

OCCUPATIONAL HEALTH AND SAFETY

KEY 2019 RESULTS AND EVENTS

Metinvest invested US\$102 million in occupational health and safety

The Group developed a new five-year roadmap for rebooting the health and safety management system

Metinvest received Vision Zero international certification

The Group reached the lowest lost-time injury frequency rate in its history

1,611 employees participated in health and safety training programmes

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OCCUPATIONAL HEALTH AND SAFETY

OUR APPROACH

GRI 103-2

Metinvest is committed to providing a safe work environment for its employees and contractors¹. We apply a proactive approach to ensure that every individual who enters the Group's facilities is engaged in health and safety and committed to the safety culture. To live up to our zero injuries commitment, we focus on cultivating positive behavioural changes, which includes encouraging every employee and contractor to take personal responsibility for their health and safety and improve their individual safety performance.

Metinvest's Policy and Principles in the Field of Health, Safety and the Environment defines our long-term priorities for continuous improvement in this area. The Group has 15 corporate health and safety standards based on international best practices that lay out our comprehensive approach to the field.

Our responsible health and safety practices cascade down from the highest level of the organisation, beginning with the Supervisory Board's Health, Safety and Environmental Committee, which provides effective oversight to ensure compliance with the relevant requirements and practicable global standards.

The Sustainable Development and People Management Directorate, which took over the responsibilities of the Directorate for Occupational Safety and Environment at the Executive Team level, coordinates the Group's work in this area, while the Occupational Health and Safety departments of each asset are responsible for these matters at the entity level.

VISION ZERO

With human life as our overriding priority, we continue to focus on delivering our ultimate health and safety goal of achieving zero incidents.

In 2019, Metinvest became the first organisation in Ukraine to receive Vision Zero certification from the International Social Security Association (ISSA). The Vision Zero approach is based on seven "golden rules" aimed at developing a sustainable safety culture and creating a zero incident working environment.

¹ For the purposes of the Report, the term "contractors" refers to both contractors and subcontractors.



GRI 103-3

In 2019, Metinvest developed a new five-year roadmap for further improving its occupational health and safety management system and reducing the risk of work-related incidents. The roadmap aims to enhance staff motivation and competencies in the area using modern training methods, revise the Group's qualification standards, as well as improve safety performance monitoring and tracking progress.

In 2019, we rolled out a new proprietary health, safety and environment software solution throughout the Group to improve incident monitoring and reporting systems. It consists of eight cloud-based modules, which include incident reporting and investigation, audits and inspections, risk assessment and training, as well as development planning. During the reporting period, more than 1,300 employees were trained to use the new system.

GRI 403-1

In 2018, ISO 45001 replaced OHSAS 18001 as the best practice in international occupational health and safety standards. As of the end of 2019, four Metinvest assets were certified in accordance with the ISO 45001:2018 standard. Another six assets were certified in compliance with OHSAS 18001:2007 and plan to undergo ISO certification audits once their current OHSAS certificates expire².

Metinvest has developed a comprehensive set of KPIs called the Health and Safety Traffic Light, which captures the performance of each asset's occupational health and safety management system.

Health and safety performance is an important part of the bonus programme for both senior management and line

managers of the Group. In 2019, we introduced a supplemental incentive tool for the Executive Team and general directors of production assets called a Health and Safety Trigger to strengthen their focus by increasing or reducing the amount of their bonus based on the Group's performance in this area. In 2020, the trigger was extended to senior management of the Group's assets. In addition, a certain part of line managers' bonus was linked to such KPIs. As a result, the 2020 KPIs of almost 4,000 senior and line managers were linked to their performance in the area.

