

WE ARE METINVEST

CEO'S STATEMENT



GRI 102-14

I am pleased to present our seventh Sustainability Report, which outlines Metinvest's sustainable development approach, shows our progress towards achieving our sustainability goals and highlights our future ambitions. To communicate our sustainability performance more efficiently and strengthen our open dialogue with stakeholders, we will be issuing a Sustainability Report annually going forward.

Despite the steel industry downturn in 2019, we did not sacrifice our sustainability agenda: we continued to improve our safety performance, empower our employees, reduce our environmental impact and bring positive societal change to local communities. We remain committed to the UN Sustainable Development Goals and aspire to further integrate sustainability principles into our business practices.

In pursuit of the operational and technological improvements outlined in our Technological Strategy 2030, our total capital expenditure reached a five-year high of US\$1,055 million in 2019. Metinvest fulfilled its investment programme for the year, finalising several major health, safety and environmental projects that had an immediate positive effect on our output volumes, product portfolio, production costs and environmental impact. Supporting sustainable development through tax contributions, in 2019, the Group paid US\$741 million in taxes to the state and local budgets of the countries where it operates. Meanwhile, in response to the sharp decline in profitability, Metinvest launched a cost-optimisation programme across the Group that allowed it to triple the effect of operational efficiency improvements from 2018 to US\$63 million. In terms of debt management, Metinvest successfully extended the maturity of its Eurobonds, ensuring a sustainable longer-term capital structure.

As part of the Group's customer focus efforts, its new Key Account Management programme harnesses a cutting-edge customer relationship management system, along with other IT solutions, to provide long-time customers with a dedicated service for production and logistics. To enable long-term business partners to plan their operations more efficiently, we have negotiated lengthier contract terms for suppliers and contractors.

Despite the tough economic conditions, we have continued to prioritise the annual investment action plan mapped out by our Technological Strategy 2030. Metinvest delivered on several multi-year projects, introducing innovative and sustainable environmental protection technologies at its assets in Mariupol, Kryvyi Rih and Zaporizhia. The medium-term outcomes of our modernisation projects include reduced emissions, increased energy efficiency and more efficient resource use, which falls in line with our commitment to do more to tackle climate change. To protect the environment in Ukrainian cities, the Group signed six-year cooperation agreements with the municipal governments of Mariupol, Zaporizhia and Kryvyi Rih at Mariupol's first international investment forum to work jointly towards reducing Metinvest's environmental footprint. Overall, the Group invested US\$384 million in environmental protection initiatives in 2019.

Metinvest places great importance on occupational health and safety and works proactively at all levels to provide a safe workplace for employees and contractors. Recognising the unsatisfactory safety performance of past years, the Group adopted a five-year roadmap to upgrade its occupational health and safety management system with the ultimate aim of reaching its uncompromising zero injury target. The initial results of several recent initiatives have been promising,

not least of which is achieving the lowest lost-time injury frequency rate in Metinvest's history in 2019. On top of that, the Group received the prestigious Vision Zero international certification, which assures that our activities reflect our firm commitment to keeping workplaces safe and healthy. Other strategic initiatives in the reporting period included launching a critical risk programme and starting the review process for our industrial safety standards. We are determined to further improve our safety performance by focusing our efforts on steadily implementing the roadmap.

People will always take centre stage on Metinvest's corporate responsibility agenda. As an employer of almost 67,000 professionals, we understand the importance of adhering to the highest standards of business ethics and integrity. That is why we commit ourselves to upholding international human rights through responsible employment practices. Ongoing training and development for employees remains an essential part of the Group's human capital management strategy. For this reason, in 2019, we integrated e-learning tools to empower our people to develop both management and hard professional skills, laying a path for their continuous career growth. Underpinning efforts to increase the appeal of the metals and mining industry for talented youth, Metinvest offered internships to almost 3,000 students, offering them valuable work experience and practical industry insights.

Metinvest is one of the largest job creators and taxpayers in its regions of presence, often serving as a local economic backbone and playing a central role in communities' socioeconomic development. Through our strategic social partnership programme and long-term investments, we improve the quality of life of local residents and enhance the overall appeal of the areas where they live and

work. In 2019, we continued partnering with the city development funds of Mariupol, Kryvyi Rih and Zaporizhia to contribute to the sustainable development of these cities.

We have always worked hard to be able to operate seamlessly and effectively even in the most difficult times, as well as to provide responsible leadership in the face of future challenges. Therefore, when the world was shaken by the outbreak of COVID-19 at the beginning of 2020, we drew upon the considerable resilience the Group has developed over the course of many years to navigate the major market and societal shifts caused by the pandemic. Thanks to the relentless hard work and dedication of our management and employees, we quickly rolled out an extensive response programme to protect our people and help local communities to fight the virus. As we move forward to the next reporting period, the health and safety of our people in Ukraine and around the world will remain our overriding priority.

Yuriy Ryzhenkov
Chief Executive Officer