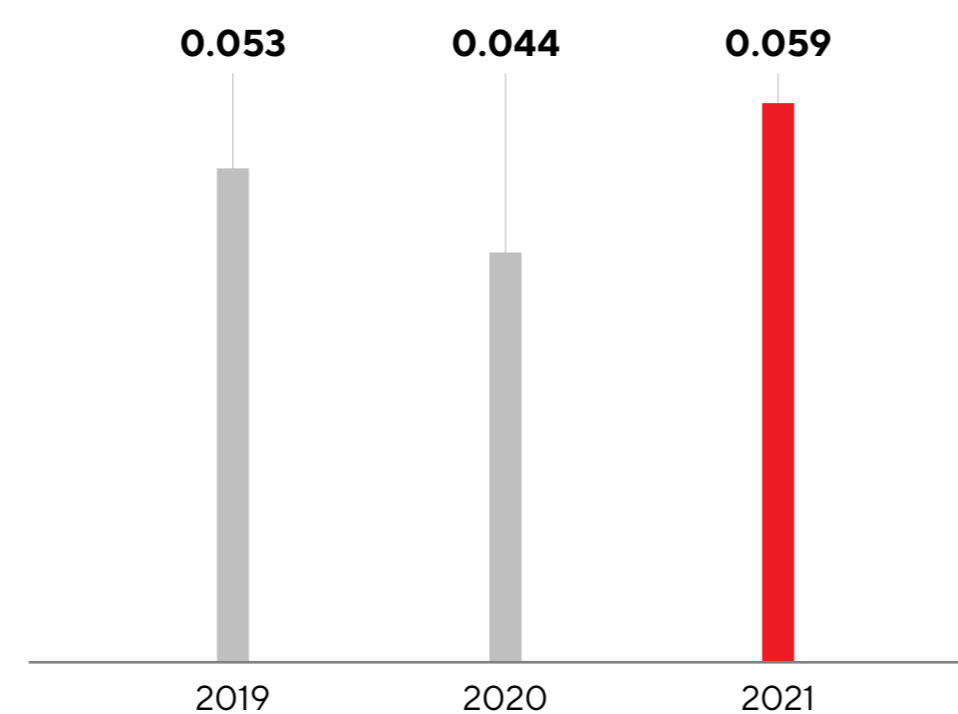
In 2021, Metinvest engaged third-party experts to check the functioning of the health and safety management systems at its production assets in Ukraine, including the newly acquired Pokrovske Coal and Kamet Steel.

In addition, to address the higher rate of incidents at Pokrovske Coal, the Group reviewed industry best practices and lessons learned at its other underground mining sites, while it also engaged a global consultancy for a separate comprehensive external audit.

As a result of the audits, recommendations for improving the health and safety performance were used to develop action plans. In particular, Pokrovske Coal drew up and began to implement a comprehensive programme of

Fatality frequency rate

0.059 +34%



improvement measures, some of which were added to the Group's safety roadmap through two additional focus areas: explosive work and rock caving.

Consistent with international best practices, the Group includes the lost-time injury frequency rate (LTIFR) and fatality frequency rate (FFR) among the metrics that it uses to track its performance. They are measured in terms of incidents per million man-hours worked. The Group's LTIFR for 2021 stood at 0.794, which remained lower than the global benchmark for the period⁵. The FFR was 0.059 in 2021.

Analysis of these metrics revealed that Metinvest's historical assets (excluding the newly acquired assets of Pokrovske Coal and Kamet Steel) had an LTIFR of 0.541 and an FFR of 0.034 in 2021, compared with a respective 0.520 and 0.044 in 2020. Meanwhile, Pokrovske Coal and Kamet Steel had an LTIFR of 2.396 and an FFR of 0.218 in 2021. During the reporting period, Metinvest also started to disclose the LTIFR for its contractors, which was 0.446⁶.

In line with Group practice, members of the executive team performed a total of 20 onsite inspections in 2021 to verify compliance with internal standards and regulations. In addition, the industrial safety centre of expertise conducted a railway safety audit at Northern GOK; an electrical safety audit at Kryvyi Rih Machining and Repair Plant; and a series of audits of safety roadmap implementation at Metinvest's Ukrainian production facilities.

For more details, see Annex 2.

⁵ According to the World Steel Association, the global LTIFR benchmark for employees only was 1.04 in 2021, compared with 0.98 in 2020.

⁶ This excludes information about the man-hours worked by contractors for Pokrovske Colliery, as the Group was unable to collect this data due to the war. They were considered as 0.

SAFE WORKSPACE PROGRAMME

GRI 403-2

During the year, Metinvest revised its approach to onsite risk assessment through the introduction of the Safe Workspace programme⁷. It replaced HAZID and HAZOP risk assessments, which are applied for large investment projects only. This programme complements the use of the job safety analysis method to assess dynamic risks whenever employees perform their work. The programme is also being rolled out at newly acquired assets.