**GRI 103-3; 403-2
MANAGING HEALTH AND SAFETY RISKS**

Metinvest's risk assessment encompasses all aspects of the Group's operations, from existing production processes to planned investment projects. Across the Group, it has introduced globally recognised standards, including hazard identification (HAZID), environmental hazard identifier (ENVID) and hazard and operability studies (HAZOP), job safety and work safety analysis procedures, as well as lock out, tag out (LOTO) and permit-to-work methods.³

During the reporting period, we carried out 31 risk assessments in accordance with HAZID methodology and two HAZOP risk assessments.

As a part of our five-year roadmap, we have launched a critical risk management programme aimed at preventing fatalities and severe injuries at our production sites. The programme involves conducting an in-depth analysis of the Group's health and safety performance and identifying the root causes of incidents.

During the reporting period, we chose two priority areas for the first stage of the critical risk management programme:

working at height and work that requires isolating hazardous energy sources. Combined, they have accounted for 40% of all severe injuries at the Group over the past 10 years.

Building on global best practices, we have adopted new regulations governing the LOTO procedure and working at height, along with implementation and action plans.

Metinvest has built and equipped new safety parks, as well as upgraded existing ones, for employees at its Ukrainian assets to practice working at height. Safety parks contain multifunctional training areas that simulate real working conditions and allow workers to master practical safe-working skills using safety equipment and personal protective equipment (PPE). This approach to high-risk work helps to minimise the fear factor that may occur in critical situations and mitigate risks when employees perform such tasks.

**GRI 103-3; 403-2
CONDUCTING INTERNAL AUDITS**

Metinvest relies on its internal audit system to evaluate the compliance of the Group's assets with legislative requirements and corporate standards governing occupational health and safety. We conduct regular audits and inspections to detect and promptly eliminate cases of non-compliance. During the reporting period, the Executive Team conducted 23 audits at the production sites. Meanwhile, line managers performed around 116,000 safety inspections and identified over 167,000 cases of non-compliance. To properly address these issues and mitigate future risks, we introduced around 127,000 measures. The results of internal audits conducted in 2019 helped the Group's assets to increase the effectiveness of their health and safety management systems.

² The Group's assets that are certified in compliance with OHSAS 18001:2007 and plan to undergo ISO certification audits once their current OHSAS certificates expire as of the end of the reporting period are Azovstal, Ilyich Steel, Ingulets GOK, Metinvest-Promservice, Mariupol Machining and Repair Plant, Ferreira Valsider and Promet Steel. The Group's assets certified under the ISO 45001:2018 standard as of the end of the reporting period included Metinvest Holding, Northern GOK, Central GOK and Spartan UK.

³ HAZID (Hazard Identification), ENVID (Environmental Hazard Identification) and HAZOP (Hazard and Operability Study) are procedures for assessing the safety and environmental effect of both new projects and existing processes. LOTO (lock out, tag out) is a safety procedure to ensure that potentially dangerous equipment has been shut down correctly to prevent hazardous releases during maintenance, repair or cleaning activities.

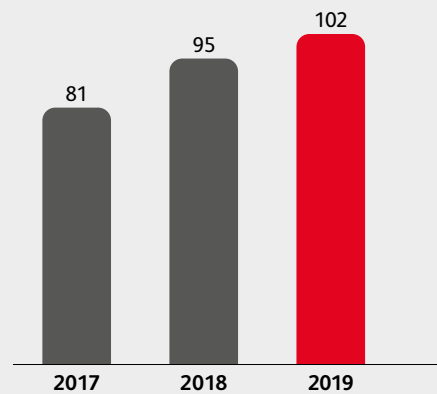
OCCUPATIONAL HEALTH AND SAFETY

INVESTMENTS IN SAFETY

Metinvest continues to invest in safe working conditions to ensure the wellbeing of its employees. In the reporting period, spending on health and safety amounted to US\$102 million, up 7% year-on-year from US\$95 million in 2018. We substantially increased investments in the safety of workplaces, buildings, facilities and transportation.

