ANNUAL REPORT 2021

METINVEST

This report discloses the 2021 financial, operational and sustainability results of Metinvest, a prominent global steel and iron ore group and one of Ukraine's largest private-sector companies. The year was among the most successful in the Group's history in terms of its operational and financial indicators, as well its delivery on environmental, social and governance goals.

On 24 February 2022, after the reporting period, Russia launched a full-scale military invasion of Ukraine, ushering in a new reality. Throughout the war, Metinvest has continued to work diligently to support Ukraine and its people, including providing extensive material support to both employees and communities impacted by the war. By necessity, this report reflects the tragic duality of the moment. While telling the bright story of 2021, it also provides a picture of a nation at war as of the middle of 2022. By definition, this is a snapshot of a fluid and fast-moving situation. Ultimately, the report strives to speak to the fundamental belief that no one will write the future for Ukraine but free Ukrainians.

Reflecting the current reality, this report does not have a title. The minimalist design aims to present the Group as a complex system that has been affected by various factors represented visually as patterns. While these factors may have an impact on Metinvest, the unique structure of its business model endures. Consistent with the uncertainty of the moment, the text avoids making explicit outlook statements. Both the design and tone of the report aim to pay respect to those who have been lost or are suffering from the war, including Metinvest's employees.

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ABOUT THE REPORT

GENERAL APPROACH

GRI 102-50; 102-51; 102-52; 102-54; 102-56

This is the first time in Metinvest's history that it has combined its traditional annual and sustainability reporting under one umbrella. The reporting format has been changed in an effort to improve the efficiency of the Group's communication with stakeholders and integrate data about Metinvest's activities to enhance transparency.

Covering the period from 1 January 2021 to 31 December 2021, the report reflects the Group's financial and operational results, as well as its environmental, social and governance (ESG) performance and metrics. In addition, it discloses information about material events occurring after the reporting period to 1 August 2022. The previous standalone annual report (published in August 2021) and sustainability report (published in December 2021) covered the period from 1 January 2020 to 31 December 2020.

The report has been prepared in accordance with the Core Option of the Global Reporting Initiative (GRI) Standards. The guidelines of the Sustainability Accounting Standards Board (SASB) have been considered as well. In addition, Metinvest has provided information on the Group's contribution to achieving the UN Sustainable Development Goals (SDGs).

To ensure the quality of the information covered in the report, Metinvest works to improve its internal system for non-financial reporting. The internal audit function reviewed numerical data provided by the business units in charge of sustainable development for both quality and accuracy prior to its inclusion in the report.

Metinvest's IFRS consolidated financial statements for the 12 months ended 31 December 2021, which are part of the report, have been audited by PwC, an appointed independent auditor. For a better understanding of Metinvest's financial position and the results of operations, this document and summary financial statements should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2021. They include all disclosures required by International Financial Reporting Standards, as adopted by the European Union, and the statutory provisions of Part 9, Book 2, of the Dutch Civil Code.

GRI 102-31; 102-32

The Supervisory Board reviewed and approved the report's contents prior to publication.

Because of rounding, numbers presented in this report may not add up precisely to the totals provided and percentages may not precisely reflect absolute figures.

REPORT BOUNDARIES

GRI 102-5; 102-45

The report provides information on the performance of Metinvest's assets included in consolidated financial statements. The principal subsidiaries of the Group's parent entity Metinvest B.V. are presented on page 78. In 2021, the boundaries of the report were expanded compared with the 2020 reporting to include entities that joined the Group during the year. In March 2021, Metinvest obtained control over Pokrovske Coal, the largest high-quality coking coal producer in Ukraine. In August 2021, the Group via Dnipro Coke acquired assets relating to the integral property complex of a once full-cycle steelmaker in Kamianske, Ukraine. In February 2022, Dnipro Coke was renamed Kamet Steel.

Zaporizhstal and Southern GOK are classified as joint ventures and not subsidiaries of Metinvest. Key financial, operational and other decisions related to them are made jointly with other shareholders. The results of their financial, operational and other activities are not consolidated in the Group's overall performance. They are disclosed selectively and on a standalone basis.

EVENTS AFTER THE REPORTING PERIOD

Throughout this document, reporting on 2021 results is presented and accompanied by additional commentary about developments relevant to certain material events in 2022, specifically those related to the impact of war. This "dual approach" is explicitly indicated in the report and aims to provide readers with both a transparent representation of the performance in 2021 and a better understanding of the reality facing the Group, Ukraine and its people at the time of writing.

The Group has been significantly affected by the war. As a result, future financial and operational performance of Metinvest is subject to significant uncertainty.

The materiality assessment presented on the following page relates solely to the Group's operations before Russia's full-scale military invasion of Ukraine, which began after the reporting period. The impact of the war in material and moral terms on the Group and the communities where it has operations cannot be assessed fully while the war continues. Therefore, the list of material topics may change for the 2022 report.

In addition to its impact on the core business operations and assets of Metinvest, the war has impacted the Group's ability to collect and process information across its business units. As a result, both the frequency and the level of detail of data published by Metinvest during 2022 has been reduced compared with prior periods, and the Group cannot rule out the 2022 annual report will also be different as to the scope of information being presented compared with the 2021 annual report.

MATERIALITY ASSESSMENT

GRI 102-44; 102-46

To highlight the topics that the Group believes to be of the greatest interest to its key stakeholders and business, and to disclose the most relevant information in the report, a materiality assessment has been conducted in accordance with GRI guidelines. As the assessment took place in 2021, it did not cover war-related issues.

The materiality assessment considers the extent to which Metinvest's activities related to certain topics: (1) influence key stakeholder assessments and decisions and (2) make a significant economic, environmental or social impact. The approach consists of two steps.

Step 1 – identifying the material topics

To compile a list of the highest-priority topics for disclosure, the Group analysed the areas of greatest significance to its stakeholders, as well as its activities within these priorities. It also examined issues raised in the media, industry trends and topics defined by industry peers, as well as underlying investor and creditor expectations. As a result, Metinvest identified 20 material topics for 2021 that reflect the economic, environmental and social impacts of its operations.

Step 2 – prioritising the topics

Although all the chosen topics were material in 2021, some were more important to stakeholders than others and the extent of their impacts on the Group's business varied. As such, the topics were prioritised following an assessment of their importance. To obtain that information, Metinvest asked representatives of key stakeholder groups (customers, employees, suppliers and contractors, investors and creditors, local communities, government authorities and representatives of the media) to rate the importance of each topic. The Group also assessed the expectations of government authorities by reviewing the provisions of major legal acts and standards that it is compliant with.

In addition, Metinvest held roundtable discussions with internal experts from different functional units that are responsible for stakeholder engagement.

The Group assessed the significance of its impact with regard to each topic through an analysis of opinions expressed during internal discussions with the executive team, which provided an overview of Metinvest's sustainability performance and economic, social and environmental impacts.

The results of the assessment are presented in the materiality matrix on this page. The horizontal axis shows the significance of the economic, environmental or social impacts of the Group. The vertical axis shows each topic's influence on stakeholder assessments and decisions.

Materiality matrix

GRI 102-47; 103-1

CORPORATE GOVERNANCE

1 Corporate governance
2 Anti-corruption
3 Ethics and compliance
4 Business transparency and openness

See pages 56-65

ECONOMIC

12 Economic performance
13 Responsibility for the quality of products and services
14 Supply chain and supplier environmental assessment

See pages 16, 21-27, 66-67

SOCIAL

5 Human rights
6 Occupational health and safety
7 Training and education
8 Fair working conditions, decent wages and social benefits, and employee well-being
9 Diversity and inclusion
10 Local community engagement
11 Economic support for communities and social investment

See pages 36-45, 51-54

ENVIRONMENTAL

15 Energy efficiency
16 Water management
17 Biodiversity
18 Climate change
19 Emissions
20 Waste generation

See pages 46-50

STRATEGIC REPORT

The Strategic Report describes Metinvest's highlights of 2021 supported by statements from the Chairperson and CEO. It also provides an overview of global steel market and the macroeconomic environment in Ukraine, as well as the Group's financial and operational results of the reporting period. In addition, it discloses the digital progress achieved by Metinvest in 2021.

CHAIRPERSON'S STATEMENT

STRONG AND UNDAUNTED

The war in Ukraine has ushered in a new reality for the world and brought considerable uncertainty for Metinvest and many of its stakeholders. However, the Group's strong results of 2021 have reinforced its fundamental resilience and empowered it to devote substantial resources for Ukraine and its people in 2022.

GRI 102-14

A NEW REALITY

As Chairperson of Metinvest, it both pains me deeply and fills me with undying hope to see how the Group is responding to the unprovoked military aggression in Ukraine. A few months ago, we had planned to harness one of the best financial performances in Metinvest's history to further strengthen and develop our business and communities. Among other important long-term initiatives, we were focused on the search for practicable decarbonisation pathways and the imminent launch of a modern new campus for Metinvest Polytechnic, Ukraine's first private metals and mining university.

On 24 February 2022, the world as we know it changed forever. Russia's full-scale invasion of Ukraine has had a material impact on the Group and its home country. While our core priorities remain the same – the health and safety of our people, the well-being of our communities, and the sustainability of our business – our immediate focus has shifted.

I join in mourning for the loss of life among Metinvest's employees and their families from the war. We remember those who have given their lives as members of the Armed Forces of Ukraine and other defence forces. And we mark the many others who have died or suffered because of the aggressor state's indiscriminate attacks on workplaces, homes and public spaces in Mariupol, Avdiivka and numerous other Ukrainian cities and towns.

Multiple ongoing hardships and related measures have affected the Group's performance. Foremost among these are the hostilities and subsequent introduction of martial law in Ukraine, military blockades of seaports, destruction of infrastructure, and war-induced migration of people to safer areas. In addition, numerous regulatory changes have been implemented in response to the wartime conditions.

DEFENCE AND HUMANITARIAN EFFORTS

The tenacity and unity that Ukraine's people are exhibiting is inspiring the world. They are fighting fiercely to defend their independence and European future from a brutal and senseless Russian assault against the fundamental values of peace and democracy. Metinvest and its shareholders are committed to helping Ukraine achieve victory.

Since the start of the war, thousands of employees and local residents have taken refuge at some of the Group's facilities, where we had prepared emergency accommodation. In particular, the bomb shelters at Metinvest's Azovstal steel plant became the last bastion of defence in Mariupol, helping the Ukrainian military to withstand countless weeks of siege while protecting the city. Their heroic deeds won the admiration and respect of the free world. I stand in awe of their resolve and grieve their innumerable sacrifices, together with the members of the Supervisory Board and the entire Group.

To do our part in helping the people of Ukraine, we have organised a massive international relief effort through the Saving Lives humanitarian aid centre, which Metinvest has co-founded with other SCM companies. This and other humanitarian initiatives have been coordinated with the charitable foundations of the Group's shareholders, Rinat Akhmetov and Vadym Novynskyi.

Together with our partners, we have provided critical assistance to our employees and other members of local communities affected by the war. Our priorities have included civilian humanitarian aid, shelter for displaced people, support for Ukraine's defenders and funding for other life-saving initiatives.

OVERWHELMING GRATITUDE

On behalf of the entire Supervisory Board, I would first like to express overwhelming gratitude to Ukraine's brave defenders and, second, to all Ukrainians and volunteers. There are no words worthy of your devotion to country, dedication to duty and heroism. We will always be in your debt.

I would also like to thank our stakeholders for helping the Group to withstand the difficulties that we currently face and for their solidarity at this historic moment for Ukraine and for the world. The Metinvest family, both inside Ukraine and internationally, has risen to the occasion and the individual bravery and kindness of our people is inspiring.

In addition, I would like to acknowledge the generosity of our international friends and partners who have supported Ukraine materially and spiritually in its time of need and helped us to organise the collection and delivery of vital aid. Amid the tragedy and loss of this war, we are inspired by your actions.

Together, I believe that we are prepared to overcome whatever obstacles the future holds.

Oleg Popov
Chairperson of the Supervisory Board

CEO'S STATEMENT

RESILIENCE AND RESISTANCE

In 2021, Metinvest delivered a remarkable operational and financial performance amid strong markets. This helped the Group to adjust its business in response to Russia's full-scale invasion of Ukraine in 2022, as well as to support its new-found humanitarian mission.

GRI 102-14

ON A WAR FOOTING

As CEO of Metinvest, an international industrial holding with a significant share of its assets in Ukraine, I am proud of the speed and dedication with which the Group has responded to the war. In particular, our quick decision to mothball some facilities has prevented an environmental disaster, including at the assets in Mariupol, which have suffered substantial damage.

Consistent with the decision of our shareholders, in addition to supporting Ukraine's economy, we are devoting resources to help the country and its people. This includes providing humanitarian aid and supporting the Armed Forces of Ukraine, the Territorial Defence Forces and other forces.

As part of this essential mission, we are helping employees, especially those from hard-hit Mariupol, where around one third of our staff lived and worked. Regrettably, the indiscriminate nature of Russian attacks has made it difficult to protect people in areas close to the front lines.

To assist the employees and family members who have evacuated from those areas, we have opened rehabilitation and reintegration centres in Zaporizhzhia and Kamianske that provide shelter, medical aid and psychological assistance to internally displaced persons.

Metinvest Career Centres, in cooperation with partners, have offered opportunities for displaced employees.

We have also been adjusting the business to the constantly evolving circumstances. An assessment of the impact of the hostilities on Mariupol-based steelmakers will be possible once the city returns to Ukrainian control. Meanwhile, other Ukrainian assets have continued to operate to the extent it is safe for people and economically sound. Also, our mines and plants in other countries have started to function on a standalone basis with the support of the Group.

LIFE BEFORE THE INVASION

While war is the new reality in 2022, the reporting period was a time of relative normality for Metinvest. We were well prepared to capitalise on superlative steel, iron ore and coking coal market conditions. These results were driven primarily by three factors.

First, we delivered outstanding operational improvements. The Group generated additional EBITDA totalling US$568 million by optimising raw material and energy consumption, enhancing sales efficiency, increasing equipment productivity and streamlining logistics and procurement.

Second, over the last five years, we have completed most of the front-end projects of the technological strategy that we launched in 2017. This included implementing a record capital expenditure programme of US$1,280 million in 2021. These investments helped to drive production growth and product quality improvements.

Third, we completed two strategic acquisitions in 2021 that strengthened Metinvest's business. They provided the opportunity to improve self-sufficiency in coking coal and diversify both the geographic footprint and product portfolio. We began unlocking the synergies of these assets straight away, while working to integrate them into our business practices and corporate culture.

Meanwhile, our strong financial performance enabled us to allocate more than US$1,238 million towards deleveraging, which helped to strengthen the Group's balance sheet.

We also continued to deliver on our ESG agenda. A determined focus on the environment and numerous initiatives in the area yielded quantifiable results during the reporting period, including lower greenhouse gas intensity, reduced air emissions and decreased energy intensity of the existing asset base prior to recent acquisitions.

We remained focused on occupational health and safety, a top priority. Metinvest's injury and fatality rates both increased in 2021, which is unacceptable. We will continue to relentlessly pursue an ultimate goal of zero incidents. During the year, we expanded our safety roadmap to cover new critical risk areas and recently acquired assets, including Pokrovske Coal, where a disproportionate number of incidents occurred.

One important initiative was Metinvest Polytechnic, Ukraine's first private steel and mining university. While the war has forced us to delay parts of this project, the university and its staff have not stopped working and are welcoming the first students.