In 2021, more than 3,500 employees completed Safe Workspace training and more than 7,000 workspaces were assessed under the new programme. Overall, these assessments identified more than 150,000 hazards, of which more than 10,000 were determined to be critical risks. This resulted in the development of more than 30,000 risk mitigation activities, of which more than 20,000 were implemented during the reporting period. These measures included the repair of buildings and structures, deployment of new safety guards and refurbishment of existing ones, installation of alarm systems and repair of equipment.

⁷ Introduced at Azovstal, Central GOK, Ilyich Steel, Ingulets GOK, Kamet Steel, Kryvyi Rih Machining and Repair Plant, Mariupol Machining and Repair Plant, Metinvest-Promservice, Northern GOK, Unisteel, Zaporizhia Coke and Zaporizhia Refractories.

HEALTH AND SAFETY TRAINING

GRI 403-5

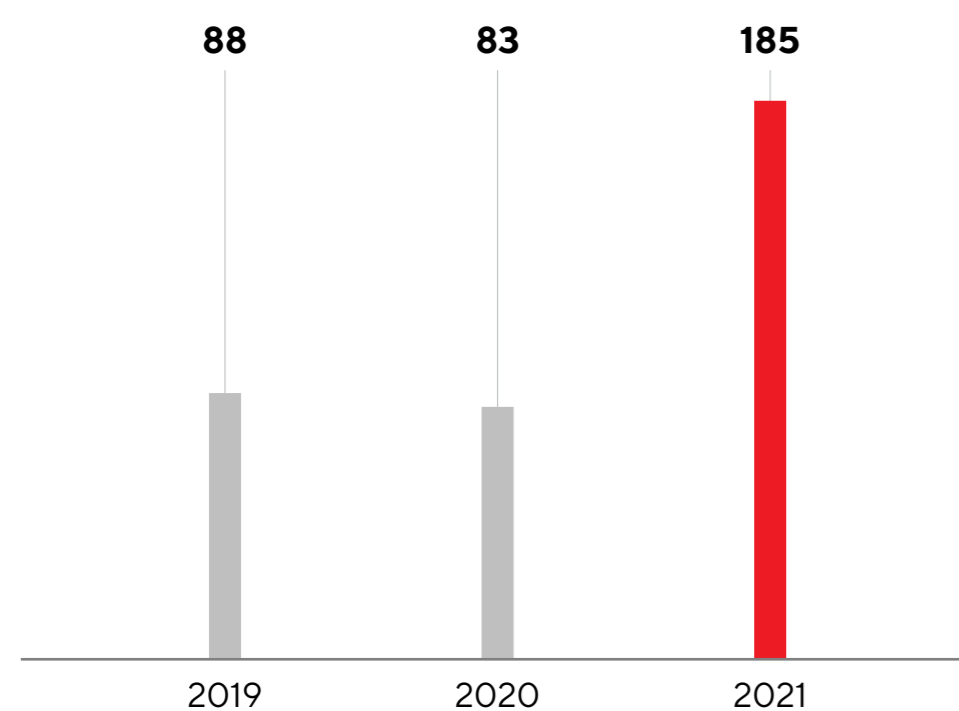
Continuous training and hands-on skills practice for employees are important prerequisites for achieving Metinvest's goal of zero incidents and successfully implementing the safety roadmap.

In 2021, more than 25,500 employees of the Group attended around 53,600 training sessions on occupational health and safety. The average amount of health and safety training received per employee during the reporting period was 12 hours. The training programmes were focused mainly on risk assessment in the most critical hazard areas, such as working at height, lifting mechanisms, LOTOTO procedures, electrical safety and working on railway transport.

In 2021, NEBOSH⁸ certification training was provided for 28 managers of the health and safety function. They passed the British National Examination Council's international exam and received NEBOSH International General Certificates.