We closely follow the latest advances in machinery and equipment to continually improve safety at our production sites. New multigas analysers purchased in 2019 feature increased sensitivity for detecting a substantial number of gases, which reduces the risk of poisoning at sites with gas-related hazards. To ensure the safe inspection of buildings and structures in hard-to-reach or hazardous areas, we have purchased drones that can help to perform risk and hazard identification and send an alert to site operators.

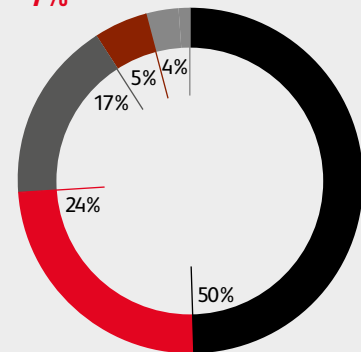
Metinvest's investments in occupational health and safety, US\$ million



Spending on health and safety in 2019

US\$102M

+7%



- Occupational health
- Safety of buildings, facilities and transportation
- Safety in the workplace
- Emergencies and fire safety
- Medical and other expenses

OCCUPATIONAL HEALTH AND SAFETY TRAINING

GRI 403-5

Metinvest works to systematically improve employees' knowledge and skills in the area of occupational health and safety by conducting training sessions for managers, specialists and workers.

Development of staff competencies in health and safety matters is a key element of the Group's roadmap. In 2019, 14 general directors of assets passed the Institution of Occupational Safety and Health (IOSH) Managing Safely course, which is an internationally recognised certification for managers and supervisors. We also launched a system of continuous professional development for the entire health and safety function based on the IOSH competency model.

As part of the critical risk management programme, we have introduced new training programmes for different employee categories, whereby we trained 78 internal health and safety facilitators. In addition, we held a training course on leadership in occupational health and safety for Supervisory Board members and general directors of assets, as well as a course on best health and safety practices in England for 18 specialists of the health and safety function.

In 2019, 1,611 employees took part in health and safety training and 236 employees attended first-aid medical training.

“HUMAN LIFE IS OUR KEY PRIORITY. WE STRIVE TO CREATE A POSITIVE CULTURE REGARDING WORKPLACE SAFETY. THIS MEANS THAT ALL MANAGERS TAKE RESPONSIBILITY FOR SUBORDINATES' SAFETY AND ALL EMPLOYEES DO THE SAME FOR THEMSELVES AND COLLEAGUES.”

Aleksandr Pogozhev, Chief Operations Officer

OCCUPATIONAL HEALTH AND SAFETY**OCCUPATIONAL HEALTH AND SAFETY TRAINING** CONTINUED**HEALTH AND SAFETY LEARNING PROGRAMMES IN 2019**

PROGRAMME	NUMBER OF EMPLOYEES TRAINED
Safely carrying out hazardous work under the permit-to-work system	631
Efficient health and safety management tools for junior managers	374
Providing emergency medical aid (for workers without medical education)	236
Practical application of LOTO and inspection of equipment	99
Health, safety and environmental risk assessment using HAZID and ENVID methodology	78
Analysis of safe working practices	66
Ensuring safe work by contractors	39
Leadership in occupational health and safety for managers	18
Risk analysis and assessment system using international methodologies at Metinvest's enterprises	17
System for occupational health and safety at Metinvest Holding. Safety audits. Implementation and functioning	13
Efficient management of occupational health and safety for managers	13
Analysis of the dangers and issues associated with the HAZOP process for chairmen (designed for training chairmen)	11
Creating frameworks for conducting risk analyses	9
Hazard identification and chairmen skills	7

GRI 403-4**EMPLOYEE MOTIVATION**

Metinvest has developed numerous initiatives to promote a safety culture and build a sense of responsibility among personnel.

Employees are encouraged to submit their ideas for improving workplace health and safety processes. The most relevant and viable initiatives are implemented at the production sites and recognised with a bonus award. In addition to that, an annual company-wide competition supported by the Group's CEO is held to collect innovative health and safety ideas.