STEADFAST RESOLVE

Although the war has impacted every aspect of the business, the fundamental strength of the team and the diversity that we have built into the asset base will help us to withstand this tremendous challenge. We will uphold our commitments steadfastly and do our utmost to help Ukraine resist and defend itself.

Together with our partners, we will work to survive these trying times and build a future in which we can thrive together. I thank the Supervisory Board and all our stakeholders for their continued support.

Yuriy Ryzhenkov
Chief Executive Officer

HIGHLIGHTS OF 2021

In 2021, Metinvest delivered strong operational and financial results, significantly reduced its debt burden and consolidated new assets following a pair of major acquisitions. During the year, the Group also maintained its focus on ESG factors in line with its strategic priorities.

GRI 102-7

OUTPUT

Crude steel
9,533 kt +15%

Iron ore concentrate
31,341 kt +3%

Coking coal concentrate
5,542 kt +92%

Merchant pig iron and steel products
10,644 kt +16%

Merchant iron ore products
17,530 kt -8%

Coke
4,551 kt -5%

FINANCES

Revenues
US$18,005 mn +72%

EBITDA
US$7,044 mn +3.2x

Net debt
US$1,076 mn -49%

CAPEX
US$1,280 mn +93%

EBITDA margin
39% +18 pp

Net debt to EBITDA
0.2x -0.8x

SUSTAINABILITY

Taxes paid globally
US$1,587 mn +2.6x

Environmental spending
US$511 mn +14%

Health and safety spending
US$138 mn +31%

Employee headcount
86,955 +25%

Direct CO_2 emissions intensity
2.17 $\frac{\text{tonnes of } CO_2}{\text{tonne of crude steel}}$ -6%

Lost-time injury frequency rate
0.794 +53%

VALUES AND STRATEGY

GRI 102-16

VALUES

Metinvest's values are the foundation for its corporate culture and define its strategy. Whatever the challenges, adhering to these principles ensures that the Group acts in the long-term interests of its stakeholders.

LIFE, HEALTH AND ENVIRONMENT
Human life as a priority in seeking to achieve business goals

PROFESSIONALISM
Professionalism in every endeavour

CUSTOMER FOCUS
Ensure best value for customers through cooperation by offering the best ways of meeting their needs

LEADERSHIP
Demonstrate leadership regardless of position and occupation

TEAMWORK
Work as one team, sharing common goals and acting for the benefit of the Group

STRATEGIC GOALS

In 2021, Metinvest made important progress on its strategic goals, while also starting to envisage a new strategy to address the decarbonisation challenge. The Group expects to continue to review its strategy when the war is over to reflect new realities in both Ukraine and the global marketplace.

SUSTAIN COMPETITIVE ADVANTAGES IN STEELMAKING THROUGH VERTICAL INTEGRATION

STRENGTHEN POSITIONS IN STRATEGIC MARKETS

ACHIEVE BUSINESS EXCELLENCE THROUGH BEST PRACTICE

PRIORITIES IN 2021

Metinvest established five core areas as its priorities for the reporting year. While the Group will adjust its strategy to account for the impact of the war, they remain areas of focus for Metinvest going forward.

HEALTH AND SAFETY
Metinvest continued to expand the occupational health and safety roadmap by adding new critical risks and rolling out its programmes at newly acquired assets

See pages 36-39

ENVIRONMENT
The Group advanced in its drive to reduce the environmental impact from its core asset base and improve the efficient use of natural resources

See pages 46-50

CUSTOMER FOCUS
Metinvest worked to develop its core portfolio by expanding the product mix, improving service quality, developing project sales and enhancing digital instruments

See pages 19, 21

OPERATIONAL EFFICIENCY
The Group delivered strong operational improvements by implementing numerous initiatives, both small and large

See page 25

CORPORATE CULTURE
Metinvest improved its talent management system by focusing on the succession pool and worked to create an integrated communication system by enhancing feedback mechanisms and updating the corporate media platform

See page 40

MARKET REVIEW: GLOBAL

A YEAR OF GROWTH

In 2021, commodity markets saw a recovery in both supply and demand as the global economy rebounded from lows reached during the COVID-19 pandemic. Steel, iron ore and coking coal prices stood at multi-year highs, although they subsided somewhat towards the end of the year.

GLOBAL STEEL MARKET

During the year, global crude steel production totalled 1,951 million tonnes, up 3.8% year-on-year, and apparent consumption of finished steel products amounted to 1,834 million tonnes, up 2.7%.

Although China continued to produce and consume more steel than the rest of the world, it was no longer the global growth driver in annual terms. As part of its official policy, the country capped its 2021 steel output at 2020 levels to align with CO_2 emissions goals. Weakness in China's property sector also affected domestic demand for construction steel in the second half of 2021. Taking into account the high-base effect of 2020, caused by China rebounding from the pandemic more quickly than other major economies, its overall crude steel production declined in 2021 by 3.0% to 1,033 million tonnes and apparent consumption of finished steel products dropped by 5.4% to 952 million tonnes.

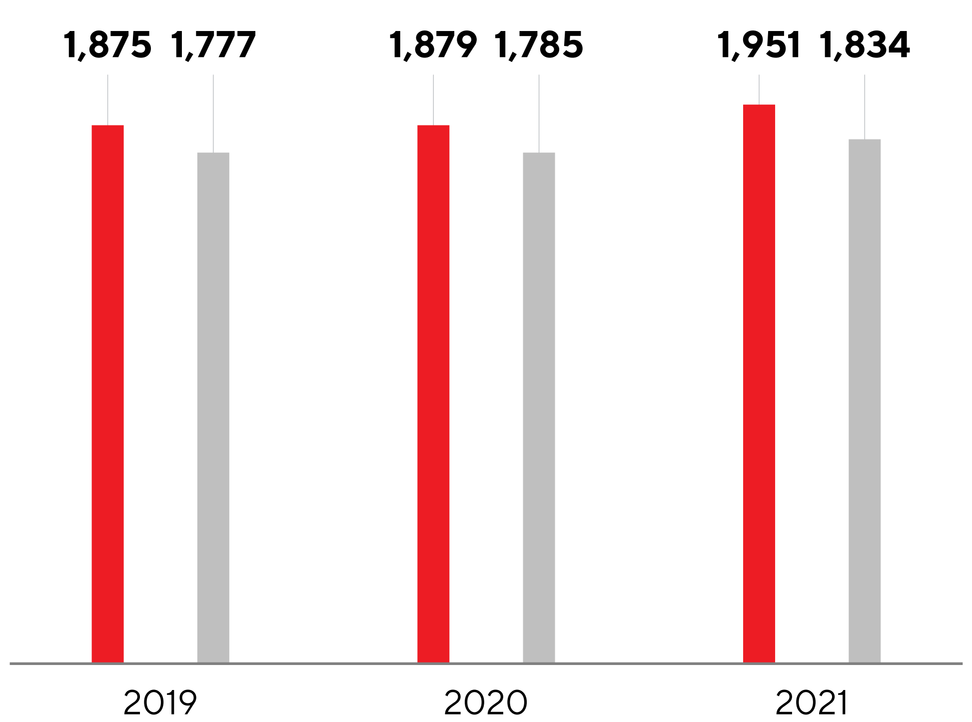
Supply and demand in the rest of the world recovered from the pandemic-driven lows of 2020, driven by economic stimulus measures and the easing of COVID-19 related restrictions. In response, crude steel production expanded by 12.7% to 918 million tonnes and apparent consumption of finished steel products climbed by 13.2% to 882 million tonnes. In particular, the latter increased by 21.3%, 16.6% and 9.3% in the US, the EU-27 and Japan, respectively.

Consistent with these trends, Metinvest shifted sales in favour of strategic markets. For example, sales volumes of semi-finished and finished steel products to Europe rose by 40.7% and 29.7% year-on-year, respectively. Meanwhile, sales volumes of those products to Asia, primarily to China, fell by 81.9% year-on-year.

Protectionist measures remained a central issue for the global steel industry in 2021. After the US and EU relaxed their trade restrictions to some extent, the two sides also agreed to address the challenge of carbon emissions in steelmaking. This announcement came after the EU presented the first iteration of its Carbon Border Adjustment Mechanism (CBAM) in mid-2021. To ensure that the EU's climate policies are effective, the CBAM aims to impose an additional tariff on imports of carbon-intensive products, including steel, to stem carbon leakage from countries without carbon emission trading or taxation regimes. Nevertheless, the final design, scope of application and timing of the CBAM remain to be seen.

Amid these developments, global steel prices reached multi-year highs in the first half of 2021, driven primarily by greater global demand and international supply chain disruptions. In the second half of the year, global prices subsided somewhat, largely due to improvements in steel mill utilisation in Europe and the US, but were supported by elevated coking coal prices despite the fall in iron ore prices induced by collapsing Chinese iron ore demand. Overall, the 2021 average of the hot-rolled coil (HRC) FOB Black Sea benchmark reached US$875 per tonne, up 84.3% year-on-year. While the monthly average peaked in May 2021 at US$1,083 per tonne, it ended the year at US$788 per tonne in December 2021.

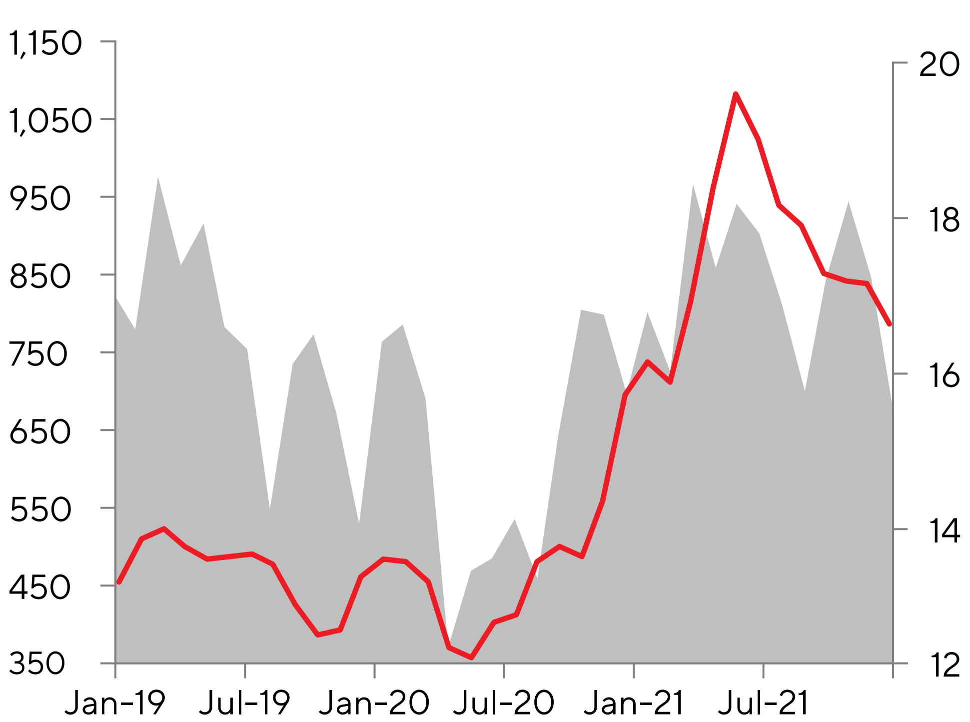
Global steel industry



Crude steel production, mt
Finished steel consumption, mt

Source: World Steel Association

Steel price



Crude steel production in Europe, mt (RHS)
HRC, FOB Black Sea, US$/tonne (LHS)
Europe includes current EU-27 members, the UK, Bosnia and Herzegovina, North Macedonia, Norway, Serbia and Turkey.

Source: World Steel Association, Metal Expert

GLOBAL RAW MATERIALS MARKET

In 2021, both iron ore and coking coal prices demonstrated growth trends.

The key developments for China's steel sector described earlier were among the main drivers impacting global iron ore demand, as the country accounts for more than 67% of worldwide iron ore imports. In 2021, global iron ore trade remained almost flat at 1,663 million tonnes, a 0.3% year-on-year increase, as the 45 million tonne drop in China's iron ore imports in 2021 was almost entirely offset by the 50 million tonne increase in the rest of the world, according to the World Steel Association.

In this environment, Metinvest maximised iron ore sales to markets in Europe and MENA that were logistically closer and resulted in higher margins. Shipments of iron ore products to these two regions rose by 42.4% and 3.5 times year-on-year, respectively. Meanwhile, deliveries to Asia fell by 37.7%, mainly amid significantly lower supplies to China.

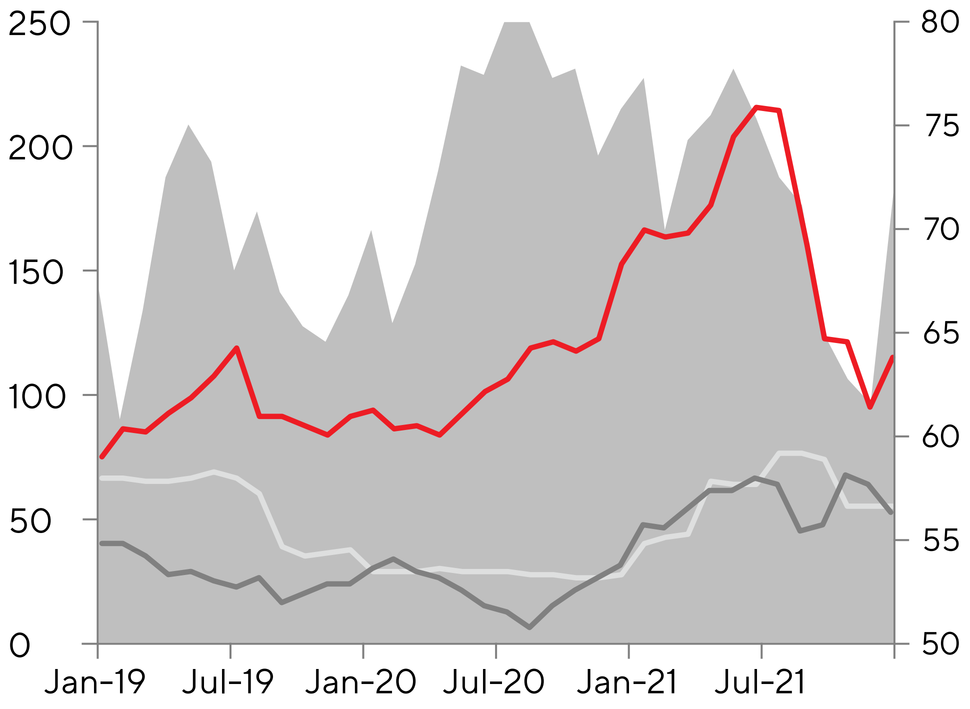
Consequently, the 62% Fe iron ore fines CFR China benchmark price grew from US$159 per dry metric tonne (dmt) at the end of 2020 to a peak of US$233 per dmt in May 2021 before subsiding to close the year at US$119. Overall, the average price climbed by 47.3% year-on-year to US$162 per tonne in 2021.

In 2021, a greater focus on efficiency in hot metal production coupled with increased environmental concerns supported pellet premiums globally. In Europe, the Atlantic basin premium rose by 107.6% year-on-year to US$60 per tonne. In China, the 65% Fe premium grew by 150.7% to US$57 per tonne. Driven by these favourable trends, Metinvest increased overall shipments of pellets by 13.4% year-on-year in the reporting period.

