

INTRODUCTION

CHAIRMAN'S STATEMENT

**GRI 102-14**

The year 2019 has been difficult for the steel industry, which faced a challenging market environment defined by trade conflicts and a slowdown in global economic growth. Metinvest, however, persevered, once again meeting its business and sustainability goals while simultaneously delivering value for stakeholders and making a clear, positive impact on its communities. Thanks to its inspiring leadership, dedicated team and highly effective business model, Metinvest continues to lead the way as a competitive company that cares about its social, environmental and economic impacts.

Our commitment to sustainable growth remains unflinching: throughout 2019 Metinvest worked towards contributing to the achievement of the Sustainable Development Goals, focusing its efforts on the ones the Group can contribute to the most. Moreover, as a member of the United Nations Global Compact, we have continued to integrate the Ten Principles, which span human rights, labour, the environment and anti-corruption, into our business strategy, corporate culture and daily operations. Our commitment to responsible management practices is also reflected in Metinvest's Code of Ethics and other carefully considered policies that constitute the foundation of our approach to effectively managing risks associated with compliance and ethical business practices.

Given the scale of Metinvest's business and the complexity of its operations, our success hinges on the way we manage, integrate and develop our employees, who are essential for providing state-of-the-art services to our customers and sustaining successful business performance in the long run. To ensure that the Group's people-related functions run smoothly and consistently fulfil their purpose, it has established a Sustainable Development and People Management Directorate led by the Chief Sustainability Officer,

which integrates the human capital management, health and safety, environmental protection, public relations and communications departments. From an operational perspective, Metinvest believes that integrating these functions will allow for faster and more agile decision-making in terms of the wellbeing of employees and local communities, thereby incorporating its sustainability values into key business processes.

As a major employer in cities where we operate, we put every effort into creating a safe and comfortable environment for both our employees and local residents. In 2019, the Group spent around US\$102 million on occupational health and safety initiatives; these centred on meeting our zero incidents goal and strengthening the safety culture at our sites. To make sure safety always comes first, Metinvest has also developed a new five-year roadmap for upgrading its health and safety management system, as well as implemented an incentive programme for senior management that prioritises health and safety performance.

Besides ensuring their safety, we want our people to thrive. Thus, we are constantly developing new ways to help our employees to improve their professional skills so they can grow in their careers. By investing in training and development programmes, Metinvest provides talented staff with access to a broad range of learning opportunities, empowering them to progress in many aspects of their personal and professional lives. The Group has also redoubled its cooperation with local universities, offering mentoring and knowledge exchange opportunities to the next generation of steelmakers.

The challenges faced by the steel market have not impeded our environmental projects, and we continue to upgrade our assets in line with our Technological Strategy 2030, which embodies Metinvest's long-term commitment to

adopting rigid environmental standards and minimising its environmental footprint. The Group has also continued to build a robust technological foundation, increasing its environmental spending by 46% year-on-year to US\$384 million. Thanks to this, Metinvest has been able to reduce energy and water consumption, increase energy efficiency and cut down on greenhouse gas emissions. In 2020, we plan to complete ongoing projects and move forward with our environmental project pipeline.

We aspire to build resilient and thriving communities, giving back to the people of the regions where we operate. Metinvest addresses the needs of local residents through impactful social partnership programmes. Our longstanding partnerships with the city development funds of Mariupol, Zaporizhia and Kryvyi Rih put us in a unique position to carry out collaborative community investment projects in Ukraine. These joint efforts have been instrumental in the long-term development of the cities, leading to a marked improvement in the local quality of life.

As the above mentioned initiatives prove, Metinvest always strives to support its people and communities whenever a need arises. Thus, as the global community faced the COVID-19 outbreak in early 2020, the Group was able to mitigate the spread of the virus by introducing prompt containment measures. This allowed us to keep our employees in good health and assist local communities in handling its repercussions. Thanks to the coordinated work of our management team, employees and partners, Metinvest is coping with this challenging period with solidarity and resilience. We firmly believe that our business expertise will enable us to overcome economic disruptions and help the communities we serve to recover and prosper.

In the years to come, we will be making every effort to deliver on our sustainability commitments as well as address the interests of our stakeholders. As we deal with the consequences of the current global COVID-19 pandemic, we have not lost sight of our long-term sustainability goals. In 2020, our work will centre on furthering the Group's environmental agenda, guaranteeing the health and wellbeing of our employees, as well as developing local economies.

Oleg Popov

Chairman of the Supervisory Board