During the reporting period, we developed a new Safe Work programme to promote better working practices and reward employees for complying with safety rules. The pilot project was launched in 2020 at four assets: Ilyich Steel, Northern GOK, Metinvest-Promservice and Kryvyi Rih Machining and Repair Plant. It involves line managers who assess workers' performance each day against eight criteria related to occupational and environmental safety habits. The programme aims to focus employees on prioritising safety above all and builds on our aspiration to strengthen our safety culture.

1,700+**HEALTH AND SAFETY PROJECT PROPOSALS SUBMITTED BY EMPLOYEES****~400****PROJECTS APPROVED FOR IMPLEMENTATION**

OCCUPATIONAL INJURY PREVENTION AND RESPONSE



Metinvest follows international best practices by using the lost-time injury frequency rate (LTIFR) and fatality frequency rate (FFR) metrics, which are measured in terms of incidents per million man-hours worked, to monitor its performance. In 2019, the Group improved the health and safety performance at nearly all production assets, achieving the lowest LTIFR in its history. Notably, Ingulets GOK delivered its first year without lost-time injuries, while Ilyich Steel reported 153 days without lost-time injuries, its longest period on record.

In addition, United Coal's vice president, Don Jones, was honoured with the title of Director of Coal Safety in 2019 from the Joseph A. Holmes Safety Association⁴ for his outstanding contributions to preventing and reducing accidents and injuries in the industry.

GRI 403-9

In 2019, despite experiencing a total of 83 workplace injury incidents at the Group's assets, Metinvest was able to decrease its LTIFR to 0.790, which is the lowest rate that it has ever achieved.

Recorded workplace incidents were mostly related to slipping, moving around or falling on a level surface (24% of all injuries), moving or rotating mechanisms (17%), collapse of structures or equipment (10%) and electricity (9%). To prevent such hazards in the future, the Group enhanced fall prevention and electrical safety programmes. In addition, Metinvest continues to provide employees with certified and up-to-date PPE that meets the most rigorous safety

standards. In 2019, the Group adopted new corporate requirements for PPE based on national and international standards and regulations. The updated requirements are related to the operating and protective features of PPE, as well as their physical and mechanical properties.

GRI 403-2

In line with our commitment to respect and protect human rights, our employees have the right to refuse to perform hazardous work or tasks that they believe could have a negative impact on their health.

Although the FFR was nearly halved to 0.053 in 2019 from 0.099 in 2018, demonstrating the coherence of our health and safety measures and controls, we deeply regret that six fatal incidents occurred at Metinvest assets during the reporting period. Three incidents resulted from a deviation from dismantling rules, two incidents resulted from failure to perform a LOTO procedure, while one incident was caused by deviation from the rules for working at height.

We fully investigated each of these incidents and introduced measures aimed at preventing their recurrence. Following a fatal accident in which a worker at Kryvyi Rih Machining and Repair Plant fell from a ladder during a deaerator inspection, we conducted targeted safety audits to check the availability of ladders and set up storage areas for ladders with restricted access. Moreover, we adopted a regulation that defines the rules for the inventory and storage of ladders and gaining access to them. We also issued instructions for shift meetings, which require drawing workers' attention to the importance of strict compliance with the permit-to-work system and safety requirements when performing high-risk tasks.

⁴ The Joseph A. Holmes Safety Association (JAHS) is a non-profit organisation in the US that promotes health and safety in the mining industry.