The international coking coal market was in flux after China introduced restrictions on imports of the product from Australia in the second half of 2020 and amid greater demand for coal in India. Meanwhile, weather constraints limited shipments from Australia and COVID-19 border closures between China and Mongolia reduced supplies from the latter.

A tight coking coal supply and demand balance, exacerbated by a sudden tension in global natural gas and thermal coal markets, led to a surge in prices in the second half of the year. The average annual hard coking coal spot price index (premium LV, FOB Australia) increased by 81.5% year-on-year to US$225 per tonne in 2021.

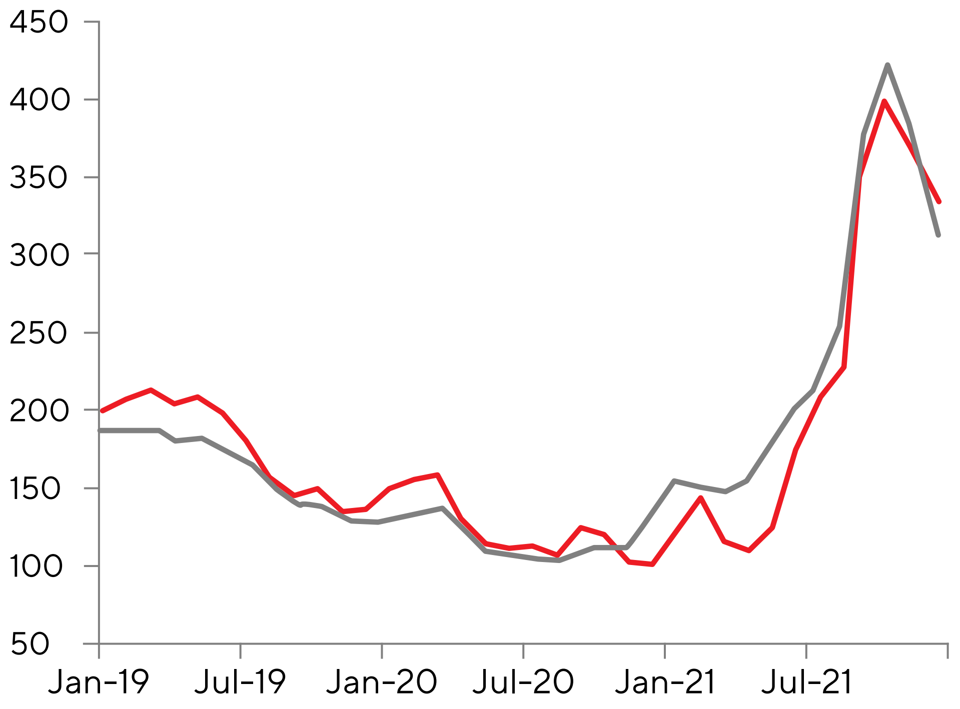
Iron ore price and premiums



Hot metal production in China, mt (RHS)
62% Fe iron ore fines, CFR China, US$/dmt (LHS)
Pellet premium in Europe, US$/tonne (LHS)
Pellet premium in China, US$/tonne (LHS)

Source: Bloomberg, Platts, World Steel Association

Hard coking coal price



Daily spot index, premium LV, FOB Australia, US$/tonne
Daily spot index, HCC LV FOB USEC, US$/tonne

Source: Platts

DEVELOPMENTS AFTER THE REPORTING PERIOD

Global economic developments in 2022 have posed significant challenges for the steel, iron ore and coking coal markets. Russia's full-scale invasion of Ukraine in late February 2022 soon materialised into surging steel prices in Europe and the US. The burden of overall cost inflation has been exacerbated by higher energy prices, especially in Europe and the US, amid a combination of Western sanctions and Russia's retaliatory reductions in gas supplies.

Following a wave of steel, iron ore and coking coal restocking, global demand has softened amid renewed COVID-19 restrictions in China and continued weakness in its property sector. This led to a cooling in the pricing environment in the second quarter of 2022.

Adding to these factors, numerous central banks around the world have doubled their efforts to combat inflation throughout 2022. They have begun to increase interest rates, reduce the liquidity injections started during the pandemic and even introduce quantitative tightening. These measures have resulted in greater concerns about slowing growth and possible recessions in major global economies, including the EU, UK and US, placing further downward pressure on prices for steel and raw materials.

MARKET REVIEW: UKRAINE

A LIMITED RECOVERY

In 2021, Ukraine's economy saw moderate upside. Among key growth drivers, the easing of pandemic restrictions unleashed pent-up domestic demand and global commodity markets supported exports. Amid these broader trends, consumption of the country's steel and iron ore products rose.

MODERATE GROWTH

In 2021, Ukraine's economy saw a reversal of the previous year's negative performance. Overall, real GDP expanded by 3.4% year-on-year after declining by 3.8% in 2020. At the same time, nominal GDP rose to a historic high in dollar terms of US$200 billion, compared with US$157 billion a year ago.

The recovery was driven by improved domestic household demand amid the relaxing of pandemic restrictions. It was also led by record harvests of grain and oilseeds, as well as favourable export markets. In addition, it was aided by the government's sizeable road infrastructure programme. In year-on-year terms, industrial output edged up by 1.9%[1], gross fixed investments increased by 7.5%[1] and the grain harvest rose by 32.5%[1].

Inflation accelerated in 2021, with the annual CPI reaching 9.4% compared with 2.7% a year before. This was above the National Bank of Ukraine (NBU)'s target range of 4-6%, primarily due to food and energy price inflation. This inflationary pressure led the NBU to begin monetary tightening, progressively hiking its key interest rate to 9.0% in December 2021, compared with 6.0% a year earlier.

Though the national currency appreciated throughout most of the year, the trend reversed in November and December 2021. Overall, the average hryvnia rate against the US dollar depreciated by 1.2% year-on-year to 27.29 in 2021, compared with 26.96 in 2020. Coupled with the strong nominal GDP in US dollars, the GDP growth saw the ratio of public debt to GDP drop to 49%, compared with 61%[2] in 2020.

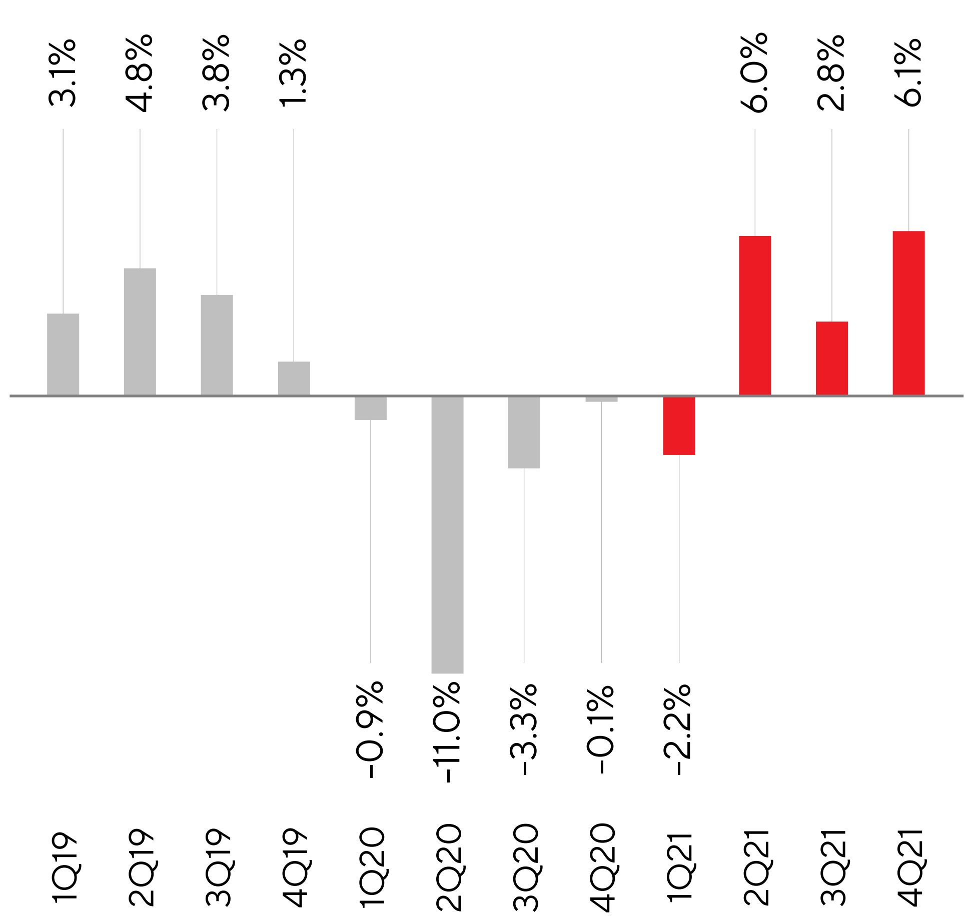
Although Ukraine's budget deficit fell to 3.4%[2] in 2021, down from 5.3%[2] in 2020, amid an increase of 20.7%[2] in budget revenues, external financing remained an important source of support. After a delay of more than a year, the country completed the review of the IMF programme. In November 2021, the IMF released a second, US$0.7 billion tranche under the US$5.0 billion Stand-By Arrangement.

According to the Ministry of Finance of Ukraine, the government's net borrowings in the year amounted to US$4.2 billion domestically and US$3.5 billion internationally. Funding was provided by several international institutions, including the EU, IMF, World Bank, European Investment Bank and European Bank for Reconstruction and Development. Ukraine also used the favourable environment on international debt capital markets in 2021 to issue US$1,250 million (with additional tap issuance of US$500 million on top) in 8.1-year Eurobonds with a coupon of 6.876% per annum. This is the lowest US-dollar denominated coupon achieved by the sovereign in international capital markets since 2011.

Amid prudent monetary policy and debt management, the NBU increased its international reserves by 6.2% year-on-year to US$30.9 billion as of the year-end.

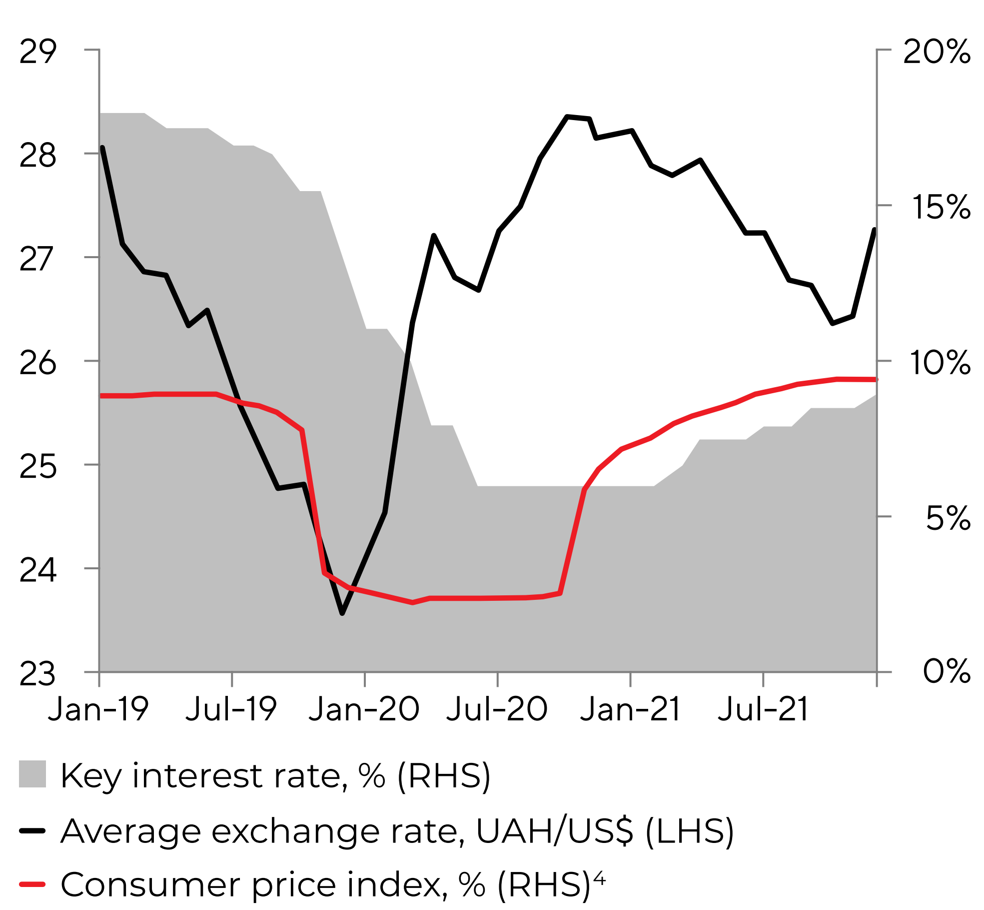
At the end of 2021, Ukraine's sovereign credit ratings from international agencies Fitch and S&P remained aligned at 'B'. Moody's had a rating of 'B3' for the country. The outlook on all three ratings was 'stable'.

Real GDP dynamics[3]



Source: State Statistics Service of Ukraine

Monetary policy



Source: State Statistics Service of Ukraine, NBU

1 State Statistics Service of Ukraine.
2 Ministry of Finance of Ukraine, State Statistics Service of Ukraine.
3 Percent change over the corresponding quarter of the previous year.
4 For CPI, the year-on-year change is for the corresponding cumulative monthly periods since the beginning of the year.

FOLLOWING THE UPWARD TREND

In 2021, Ukraine's traditionally export-oriented steel and iron ore industries followed the global and domestic economic growth trends.

Apparent steel consumption (excluding pipes) in the country climbed by 6.4% year-on-year to 5.7 million tonnes. This was driven by greater construction activity (up 6.8%), machinery output (up 8.5%), pipe production (up 11.3%) and metalware output (up 9.3%). In response to stronger local and export demand, domestic steelmakers increased their crude steel production by 3.6% year-on-year to 21.4 million tonnes.

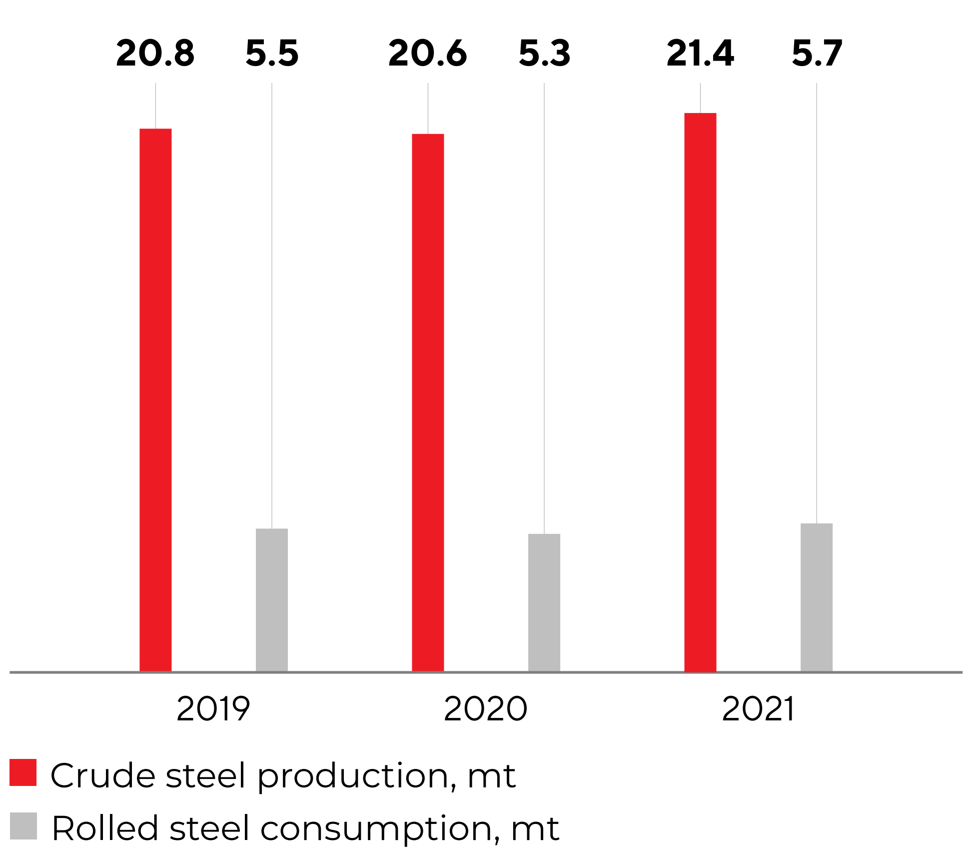
Metinvest followed these trends. It boosted crude steel production by 15.3% year-on-year to 9.5 million tonnes, lifted by the acquisition of new assets in Kamianske and greater output at its steel plants in Mariupol. The Group also increased sales volumes of flat and long products in Ukraine by 6.0% year-on-year.