Number of cases of workplace illness

185 +2.2x



EMPLOYEE HEALTHCARE

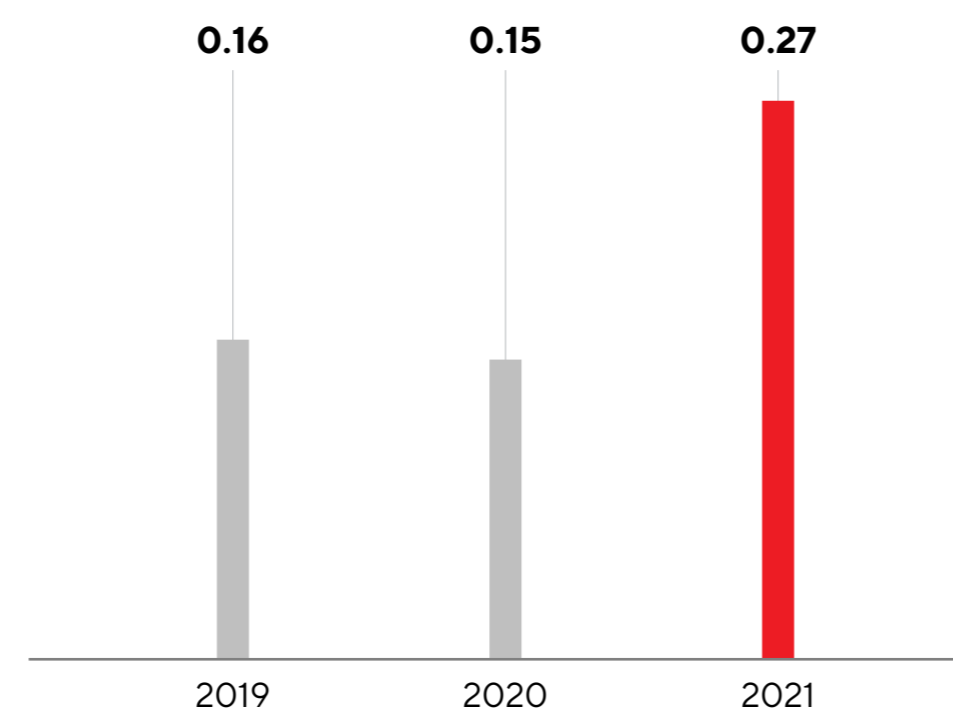
GRI 403-3; 403-6; 403-10

In 2021, Metinvest proceeded to implement the healthcare strategy that it developed in 2020. Working groups were established to assess the performance of medical facilities at the Group's assets. They identified more than 140 employee health risks, defined more than 470 barriers to reduce these risks and implemented 75 priority measures to mitigate them. In the reporting period, Kamet Steel developed a programme to transform its medical unit into an occupational medical centre in Kamianske, Ukraine.

In addition, Metinvest began to introduce electronic medical examination systems at its assets. These are comprehensive software and hardware solutions designed to identify signs of work-related hazard exposure or illness, as well as other health-related conditions that could negatively impact workplace safety. In 2021, the Group installed the first four of these systems at Ingulets GOK, Kamet Steel, Kryvyi Rih Machining and Repair Plant and Zaporizhia Refractories.

Workplace illnesses frequency rate

0.27 +80%



In 2021, the most common workplace illnesses among Metinvest's employees were radiculopathy (46% of all diseases), vibration disease (17%), and chronic obstructive pulmonary disease (10%). In 2021, the number of workplace illnesses and the workplace illness frequency rate⁹ both increased by roughly two-fold, mainly following the acquisition of new assets.

The Group's health index¹⁰ stood at 36% in 2021 (compared with 37% in 2020). In the reporting period, Metinvest continued to engage with those employees who were ill frequently or for long periods and create personal health programmes for workers most prone to certain diseases. These programmes include quarterly medical examinations, preventive procedures, medicine to strengthen the immune system and recreational activities.

The Group continued to implement comprehensive measures to stop the spread of COVID-19 among employees. In 2021, over US\$1 million was allocated to provide special personal protective equipment, purchase rapid antigen tests for prompt detection, and disinfect workplaces and vehicles. In addition, the Group continued to encourage vaccination of employees. This included providing the vaccines on-site, as well as offering three additional days off and other incentives. As of the year-end, 70% of Metinvest's employees had been immunised against COVID-19.

⁸ The National Examination Board in Occupational Safety and Health (NEBOSH) is a leading global organisation, that provides health, safety and environmental qualifications.

⁹ The workplace illness frequency rate is calculated as follows: total number of work-related ill health cases x 200,000 / total number of hours worked per year.

¹⁰ The health index is an indicator that displays the absolute number of employees who did not suffer from a workplace illness resulting in a temporary loss of working ability during a year, presented as a percentage of the total number of an enterprise's employees.

WAR IMPACT

Metinvest's key priority throughout the war has been to protect the health and safety of its people. The Group continues to undertake a range of measures to maintain operations at its assets to the extent that is safe for employees.

Unfortunately, Metinvest has paid a huge price in the fight for Ukraine's freedom and independence. As of 1 August 2022, the Group is aware of 381 employees and family members killed in Russia's armed aggression, although this number does not likely reflect the total as many people remain unaccounted for. Among the known dead are those who gave their lives defending Ukraine and others who died in senseless attacks on their homes, workplaces and public spaces.

To honour their memory, Metinvest has introduced a moment of silence during team meetings at its assets.

In addition, 402 employees and their family members are among the known wounded as of 1 August 2022. The Group provides medical assistance to them as part of its humanitarian support efforts, as well as under insurance programmes for its employees.