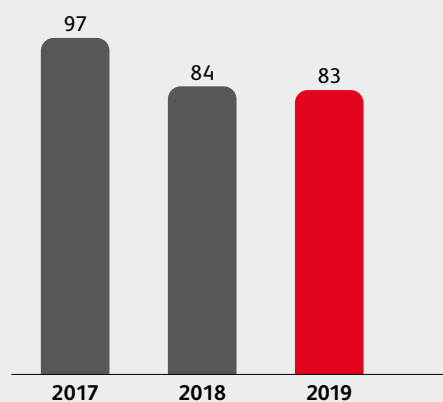
OCCUPATIONAL HEALTH AND SAFETY

OCCUPATIONAL INJURY PREVENTION AND RESPONSE CONTINUED

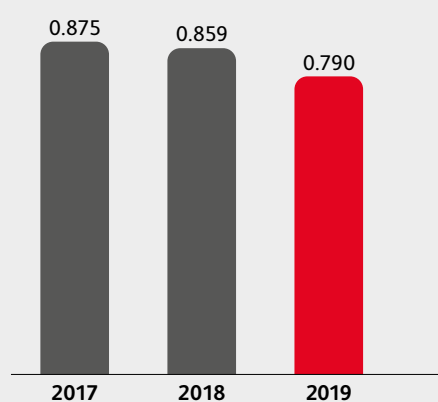
Following a fatal incident where a worker of Metinvest-Promservice lost his life due to the ignition of an electric locomotive while taking measurements, we introduced preventive measures related to LOTO procedures.

We arranged training sessions on maintaining pneumatic system equipment and installing locks and tags, in addition to purchasing special locks to fix pneumatic system cranes in the open position.

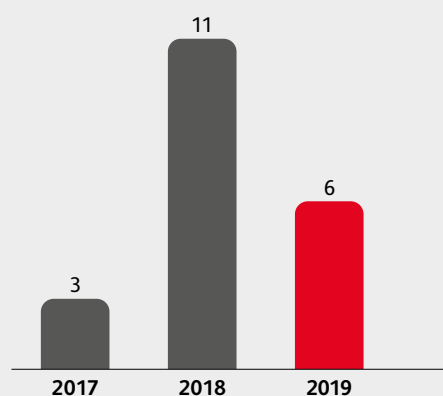
Total number of lost-time injury incidents among Metinvest employees*



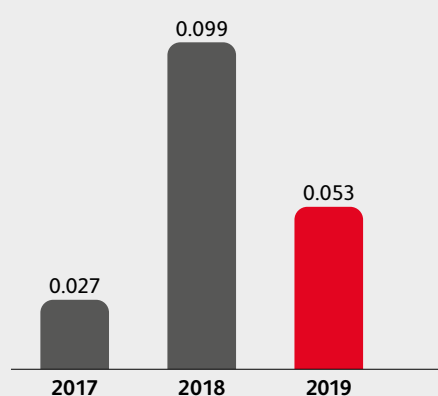
Lost-time injury frequency rate (LTIFR)**



Total number of fatal incidents among Metinvest employees



Fatality frequency rate (FFR)***



* Figures for lost-time injury incidents and LTIFR were recalculated for 2017 and 2018 to reflect adjustments made by United Coal, which introduced an updated calculation methodology. According to the methodology, incidents initially recorded as non-lost time may be later classified as lost time in the event that health complications occur within a year following an incident.

** The lost-time injury frequency rate (LTIFR) is calculated as the number of lost-time incidents per 1 million hours worked.

*** The fatality frequency rate (FFR) is calculated as the number of fatalities that result from work-related injuries per 1 million hours worked.



ACTING ON INCIDENTS

The Group's assets have an incident reporting system in place to inform managers about incidents 24/7, allowing them to take prompt action and minimise consequences. According to Metinvest's internal procedures, the CEO is informed within two hours of any fatal incident and within 24 hours of any lost-time incident.

We thoroughly investigate every incident in accordance with legislative requirements and the Group's internal

procedures. When unsafe working conditions are identified or an injury occurs, we perform root-cause analysis to determine the circumstances and causes of the incident. Subsequently, we review the results of the analysis and adopt the necessary preventative measures. Employees and contractors are required to report incidents or hazardous situations to their supervisor and health and safety specialist. Deliberately concealing information is deemed a serious disciplinary offence.