Greater hot metal output in the country and favourable steel and iron ore export markets spurred the iron ore industry. According to the Group's estimates based on UEX data, Ukraine's merchant iron ore product output and consumption rose by 4.3% and 2.6% year-on-year to 78.8 million tonnes and 33.1 million tonnes, respectively. Metinvest, being the largest iron ore producer in the country, also increased its iron ore concentrate output by 2.8% year-on-year to 31.3 million tonnes.

Ukraine's coking coal production increased by 3.7% year-on-year to 7.2 million tonnes[5]. This was mostly caused by output growth at several state-owned mines, as well as an increase at Metinvest's Pokrovske Coal. As a result, the share of coking coal imports in domestic consumption decreased by one percentage point to 72%[6].

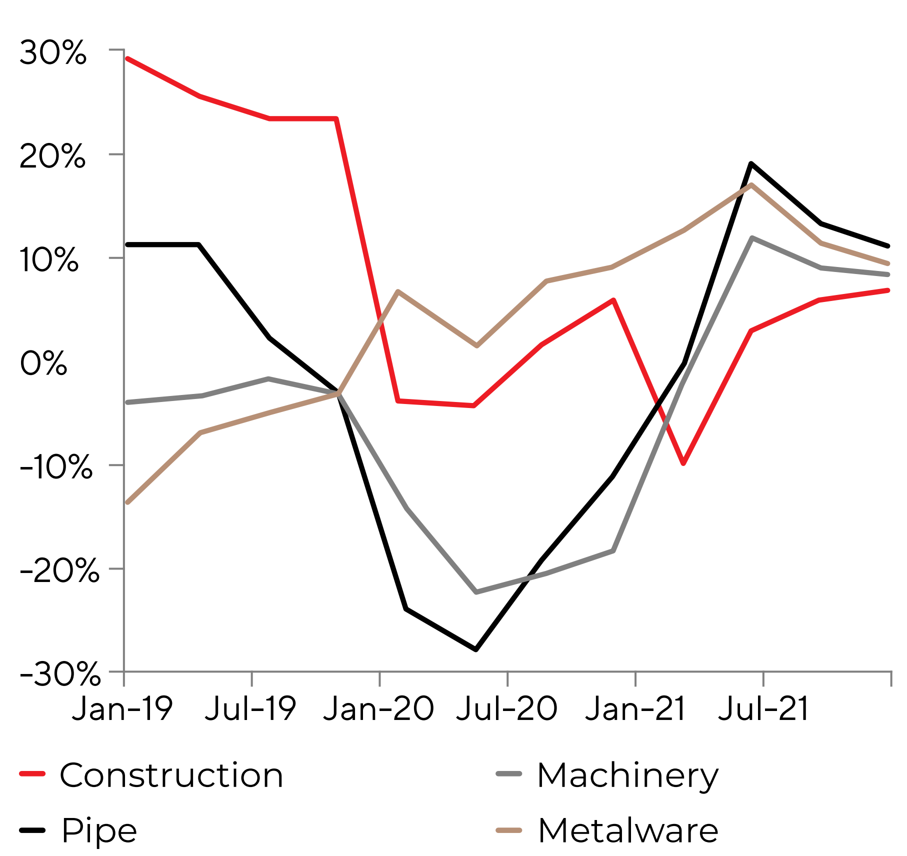
[5] Ministry of Energy of Ukraine.
[6] Ukrainian Coke Producers' Association.
[7] All indexes represent the cumulative index from the beginning of the respective year, year-on-year change.

Steel industry in Ukraine



Source: World Steel Association, Metal Expert

Key steel consuming sectors[7]



Source: State Statistics Service of Ukraine, Metal Expert

WAR IMPACT

The war has fundamentally changed life in Ukraine. While Russian troops initially occupied northern regions of the country and reached the Kyiv suburbs, they were later repelled from there. At the time of writing, active conflict is ongoing, primarily in southern and eastern regions, while some territories remain temporarily occupied. Unfortunately, both civilian and military casualty numbers are likely to continue to rise.

The impact on the people of Ukraine has been profound. Of an average population of roughly 41 million[8] in 2021, about 6.2 million[9] have fled as refugees to other European countries. Ukraine also has more than 6.3 million[9] internally displaced people.

The damage to Ukraine's assets and physical infrastructure has been extensive. Russia has blocked or occupied key seaports, while the limited railway capacity with Western countries has been unable to completely replace seaborne throughput. This has prevented most seaborne imports and exports. The latter include agricultural crops, oils, steel and iron ore, which represent a significant portion of the country's export revenues. In July 2022, the UN brokered an agreement to enable exports of Ukrainian grain and related foods via three Black Sea ports in the Odesa region. It remains to be seen whether such maritime traffic will be sufficient to achieve meaningful export volumes.

In terms of key economic developments, the IMF estimates[10] that real GDP could fall by as much as 35% year-on-year in 2022. The state budget is experiencing a deep deficit amid falling budget revenues and a major increase in military expenses. Ukraine needs significant external financial support to cover its balance of payments and budget needs. To maintain economic resilience, the NBU has imposed several capital control restrictions, including fixing the official hryvnia exchange rate against the US dollar and suspending its inflation targeting regime.

The Ukrainian steel and iron ore mining industries have also been affected materially. Most steel mills halted production in March 2022 to preserve equipment and ensure the safety of personnel. As of August 2022, key mills outside Mariupol have resumed operations, albeit at reduced volumes. Iron ore producers had to scale back operations, mainly because of lower local demand and logistical constraints on exports.

Following the Russian invasion, all three international rating agencies downgraded their sovereign credit ratings for Ukraine. As of 1 August 2022, S&P's rating was 'CC', the outlook 'negative'; Moody's assessment was 'Caa3', the outlook 'negative'; and Fitch's rating stood at 'C'.

This is undeniably the greatest challenge that Ukraine has faced since gaining independence. The situation remains highly unstable and war is inherently unpredictable. The courage of the people of Ukraine and support of the international community are vital to the country's ability to withstand this attack on its sovereignty.

[8] State Statistics Service of Ukraine.
[9] As at 22-29 July 2022, according to the UN High Commissioner for Refugees.
[10] As at April 2022.

OPERATIONAL REVIEW

INTEGRATION AND EFFICIENCY

In 2021, Metinvest consolidated new production assets, which promptly started to generate material business synergies. Coupled with the results of recent investments and a multi-year focus on efficiency, this helped the Group to post a robust operational performance.

STENGTHENING THE BUSINESS

In 2021, Metinvest was prepared to take advantage of steel and iron ore market developments. Recent investments in its assets and a relentless focus on operational improvements bore fruit. On top of an increase in overall production volumes at its steelmakers and iron ore producers, the Group improved the quality of its product portfolio. As such, the share of finished goods in the merchant pig iron and steel product mix increased, while the iron ore product mix was redistributed to expand pellet output.

In addition, Metinvest made two strategically important acquisitions during the year. In March 2021, it obtained control over Pokrovske Coal, the largest high-quality coking coal producer in Ukraine, by exercising an option. Pokrovske Coal comprises several entities, the main ones being Pokrovske Colliery and Sviato-Varvarynska Beneficiation Factory. Following this, the Group has significantly strengthened its self-sufficiency in this raw material.

In August 2021, Metinvest acquired assets relating to the integral property complex of a once integrated steelmaker in Kamianske, Ukraine. They have been consolidated under the umbrella of Kamet Steel. For more details about this acquisition and its synergies for the Group, see page 17.

MINING SEGMENT

GRI 102-2; 102-7

Iron ore

In 2021, Metinvest remained a top ten global iron ore producer and the second largest[1] in Eastern Europe in terms of annual output. As of 1 July 2021, the reporting date of the Group's most recent assessment of iron ore resources and reserves in accordance with the JORC Code, it had total Ore Reserves of 2,142 million tonnes grading 33.5% Fe_T (total iron) and 25.0% Fe_M (magnetic iron) and total Mineral Resources of 10,576 million tonnes grading 35.1% Fe_T and 26.0% Fe_M (both as reported on an aggregated and not attributable basis). For more details please refer to the respective announcement at Euronext Dublin.

Metinvest's iron ore extraction and processing assets are Central GOK, Ingulets GOK and Northern GOK. They produce concentrate with an Fe content that ranges from 64.7% to 70.5%.

Northern GOK and Central GOK operate pelletising plants that had a combined annual production capacity of 8.6 million tonnes of pellets as of 2021 using the three roasting machines that remained in operation. Their pellets have an Fe content from 63.1% to 67.9%; the higher ones are suitable for use in DRI technology.

In addition, the Group has a 45.9% interest in Southern GOK, which is classified as a joint venture. It produces concentrate with an Fe content from 65.2% to 68.5%. Its products are used by Metinvest's integrated steel plants or sold to third parties, primarily through the Group's trading companies[2].

Metinvest's iron ore assets are all located in the city of Kryvyi Rih, Ukraine, which is in relative proximity to its steelmaking facilities. This helps to ensure the long-term security of iron ore supplies for them. Their direct access to extensive rail links also allows them to ship their products to third parties worldwide.

[1] Own estimate based on companies' public production information for 2021, excluding Chinese and Indian companies.

[2] As under such resale transactions, Metinvest is acting as an agent and not as principal, income and costs related to them are presented net within revenues.

In 2021, the Group's iron ore extraction climbed by 3% year-on-year to 73,508 thousand tonnes. Greater ore mining and processing volumes, both attributable to increased productivity of mining transport facilities and throughput of the ore beneficiation plants, as well as recently realised investments, contributed to the overall iron ore concentrate output rising by 3% year-on-year to 31,341 thousand tonnes.

During the year, the iron ore product mix was redistributed in favour of pellets. This led to an increase in total pellet output of 14% year-on-year to 8,603 thousand tonnes amid strong pellet premiums globally and robust demand. The remaining concentrate volumes dropped to 20,446 thousand tonnes.

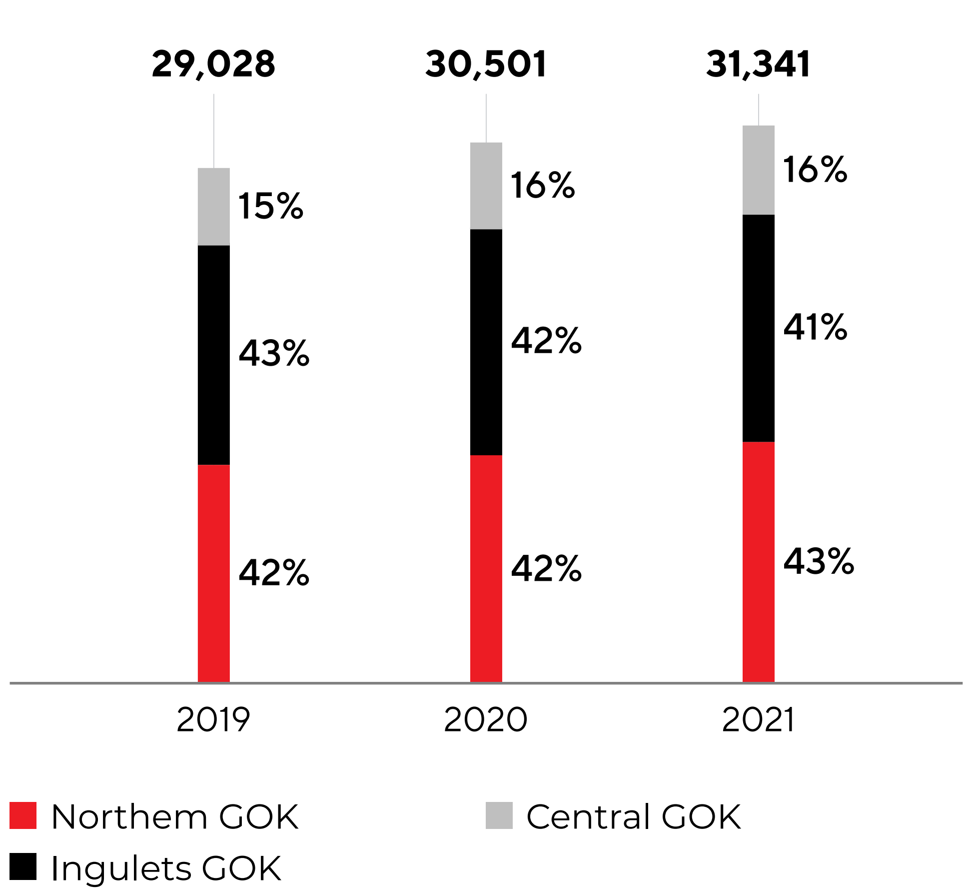
In the reporting period, Metinvest's self-sufficiency was 228%[3].

A total of 2,792 thousand tonnes of pellets were allocated for hot metal production. In addition, 8,727 thousand tonnes of iron ore concentrate was combined with purchased iron ore concentrate and sinter ore to make 14,616 thousand tonnes of sinter. This was then used in hot metal operations at the Group's steelmakers.

An increase in intragroup consumption of iron ore and the redistribution of orders in favour of pellets shaped Metinvest's merchant iron ore product output in 2021. As such, it declined by 8% year-on-year to 17,530 thousand tonnes. Merchant concentrate production dropped by 17% to 11,719 thousand tonnes, of which high-grade concentrate (with an Fe content of 67% or higher) accounted for 38% (22% in 2020). Meanwhile, merchant pellet output rose by 18% to 5,811 thousand tonnes, of which high-grade pellets (with an Fe content of 65% or higher) accounted for 38% (46% in 2020). Notably, following recent technological upgrades, Central GOK ramped up production of DR-grade pellets, which reached 617 thousand tonnes in 2021, compared with 45 thousand tonnes in 2020.