“THE EARLIER WE KNOW ABOUT AN INCIDENT, THE MORE SAFETY RISKS WE CAN AVOID. WE ENCOURAGE EVERYONE TO TAKE RESPONSIBILITY FOR IMMEDIATE REPORTING. SOMETIMES A POSITIVE OUTCOME IS JUST ONE TIMELY CALL, ONE TIMELY ACTION APART FROM WHAT CAN TURN INTO A SERIOUS ISSUE.”

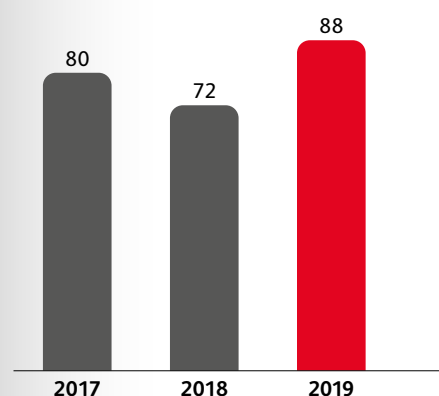
Yuriy Ryzhenkov, Chief Executive Officer

GRI 403-6

EMPLOYEE HEALTH

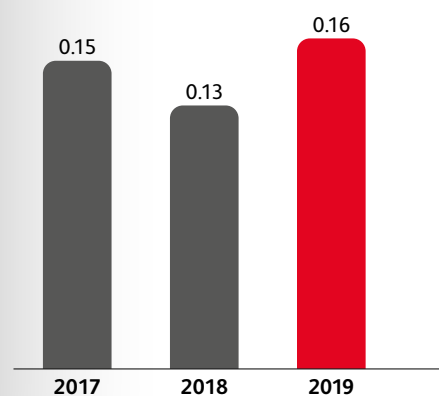
Excellence in health and safety requires continuous support of the physical and mental health of our employees. As a responsible employer, Metinvest develops a healthcare strategy with a view to improve employee wellbeing and promote a healthy lifestyle, reduce the number of workplace illnesses and lost-time injuries, as well as offer effective and qualified first aid.

Total number of cases of workplace illness among Metinvest employees*



* In 2017-18, while Ukraine's State Sanitary and Epidemiological Service was in the process of reorganisation, it did not issue workplace regulations. After the procedure was reinstated in 2019, a greater number of employees were referred to healthcare institutions for workplace illnesses, which led to an increase in the reported rate of workplace illness among employees.

Workplace illnesses frequency rate**



** The workplace illness frequency rate is calculated as the number of workplace illness cases per 200,000 hours worked.

OCCUPATIONAL HEALTH AND SAFETY

OCCUPATIONAL INJURY PREVENTION AND RESPONSE CONTINUED

GRI 403-10; 403-6

The most common types of work-related diseases among Metinvest employees are respiratory diseases, which account for 32% of all work-related illness, followed by musculoskeletal conditions – 68%. To prevent workplace illnesses, Metinvest provides voluntary medical insurance for workers and conducts regular medical checks, including in-depth examinations for cardiovascular pathologies. Certain categories of workers undergo mandatory medical examinations before they begin their shifts or drive a vehicle.

GRI 403-3

Metinvest regularly audits its health services to ensure that they are highly effective in mitigating health risks and promptly diagnosing occupational illnesses, including an annual assessment of the quality of medical examinations. Moreover, we calculate a health index⁵, regularly analyse the dynamics of workplace illness involving a temporary loss of ability to work, and evaluate the psychophysiological causes of workplace injuries. The results are used to develop individual measures for groups of employees who suffer from frequent illnesses.

📄 **For more information about Metinvest's voluntary health insurance and employee wellbeing programmes, please refer to the "Social Benefits" section of the Report.**



COVID-19 RESPONSE

Regardless of the circumstances that we find ourselves in, taking care of our people's health and safety will always be our priority. Since the COVID-19 outbreak began in early 2020, we have been taking all possible measures to prevent the spread of the virus. We have been providing employees with necessary means for personal protection recommended by international and national health organisations, including face masks, respirators, gloves and hand sanitiser.

All premises and Metinvest transport are properly cleaned, disinfected and operate under strict safety requirements.

We have also introduced a #DoctorMetinvest video blog led by our Head of Health Protection Department to equip our staff with knowledge on situations that COVID-19 may cause. The employees receive useful safety tips related to the virus and guidelines on what to do if they experience symptoms.

"WE ATTRACT EMPLOYEE ATTENTION TO THE MOST RELEVANT SITUATIONS CAUSED BY COVID-19 AND GIVE PRACTICAL ADVICE IN A STRAIGHTFORWARD MANNER."

Oleg Vatansky, Head of Health Protection Department

📄 **For more information about Metinvest's response to COVID-19, please visit our STOP CORONAVIRUS website.**

⁵ 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 the year, presented as a percentage of the total number of employees of the asset.

GRI 403-7**CONTRACTOR SAFETY**

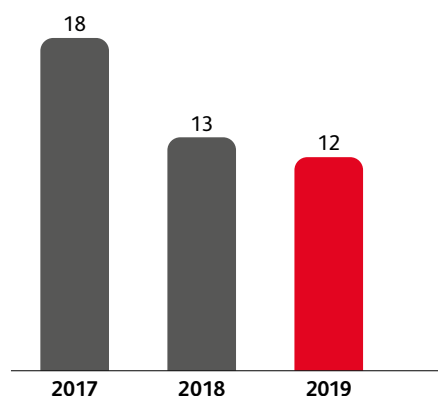
Metinvest hires contractor organisations to perform certain work at its production sites. Contractors are subject to the same occupational health and safety rules as Metinvest employees. On top of that, they are required to comply with the Safety Standard for Contractor Organisations, which sets out the rules and procedures for work performed by contractors. During the contractor selection process, we assess the risks of planned work and contractors' compliance with health and safety regulations. Each contractor has a supervisor responsible for overseeing work and engaging with workers on health and safety matters. If the contractor is involved in high-risk work, Metinvest also assigns a specialist from the Occupational Health and Safety Department at entity level to closely monitor safety compliance. Contractors are required to report all high-risk activities planned the day prior to their start.

We regularly perform safety audits of contractor organisations and provide safety briefings to their employees. Upon the completion of the work, we assess contractors' performance against a set of health and safety criteria to decide on further cooperation.

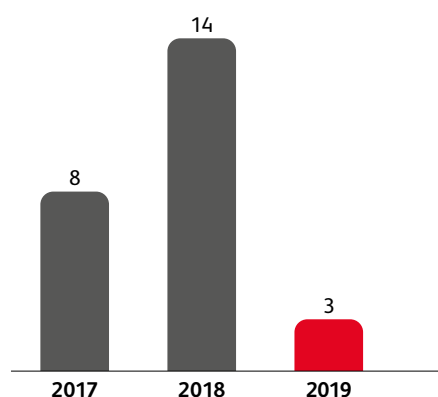
GRI 403-9

Regrettably, there were 12 lost-time incidents and three fatalities among contractors during the reporting period. For all incidents, we conducted full investigations and adopted the measures necessary to prevent similar cases in the future.

Total number of lost-time injury incidents among contractors



Total number of fatal incidents among contractors



In 2020, we aim to centre our efforts on enhancing contractor safety to further improve the overall safety performance of the Group. Our plans include reviewing the contractor selection process by introducing additional health and safety requirements for both pre-qualification and bidding stages. Contractors bidding for projects with high safety risks will be required to provide health and safety management plans for Metinvest to ensure that contractual relations are initiated with those who have highly effective risk control measures in place. In addition, if a contractor organisation has previously performed work for Metinvest, historical health and safety performance records will be taken into consideration.