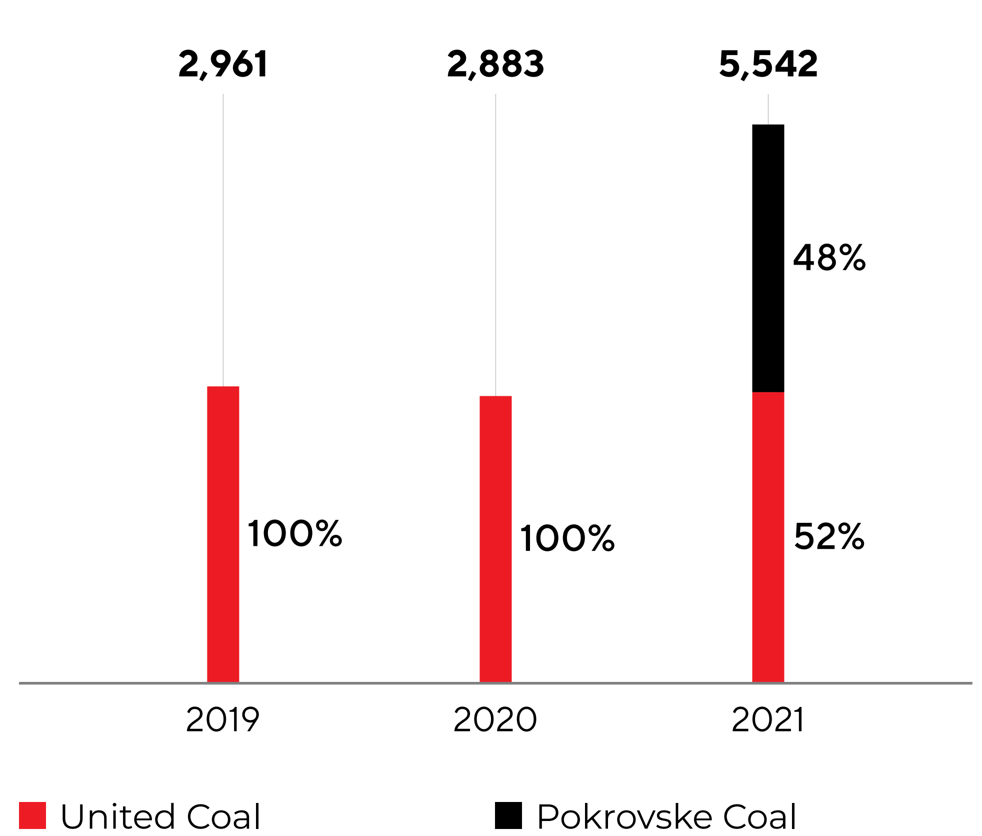
Iron ore concentrate production

31,341 kt +3%



Coking coal concentrate production

5,542 kt +92%



Coking coal

Metinvest produces high-quality coking coal at United Coal, in the central Appalachian region of the US, and at Pokrovske Coal, the assets of which are located on the border of Ukraine's Dnipro and Donetsk regions.

As of 1 July 2021, the reporting date of the Group's most recent assessment of metallurgical coal resources and reserves in accordance with the JORC Code, it had total Coal Reserves of 307 million tonnes and total Coal Resources of 411 million tonnes (both as reported on an aggregated and not attributable basis). For more details please refer to the respective announcement at Euronext Dublin.

In 2021, Metinvest's extraction of raw coal using both underground and surface mining techniques increased by 67% year-on-year to 12,142 thousand tonnes, while its overall coking coal concentrate output rose by 92% to 5,542 thousand tonnes[4]. This was driven by the consolidation of Pokrovske Coal in March 2021.

In the reporting period, the Group's self-sufficiency in this raw material was 69%[5]. Metinvest also sources coking coal externally and sells a certain amount of coking coal to third parties. In 2021, the Group worked with numerous suppliers from neighbouring countries and further afield, including the US.

[3] Calculated as actual iron ore concentrate production divided by actual consumption of iron ore products to produce hot metal.
[4] This figure excludes the processing of purchased coal. Pokrovske Coal's total output of coking coal concentrate was 3,207 thousand tonnes in 2021.
[5] Calculated as actual coal concentrate production divided by actual consumption of coal concentrate to produce coke required for production of hot metal; includes coal consumption for PCI.

PRODUCT QUALITY MANAGEMENT

GRI 103-2; 103-3; 416-1; 417-1

Metinvest strives to conform with the international quality standards and requirements applied to both final products and production processes. The Regulation on Product Quality Management is a key corporate standard on quality control that governs internal processes and procedures. In addition, the implementation of the ISO 9001 standard helps to improve the quality management system at the Group's entities. At the end of 2021, 16 production sites were certified under ISO 9001[6].

Metinvest has a specially dedicated function at the level of the Group and each production asset responsible for product quality management.

Before preparing products for sale, a quality certificate is issued for each product unit or production lot that describes its properties and confirms compliance with quality requirements. In 2021, Metinvest engaged independent inspectors to perform additional visual checks of products before they were shipped. In addition, certified laboratories performed chemical analysis for each production lot.

In 2021, the Group's steel assets also used equipment to automatically monitor radiation levels of vehicles as they entered and exited its facilities as outlined in its internal procedures. Railcars and other vehicles containing materials with elevated radiation levels are not allowed to enter or depart any facility. If increased radiation levels are detected, the approach is to isolate the affected vehicles and inform regulators and the relevant local public authorities. No cases of contaminated scrap were detected in 2019-2021.

[6] Avdiivka Coke, Azovstal, Central GOK, Ferriera Valsider, Ilyich Steel, Ingulets GOK, Kamet Steel, Kryvyi Rih Machining and Repair Plant, Mariupol Machining and Repair Plant, Metinvest Trametal, Northern GOK, Promet Steel, Spartan UK, Unisteel, Zaporizhia Coke and Zaporizhia Refractories.

METALLURGICAL SEGMENT

GRI 102-2; 102-7

Coke

In 2021, Metinvest produced metallurgical coke at Avdiivka Coke, Zaporizhia Coke, and the facilities at Azovstal and Kamet Steel, all of which are in Ukraine.

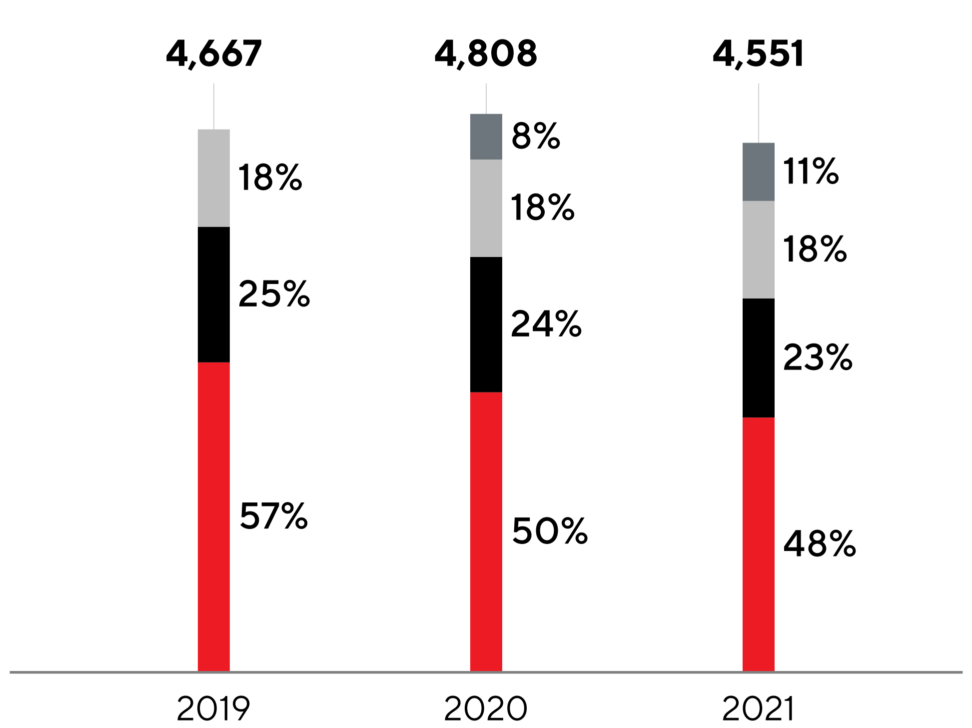
The Group's production of dry blast furnace coke fell by 5% year-on-year to 4,551 thousand tonnes. Output fell at Avdiivka Coke by 9% and at Azovstal by 11% amid a shortage of raw materials in the second half of the year. Meanwhile, the effect of the consolidation of Kamet Steel's production since April 2020 amounted to 95 thousand tonnes.

In 2021, Metinvest's self-sufficiency in coke[7] was 107%.

The Group also has a 23.71% stake in Southern Coke (classified as an associated company), another Ukrainian metallurgical coke producer. In 2021, its annual dry blast furnace coke production was 663 thousand tonnes, up 7% year-on-year.

Coke production

4,551 kt -5%



Steel

In 2021, Metinvest was ranked 42nd among steelmakers worldwide and fourth in Eastern Europe[9]. As of the year-end, the Group's steelmaking capacities included the following integrated steelmakers, all of which were located in Ukraine: Azovstal and Ilyich Steel in Mariupol and Kamet Steel in Kamianske.

In addition, Metinvest holds a 49.997% interest in Zaporizhstal, an integrated steelmaker located in Zaporizhzhia, Ukraine, which is classified as a joint venture. It is one of the Group's largest purchasers of iron ore and has a complementary product mix.

Metinvest has four rolling mills in other European countries, the business model of which is to produce finished goods close to local end users: Ferriera Valsider and Metinvest Trametal in Italy, Promet Steel in Bulgaria and Spartan in the UK. In 2021, the flat producers in Italy and the UK re-rolled slabs from the Mariupol steel mills into plates and coils. Meanwhile, the Bulgarian long producer re-rolled Kamet Steel's billets into rebar and other long products. The Group's total re-rolling capacity in these countries is around 2.1 million tonnes a year.

Metinvest's subsidiary Unisteel operates a galvanising line. The plant is located in Kryvyi Rih, Ukraine, and can produce up to 100 thousand tonnes of steel coils a year.

[7] Calculated as actual coke production divided by actual consumption of coke to produce hot metal.
[8] Kamet Steel's coke production data for 2020 covers the period starting from Dnipro Coke's consolidation in April 2020.
[9] World Steel Association ranking for 2021, based on tonnage produced and geographical location of assets.

ACQUISITION IN 2021

KAMET STEEL

A strategic diversification

Kamet Steel unites Metinvest's coke production and steelmaking assets in Kamianske, Ukraine.

The coke operations were previously part of Dnipro Coke, a metallurgical coke manufacturer that the Group consolidated as a subsidiary in April 2020.

At an auction held in 2021 as part of the bankruptcy proceedings of PJSC Dneprovsky Iron & Steel Works (DMK), which was once among the largest steelmakers in Ukraine and operated a full-cycle metallurgical production facility, Dnipro Coke paid around US$341 million to acquire assets relating to the former company's integral property complex.

To reflect its new role as a steelmaker, Dnipro Coke was renamed Kamet Steel in February 2022, after the reporting period.

A source of additional synergies

Kamet Steel has preserved an important industrial asset and source of decent jobs for the community of Kamianske. Through the transaction, over 8,000 plant workers became employees of the Group. Work is under way to embed Metinvest's culture at these assets, including its approaches to health, safety and environmental management.

Kamet Steel's newly acquired capacities include production of 3.2 million tonnes of crude steel a year. This has made it possible for the Group to expand its product mix by effectively securing production of billets, wire rod and rebar, as well as shapes and bars. It also provides Promet Steel with square billets for processing.

As DMK was previously one of the largest buyers of the Group's iron ore and coke in Ukraine, consolidating its production complex into Kamet Steel generated additional synergies throughout the entire production chain.

In 2021, the production volumes that became part of Kamet Steel contributed materially to Metinvest's operational performance. They included 933 thousand tonnes of crude steel cast from August to December 2021.

Cash consideration

US$341 mn

Crude steel production capacity

3.2 mt

PRODUCTION OPERATIONS IN THE EU, UK AND US

GRI 102-4

Map Legend

- Metallurgical assets
- Mining assets
- Coking coal
- Re-roller

For a map of the Group's operations in Ukraine, see page 20.

PRODUCTS

GRI 102-2; 102-6

Metinvest is a trusted partner and supplier of high-quality products. In 2021, the Group sold products to almost 7,200 customers in around 100 countries through its network of sales offices and distribution centres in Europe, Africa, Asia and North America.

Metinvest has sold its steel products to the construction, shipbuilding, railcar, machinery, energy and mining industries. Around the world, customers have used them to build bridges, roads, skyscrapers, office buildings, residential complexes, art spaces, malls and many other prominent structures.

Key products in 2021

Finished products | Flat
- Hot-rolled plates
- Hot-rolled coils and sheets
- Cold-rolled coils and sheets
- Galvanised coils and sheets

Finished products | Long
- Shapes and bars
- Rebar
- Wire rod

Finished products | Other
- Railway products[10]
- Tubular products

Semi-finished products
- Pig iron
- Slabs
- Billets

Raw materials
- Iron ore concentrate and pellets
- Coking coal concentrate
- Coke

[10] Railway products are classified as part of long products for the Group's sales analysis purposes.

In 2021, Metinvest's hot metal output climbed by 15% year-on-year to 9,709 thousand tonnes. Kamet Steel contributed 849 thousand tonnes of this increase. Ilyich Steel's hot metal output increased by 8% because of blast furnace productivity improvements and major overhauls conducted in 2020, while that of Azovstal remained almost unchanged year-on-year.

The Group's crude steel output rose by 15% year-on-year to 9,533 thousand tonnes. The consolidation of Kamet Steel's facilities added 933 thousand tonnes. Ilyich Steel's production increased by 5% year-on-year as a result of greater hot metal output, while that of Azovstal grew by 3%, mainly because of lower merchant pig iron production.

In 2021, out of the total volume of crude steel output, Azovstal and Ilyich Steel cast 8,224 thousand tonnes of slabs, of which 6,573 thousand tonnes went to their own rolling mills and Metinvest's re-rollers in Italy and the UK to make flat products. Azovstal also produced 376 thousand tonnes of steel ingots, which were used to make long products and rails. In addition, since the purchase of new facilities in August 2021, Kamet Steel cast 933 thousand tonnes of billets, of which 520 thousand tonnes went to its own rolling mills and Promet Steel to make long products.

In 2021, the Group's output of merchant semi-finished products rose by 3% year-on-year to 3,411 thousand tonnes. Of this, Kamet Steel produced 413 thousand tonnes of merchant billets. Merchant pig iron output rose by 24% year-on-year to 1,347 thousand tonnes, mainly because of greater hot metal production at Ilyich Steel. Meanwhile, merchant slab output dropped by 26% year-on-year to 1,651 thousand tonnes, as more slabs were allocated for flat product rolling.

During the reporting period, Metinvest's output of finished products climbed by 23% year-on-year to 7,233 thousand tonnes. In particular, flat product output increased to 5,978 thousand tonnes, up 24%. This was mainly driven by greater production of hot-rolled coils amid improved productivity of hot strip mill 1700 at Ilyich Steel, as well as growth in orders for plates at Azovstal and cold-rolled and galvanised products at Ilyich Steel. Long product output surged by 37% year-on-year to 1,089 thousand tonnes amid an increase in orders at Promet Steel and the consolidation of Kamet Steel's re-rolling facilities. Railway product output dropped by 39% year-on-year to 48 thousand tonnes in response to lower demand from Ukrainian Railways. Tubular product output fell by 22% year-on-year to 118 thousand tonnes amid fewer orders.

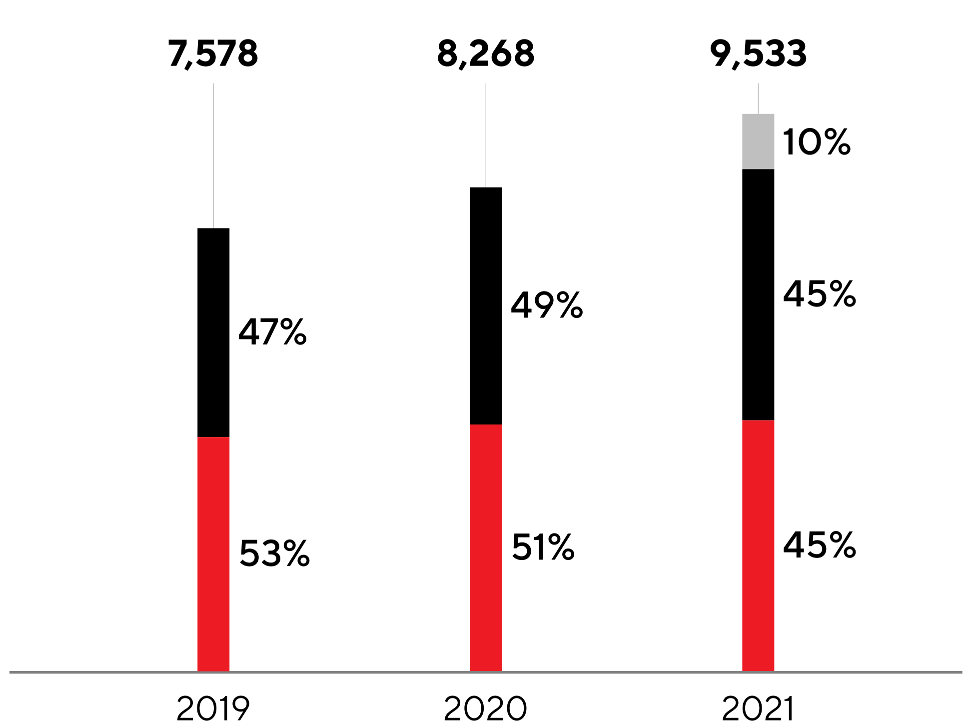
In 2021, the Group's overall output of merchant pig iron and steel products grew by 16% year-on-year to 10,644 thousand tonnes, while the share of finished steel products increased by four percentage points year-on-year to 68%.

In the reporting period, the Zaporizhstal JV's crude steel output totalled 3,889 thousand tonnes, up 3% year-on-year. In 2021, its total merchant pig iron and steel product output was 4,264 thousand tonnes (a product mix of 77% steel goods and 23% merchant pig iron). This compares with total merchant pig iron and steel product output of 4,280 thousand tonnes in 2020 (a product mix of 74% steel goods and 26% merchant pig iron).

Zaporizhia Refractories manufactures refractory products and materials for the Group in Zaporizhzhia, Ukraine. In 2021, it produced 119 thousand tonnes of refractory products (up 8% year-on-year, excluding unmoulded refractories). This included 53 thousand tonnes of chamotte (up 8% year-on-year), 23 thousand tonnes of high-alumina products (up 15% year-on-year) and 43 thousand tonnes of magnesia products (up 5% year-on-year).

Crude steel production

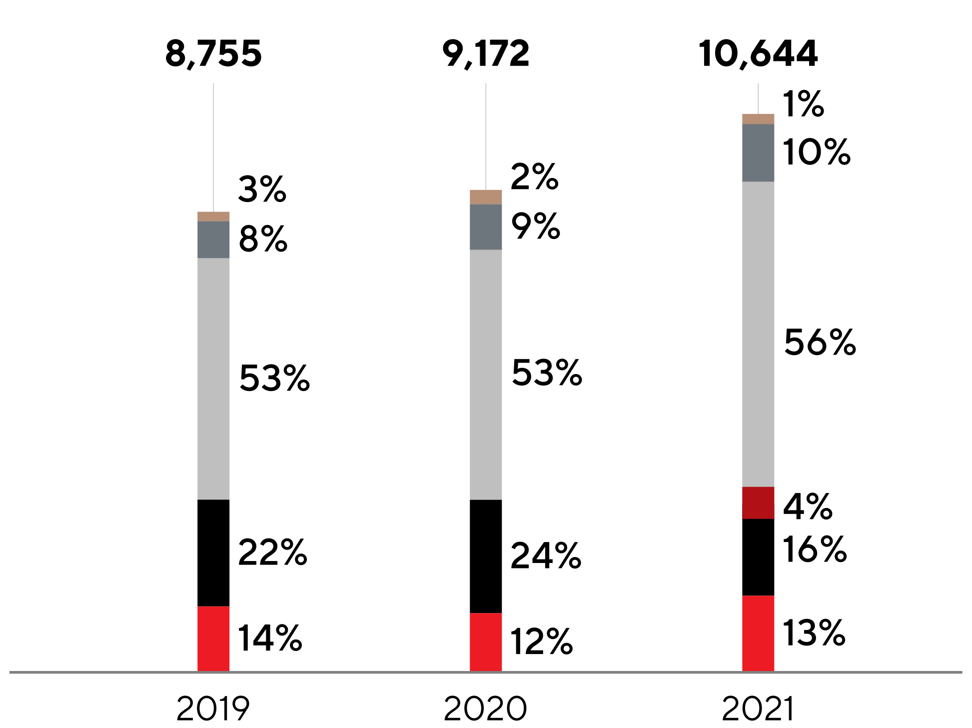
9,533 kt +15%



Azovstal
Ilyich Steel
Kamet Steel

Pig iron and steel product output

10,644 kt +16%



Pig iron
Slabs
Billets
Flat products
Long products
Rails and pipes

NEW PRODUCTS IN 2021

Metinvest continuously adapts its product portfolio to meet changing customer needs and market trends.

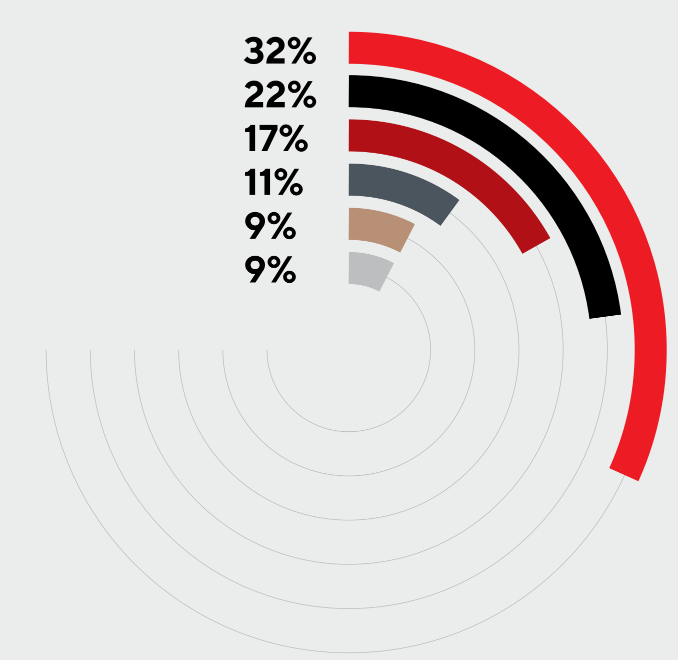
In 2021, the Group's research and development efforts allowed it to introduce 47 new steel products to the European and US markets.

For example, Kamet Steel brought a new grade of wire rod made from high-carbon steel to market. It also introduced two new diameters of round bars for machine parts and building components and a new type of channels for the construction industry.

Unisteel introduced galvanised coils with additional oiling to increase weather resistance. It also made new coil sizes and grades for deep drawing and manufacturing shaped products.

New steel products in 2021

47 items



Hot-rolled plates
Semi-finished products
Hot-rolled coils
Shapes and bars
Cold-rolled coils
Galvanised coils

PRODUCTION OPERATIONS IN UKRAINE

GRI 102-4

[11] For more details please see Notes 3 and 10 to the Summary IFRS Consolidated Financial Statements 2021.

WAR IMPACT

The war has significantly affected Metinvest's performance, including through the imposition of material logistical challenges. Russia has blocked or occupied Ukraine's key seaports, while limited railway capacity with Western countries cannot totally replace seaborne throughput. To the extent possible, the Group has redirected Ukrainian logistical routes and supply chains to railway deliveries.

Metinvest has made numerous operational changes. It has had to idle several assets, including the Group's facilities in Mariupol and Avdiivka, which have been affected by hostilities. At the time of writing, Mariupol has been temporarily occupied. Metinvest joins the people of Ukraine and the free world in honouring the brave defenders who made Azovstal the last stronghold of the Ukrainian army in the city, and a symbol of the country's tenacity under fire, while enduring a brutal, months-long siege.

Output at other Ukrainian assets has been scaled back, including steelmaking facilities and producers of iron ore, coke and coking coal.

Metinvest's assets outside Ukraine are gradually adjusting their operations as standalone businesses, while the Group continues to support them with operational, financial and transactional expertise. United Coal has shifted all volumes to the US and export customers instead of intragroup sales. Metinvest's re-rollers in Italy and the UK, originally sourced by the steelmaking base in Mariupol, have switched to using slabs from third parties. Promet Steel continues to purchase square billets from Kamet Steel, although deliveries have become irregular.

The Group has stopped trading with Russia and Belarus.

FINANCIAL REVIEW

AN EXCEPTIONAL YEAR

In 2021, Metinvest delivered robust financial results that allowed it to continue to make progress on its strategic priorities, while also advancing to optimise the Group's debt profile.

REVENUES

GRI 102-7

Metinvest generates revenues primarily through the sale of its own steel, iron ore, coal and coke products. It also resells goods produced by joint ventures and other third parties. Unless otherwise stated, revenues are reported net of value-added tax and discounts, and after eliminating sales within the Group.

In 2021, the Group's consolidated revenues rose by 72% year-on-year to US$18,005 million. In particular, the Metallurgical segment's revenues increased by 77% year-on-year to US$14,518 million, while its share in the top line rose by three percentage points to 81%. At the same time, the Mining segment's revenues increased by 55% year-on-year to US$3,487 million. Its share in the overall top line fell by three percentage points to 19%.

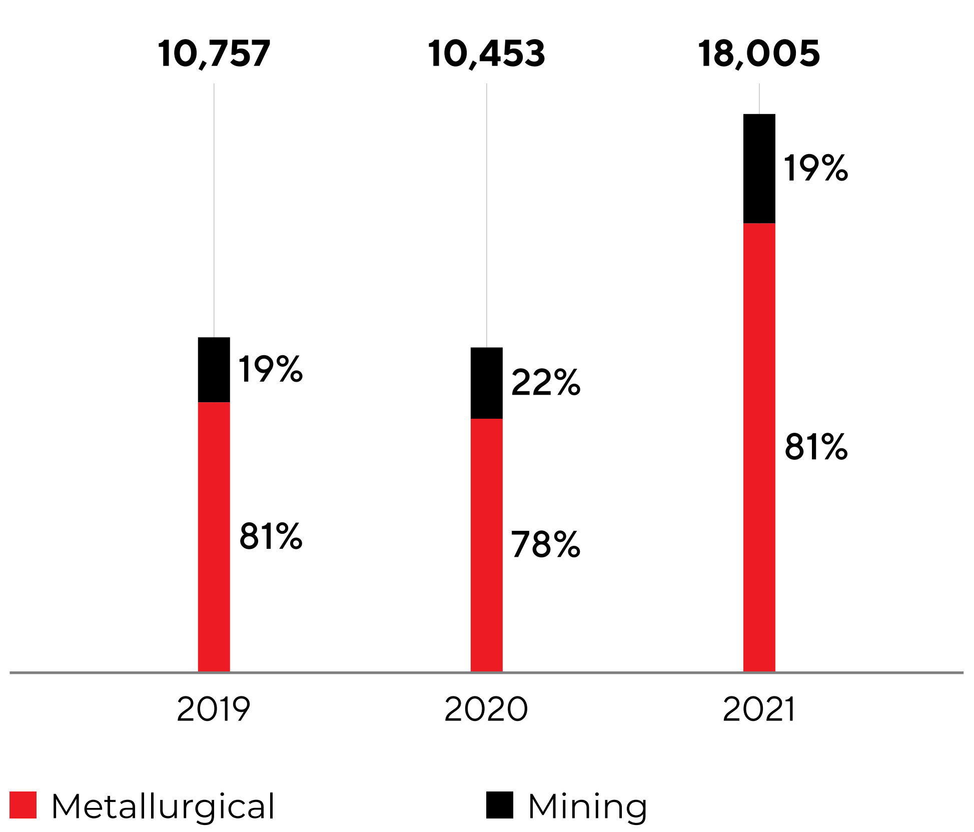
The growth in revenues was driven mainly by higher selling prices of steel and iron ore products in line with global benchmarks. In addition, Metinvest increased sales volumes of finished steel products by 11%, as demand recovered in several strategic markets and the Group's recent investments to upgrade its assets bore fruit. Metinvest also increased pellet shipments by 13% amid higher pellet premiums globally, and coking coal concentrate deliveries by 2.1 times.

During the reporting period, Metinvest sold 15,808 thousand tonnes of pig iron and steel products, of which 10,461 thousand tonnes were manufactured in-house and 5,347 thousand tonnes were purchased from third parties. This compared with a total of 15,448 thousand tonnes of pig iron and steel product sales in 2020, of which 9,288 thousand tonnes were made in-house and 6,160 thousand tonnes came from third parties.

Overall, revenues from resales totalled US$4,832 million in 2021, up 55% year-on-year. They accounted for 27% of the top line, down three percentage points year-on-year.

Revenues by segment

US$18,005 mn +72%



FOCUS ON CUSTOMERS

A STRATEGIC PRIORITY

GRI 103-2; 103-3

Metinvest relies on a blend of engagement, quality and technology to provide the responsive sales and support experience that is at the centre of its value proposition. In 2021, the Group had almost 7,200 customers worldwide.

The Group's Sales Directorate uses a customer relationship management (CRM) system to monitor and control key aspects of this experience. Metinvest ensures the effective functioning of the CRM system through internal regulations governing such factors as pricing, key accounts, segmentation, lead generation and the sales process. Every year, the Group's assets assess the effectiveness of their engagement and resulting satisfaction levels. This helps to better understand customer needs, identify areas for improvement and draw up an action plan to address any deficiencies.

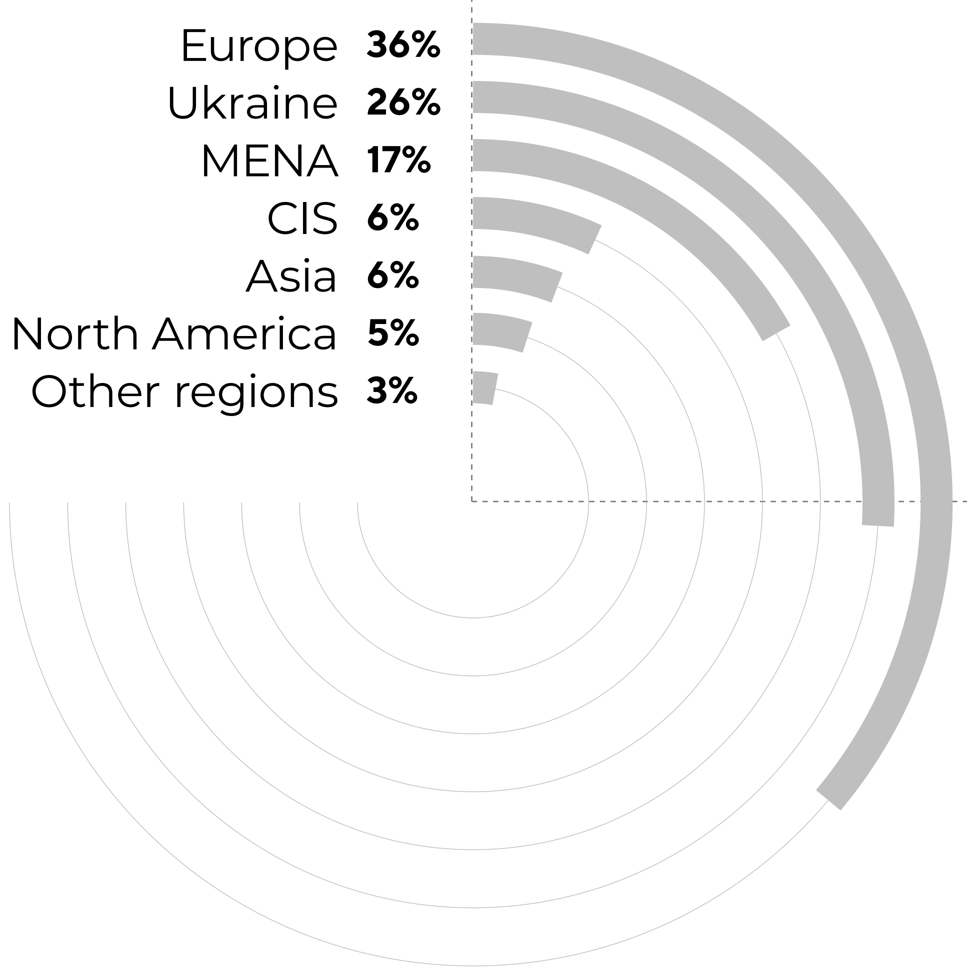
In 2021, Metinvest continued to deploy technology to improve the quality and efficiency of its engagement, including two SAP CRM modules: Cloud for Customer (C4C) and Configure Price Quote (CPQ). The platform made it easier to attract new customers and enter additional product segments in the markets where the Group operates. The deployment of the SAP CRM modules helped to control pricing policy and minimise the risk of incorrect information being provided.

During the year, SAP CRM modules were extended at Metinvest International, the Group's Swiss trading subsidiary, to enhance their functionality. In addition, Metinvest International started sales of iron ore products in the CRM system using the C4C and CPQ modules. The C4C module was also launched in Ukraine (Metinvest-SMC) and Western Europe. In 2021, Metinvest developed its Key Account Management Programme further, which helped to ensure a sustainable focus on product quality and the satisfaction of key customers.

Revenues by market

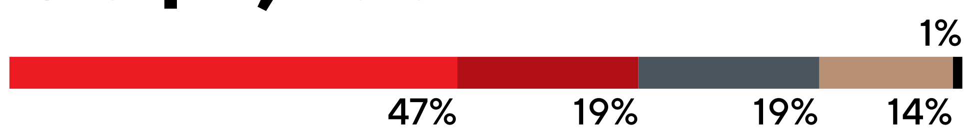
US$18,005 mn +72%

GRI 102-6



Europe[1]
US$6,495 mn +2.3x

Ukraine
US$4,735 mn +61%



MENA
US$3,005 mn +67%

CIS
US$1,170 mn +84%

Asia[1]
US$1,168 mn -20%

North America
US$919 mn +62%

Other regions
US$513 mn +2.7x

- Finished products
- Semi-finished products
- Iron ore products
- Coke and coal products
- Other products and services

[1] Asia excludes the Middle East and Central Asia. Europe excludes Ukraine, European CIS countries and Turkey.

In 2021, revenues in Ukraine climbed by 61% year-on-year to US$4,735 million, mainly because of higher average selling prices of steel and iron ore products. In addition, sales volumes of long and flat products increased by 11% and 3%, respectively, amid growth in domestic apparent rolled steel consumption. The share of Ukraine in consolidated revenues edged down by two percentage points to 26%.

Sales to other markets increased by 77% year-on-year to US$13,270 million in 2021, accounting for 74% of total revenues.

Sales to Europe grew by 2.3 times year-on-year, primarily amid higher steel and iron ore selling prices. In addition, shipments of iron ore, semi-finished and finished steel products surged by 42%, 41% and 30%, respectively. As a result, the region's share in overall revenues increased by nine percentage points to 36%.

Revenues from the Middle East and North Africa (MENA) rose by 67% year-on-year, mainly amid higher steel selling prices, as well as greater shipments of flat products (up 12%) and iron ore products (up 3.5 times). At the same time, the region's share in consolidated revenues remained unchanged at 17%.

Sales to the CIS increased by 84% year-on-year, mainly due to higher steel selling prices, as well as greater shipments of billets and flat products. The region's share in consolidated revenues remained unchanged at 6%.

Sales to Asia fell by 20% year-on-year because of lower deliveries of iron ore products (down 43%) and semi-finished and finished steel products (down 82%), primarily to China. This caused the region's share in consolidated revenues to decrease by eight percentage points to 6%.

Sales to North America increased by 62% year-on-year, attributable mainly to higher steel selling prices. At the same time, the region's share in consolidated revenues remained unchanged at 5%.

Sales in other regions rose by 2.7 times year-on-year, boosting their share in total revenues by one percentage point to 3%.

Revenues by product

Metallurgical segment

US$14,518 mn +77%

Pig iron
Sales of pig iron increased by 72% year-on-year to US$1,419 million, driven by a comparable rise in the average selling price. Shipments remained almost unchanged at 2,446 thousand tonnes, as lower resales were compensated by greater sales of in-house goods. As a result, the share of resales in total sales volumes fell by seven percentage points to 44%. Amid favourable market conditions in Europe, shipments to the region rose by 399 thousand tonnes. Meanwhile, there were lower deliveries to North America and no sales to Asia.

Slabs
Revenues from slabs rose by 40% year-on-year to US$1,258 million. This was driven by higher selling prices, which followed an increase of 81% in the slab FOB Black Sea benchmark. Sales volumes decreased by 22% to 1,698 thousand tonnes amid lower output. Shipments to Europe and other regions increased by 57 thousand tonnes and 141 thousand tonnes, while those to MENA and Asia dropped by 390 thousand tonnes and 252 thousand tonnes, respectively.

Billets
Sales of billets[2] climbed by 33% year-on-year to US$736 million because of higher selling prices, which followed a 53% increase in the square billet FOB Black Sea benchmark. Total sales volumes fell by 16% to 1,138 thousand tonnes, of which shipments of in-house goods totalled 352 thousand tonnes following the acquisition of production facilities in August 2021. Deliveries to MENA and Asia dropped by 328 thousand tonnes and 135 thousand tonnes, while those to the CIS, Europe and other regions increased by 72 thousand tonnes, 51 thousand tonnes and 108 thousand tonnes, respectively.

Flat products
Sales of flat products more than doubled year-on-year to US$8,261 million. This was primarily due to higher selling prices, which followed an 84% increase in the HRC FOB Black Sea benchmark. In addition, overall sales volumes rose by 13% to 8,737 thousand tonnes, mainly because of an increase of 930 thousand tonnes in shipments of in-house goods amid higher production. As a result, the share of resales in total volumes fell by four percentage points to 33%. Available volumes were redistributed among markets according to demand. Sales to Europe, MENA, the CIS and Ukraine rose by 974 thousand tonnes, 264 thousand tonnes, 77 thousand tonnes and 45 thousand tonnes, respectively, while those to Asia decreased by 392 thousand tonnes.

Long products
Sales of long products increased by 52% year-on-year to US$1,312 million because of higher selling prices, which followed the square billet FOB Black Sea benchmark. In addition, shipments edged up by 4% to 1,667 thousand tonnes due to a rise of 25% in sales volumes of in-house goods amid greater output. As a result, the share of resales in total sales volumes fell by 11 percentage points to 34% in 2021. Sales to Ukraine and Europe, key markets for these products, rose by 86 thousand tonnes and 47 thousand tonnes, respectively. At the same time, shipments to the CIS fell by 65 thousand tonnes.

Tubular products
Sales of tubular products soared by 48% year-on-year to US$123 million because of a higher average selling price. This was partly offset by a drop of 17% in shipments to 122 thousand tonnes.

Coke
Revenues from coke rose by 58% year-on-year to US$749 million, driven by a comparable increase in sales prices. Shipments fell by 11% to 1,910 thousand tonnes amid lower production.

Other
Sales of other products[2] and services increased by 37% year-on-year to US$660 million.

Mining segment

US$3,487 mn +55%

Iron ore concentrate
Revenues from iron ore concentrate rose by 25% year-on-year to US$1,748 million. This was driven by higher selling prices, in line with the 62% Fe iron ore fines CFR China benchmark trend. Shipments fell by 20% to 11,438 thousand tonnes, driven by lower merchant product output. Sales to Europe and MENA rose by 533 thousand tonnes and 638 thousand tonnes, respectively. Deliveries to Ukraine and Asia fell by 1,050 thousand tonnes and 2,903 thousand tonnes, respectively.

Pellets
Revenues from pellets soared by 94% year-on-year to US$1,245 million amid higher selling prices, which followed a worldwide increase in pellet premiums. In addition, shipments climbed by 13% to 5,729 thousand tonnes as a result of greater output. Deliveries to Europe and MENA rose by 869 thousand tonnes and 472 thousand tonnes, respectively. Supplies to Ukraine and Asia fell by 113 thousand tonnes and 551 thousand tonnes, respectively.

Coking coal concentrate
Revenues from coking coal concentrate tripled year-on-year to US$304 million. This was due to price growth in line with benchmark and an increase in shipments by 2.1 times to 1,617 thousand tonnes following the consolidation of Pokrovske Coal. Volumes were distributed mainly to Ukraine, Asia, Europe and North America.

Other
Sales of other products and services rose by 73% year-on-year to US$190 million.

[2] Starting 2020, revenues from sales of square billets and other products and services have been revised to include round billets in billets.

NET OPERATING COSTS

In 2021, net operating costs[3] increased by 38% year-on-year to US$13,114 million, driven by several factors.

The cost of goods and services for resale climbed by US$1,653 million, primarily as a result of stronger purchase prices of steel products following increases in benchmarks. Spending on energy materials rose by US$770 million, mainly due to higher prices of natural gas (up 2.9 times year-on-year) and electricity (up 31% year-on-year).

Spending on raw materials increased by US$415 million amid elevated market prices, increased consumption due to greater production, and the consolidation of steel production facilities in Kamianske. This was partly compensated by other factors, including improved self-sufficiency in coking coal following the consolidation of Pokrovske Coal.

Labour costs[4] grew by US$274 million due to recent merger and acquisition activity, as well as a pay rise for production and administrative personnel in Ukraine. Depreciation and amortisation (D&A) expenses climbed by US$163 million, primarily because of the consolidation of new assets. Expenses on goods transportation services rose by US$122 million amid higher railway costs and increased freight rates globally.

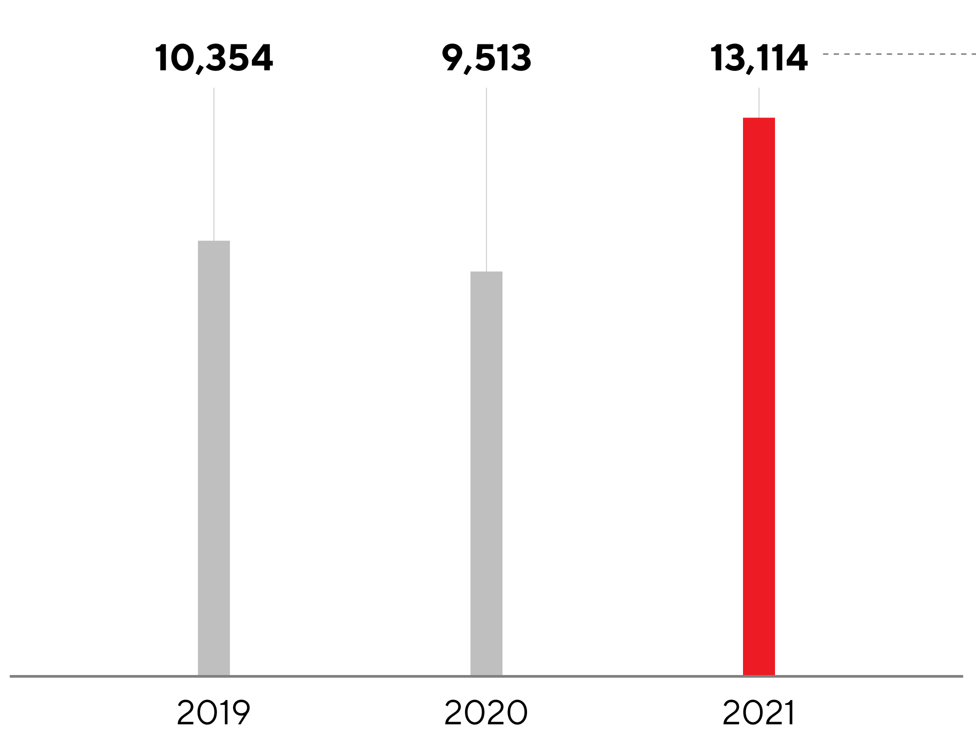
There was a loss from revaluation of financial instruments and an option of US$89 million, compared with a gain of US$74 million a year ago. Other costs also rose by US$234 million.

These drivers were partly compensated by a decrease in net operating foreign exchange losses of US$132 million, mainly due to the revaluation of outstanding accounts payable balances and intragroup dividends receivable. Also, there was a gain from a revaluation of shares in associates of US$61 million following the consolidation of Pokrovske Coal in March 2021.

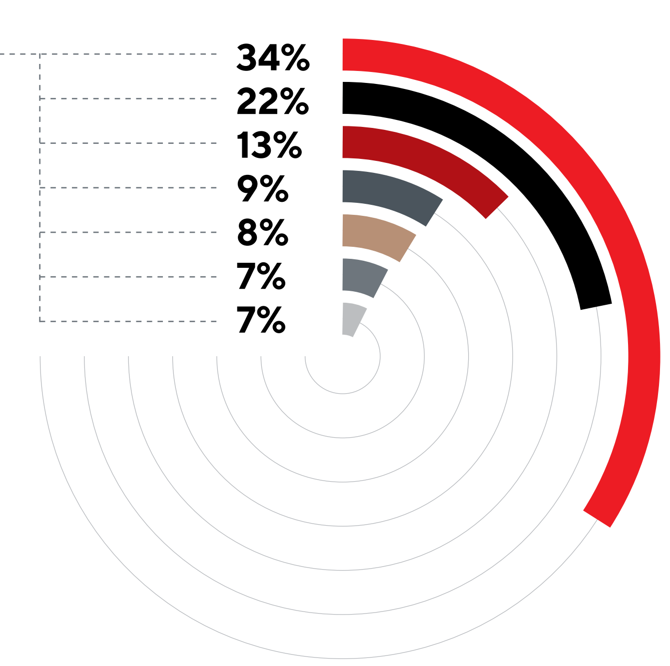
As a percentage of consolidated revenues, net operating costs fell by 18 percentage points year-on-year to 73%.

Net operating costs

US$13,114 mn +38%



Net operating costs by category in 2021



REVERSAL OF IMPAIRMENT OF FINANCIAL ASSETS

In 2021, the reversal of impairment of financial assets was US$42 million, mainly due to the settlement of previously impaired debts from a key customer. This compares with the impairment of financial assets of US$93 million in 2020, which accounted for 1% of consolidated revenues that year and was one percentage point higher than in 2021.

OPERATING PROFIT

In 2021, operating profit reached US$4,933 million, compared with US$847 million in 2020. The increase was primarily driven by higher revenues, as well as the reversal of impairment of financial assets. This was partly offset by greater net operating costs.

The operating margin climbed by 19 percentage points to 27%.

FINANCE INCOME

In 2021, finance income increased by 3.5 times year-on-year to US$212 million because of two factors. First, foreign exchange gains from financing activities totalled US$97 million (nil in 2020). Second, income from derecognition of the guarantee issued in exchange for the option to purchase the remaining 75.22% in Pokrovske Coal amounted to US$77 million, as the Group settled it during the reporting period.

As a percentage of consolidated revenues, finance income was unchanged at 1%.

FINANCE COSTS

In 2021, finance costs halved year-on-year to US$280 million, as there were no foreign exchange losses from financing activities during the reporting period. In addition, interest expenses fell by 7% to US$165 million.

As a percentage of consolidated revenues, finance costs decreased by three percentage points to 2%.

SHARE OF RESULT OF ASSOCIATES AND JOINT VENTURES

In 2021, Metinvest's share in net income of its associates and joint ventures nearly tripled year-on-year to US$799 million, primarily as a result of greater contributions from both joint ventures.

INCOME TAX EXPENSE

In 2021, the income tax expense amounted to US$899 million, up nearly seven times year-on-year, due to the Group's improved profitability. The effective tax rate, calculated as total income tax divided by profit before tax, remained unchanged year-on-year at 16%.

NET PROFIT

In 2021, net profit reached US$4,765 million, compared with US$526 million in 2020. This was due to higher revenues, greater contribution from associates and joint ventures, decreased finance costs, increased finance income and a reversal in impairment of financial assets (compared with their impairment a year earlier). These factors were partly offset by higher net operating costs and greater income tax expense.

The net profit margin amounted to 26%, up 21 percentage points year-on-year.

[3] Net operating costs (excluding items shown separately) are presented without the effects of operational improvements. In the factor analysis, all costs are presented net of the impact of exchange rate fluctuations between the hryvnia and the presentation currency, which is calculated separately and included in other costs. The data for 2019 has been adjusted to add back the impairment of property, plant and equipment to ensure comparability with the data for 2020 and 2021.

[4] Labour costs include wages and salaries, as well as pension and social security costs.

EBITDA

Adjusted EBITDA is calculated as earnings before income tax, finance income and costs, depreciation and amortisation, impairment and devaluation of property, plant and equipment, foreign-exchange gains and losses, the share of results of associates and other expenses that the management considers non-core, plus the share of EBITDA of joint ventures. Adjusted EBITDA is referred to as EBITDA in this report.

In 2021, EBITDA rose by 3.2 times year-on-year to US$7,044 million, driven by stronger contributions from both segments.

The Mining segment's EBITDA increased by 2.9 times to US$4,214 million and the Metallurgical segment's EBITDA by 3.7 times to US$3,257 million.

Corporate overheads and eliminations totalled US$427 million in 2021 (US$134 million in 2020).

As a result, the split between the Mining and Metallurgical segments was 56% to 44% in 2021, compared with 62% to 38% in 2020.

In 2021, the Group's EBITDA margin expanded by 18 percentage points year-on-year to 39%. The Mining segment's EBITDA margin rose by 21 percentage points to 67% and the Metallurgical segment's climbed by 11 percentage points to 22%.

The increase in the Group's EBITDA was primarily driven by higher sales prices for steel and iron ore products, which also improved contributions of both joint ventures and earnings from resales.

In addition, the stronger EBITDA performance was driven by higher sales volumes of in-house goods, primarily pig iron, flat and long products, and pellets.

It was also boosted by a record amount of operational improvements.

These factors were partly offset by:

- increased expenses on energy materials primarily due to higher natural gas and electricity prices
- growth in spending on raw materials mainly due to inflated market prices, greater consumption amid higher production levels and the integration of steelmaking facilities in Kamianske
- higher labour costs due to recent acquisitions and a pay rise at Ukrainian assets
- increased railway costs and elevated freight rates globally.

[5] Net of resales.
[6] Other costs include logistics, forex, fixed costs (excluding labour costs) and other expenses. They are presented net of resales.

OPERATIONAL IMPROVEMENTS

A COMPLEX UNDERTAKING

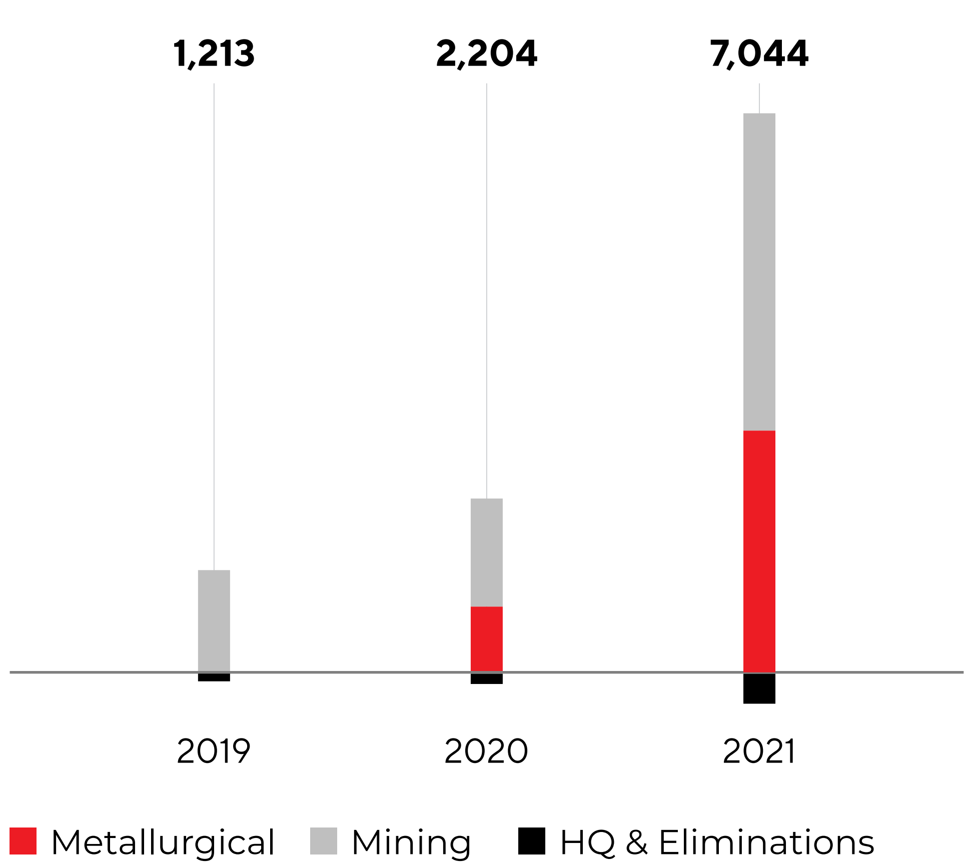
In 2021, the Group delivered strong operational improvements. It achieved these results through numerous initiatives, both small and large.

During the reporting period, Metinvest generated total operational improvements of US$568 million, an increase of 51% year-on-year.

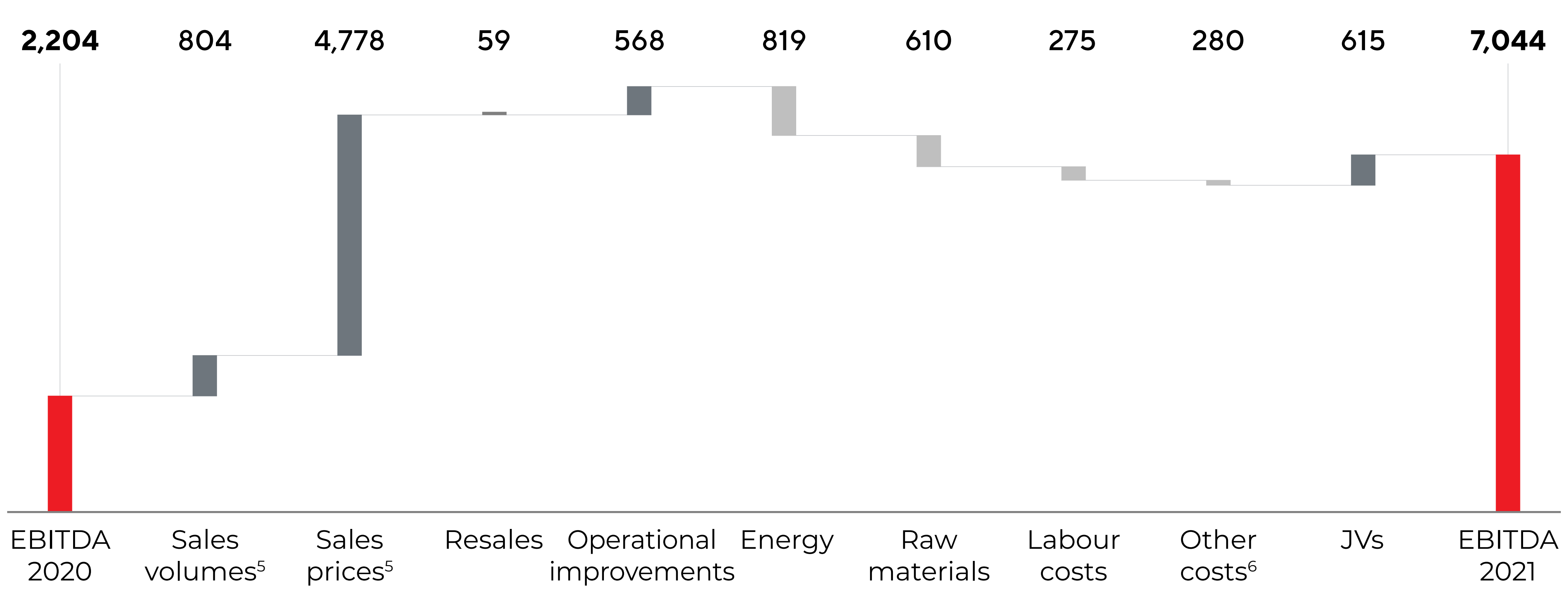
The main drivers of the additional increase were the capitalisation of the operational improvements efforts to advance equipment performance in a high market environment, as well as enhanced sales efficiency, procurement and logistics initiatives.

EBITDA by segment

US$7,044 mn +3.2x

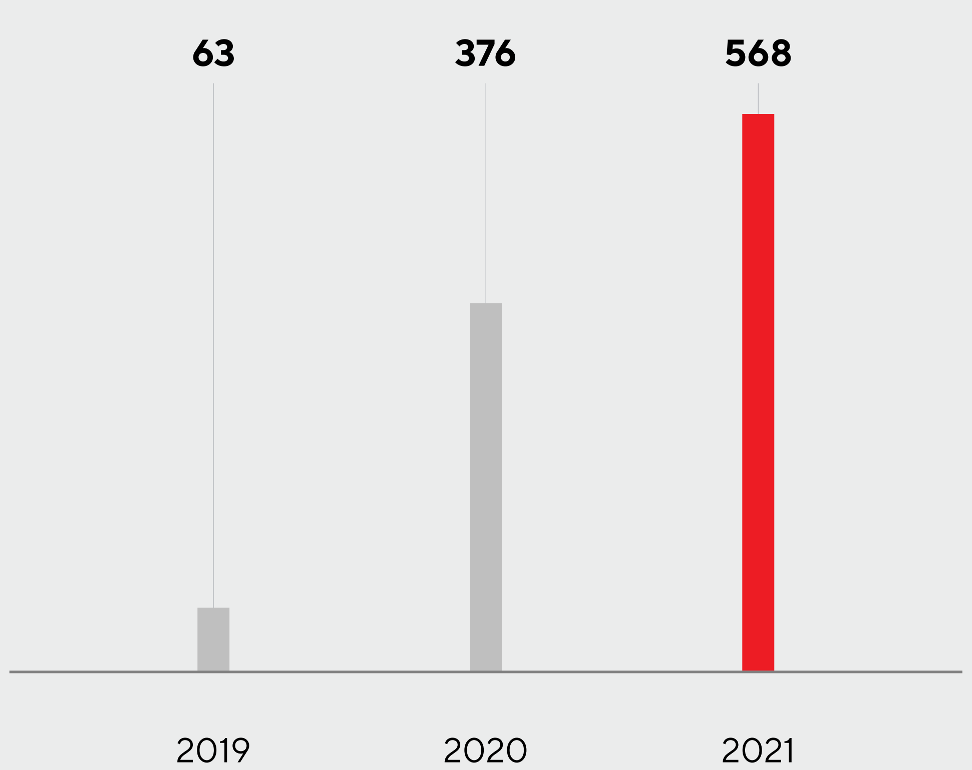


EBITDA drivers (US$ mn)



Effect of operational improvements

US$568 mn +51%



LIQUIDITY AND CAPITAL RESOURCES

Net cash from operating activities

In 2021, net cash flow from operating activities rose by 3.2 times year-on-year to US$5,526 million, mainly due to a comparable increase in operating cash flow before working capital changes.

There was also a working capital release of US$577 million due to a decrease in trade and other accounts receivable of US$736 million and a rise in trade and other accounts payable of US$251 million. This was partly offset by growth in inventory of US$410 million, which was primarily caused by:

- a build-up in pig iron and steel product volumes (up 144 thousand tonnes), mainly because of the acquisition of ex-DMK inventories and increased flat product stocks
- greater volumes of iron ore products (up 904 thousand tonnes) amid delivery delays
- higher cost of stocks

At the same time, interest paid fell by 12% to US$190 million due to deleveraging, while income tax paid rose by 7.4 times to US$885 million on improved profitability.

Net cash used in investing activities

In 2021, net cash used in investing activities totalled US$1,297 million, up 57% year-on-year. Total cash used to purchase property, plant and equipment and intangible assets increased by 50% to US$1,017 million.

Principal payments under the guarantee issued in exchange for the option to purchase the remaining 75.22% in Pokrovske Coal totalled US$455 million in 2021 (US$77 million in 2020).

In addition, the Group paid US$341 million for assets relating to the integral property complex of DMK. Of this, the property, plant and equipment and intangible assets costs were US$121 million, inventories were US$123 million, and trade and other receivables were US$97 million.

At the same time, the Group received US$446 million of dividends from the Southern GOK JV (nil in 2020).

Net cash used in financing activities

In 2021, net cash used in financing activities totalled US$3,841 million, of which the Group spent US$1,266 million on net repayment of loans, borrowings and trade finance facilities. This included a repayment of most of Pokrovske Coal's debt, part of the bonds due in 2023 and 2026, the PXF facility, several other bank loans and lease liabilities, as well as lower utilisation of trade finance facilities.

This compares with US$360 million used in financing activities in 2020, of which the Group spent US$189 million on net deleveraging.

At the end of 2021, compared with a year earlier, total debt[7] was US$2,242 million (down 24%), the cash balance was US$1,166 million (up 41%) and net debt[8] was US$1,076 million (down 49%). Coupled with the strong EBITDA generation and the deleveraging, net debt to EBITDA decreased to 0.2x as at 31 December 2021 (down 0.8x year-on-year).

[7] Total debt is calculated as the sum of bank loans, non-bank borrowings, bonds, trade finance and lease liabilities.
[8] Net debt is calculated as total debt less cash and cash equivalents.

CAPITAL EXPENDITURE

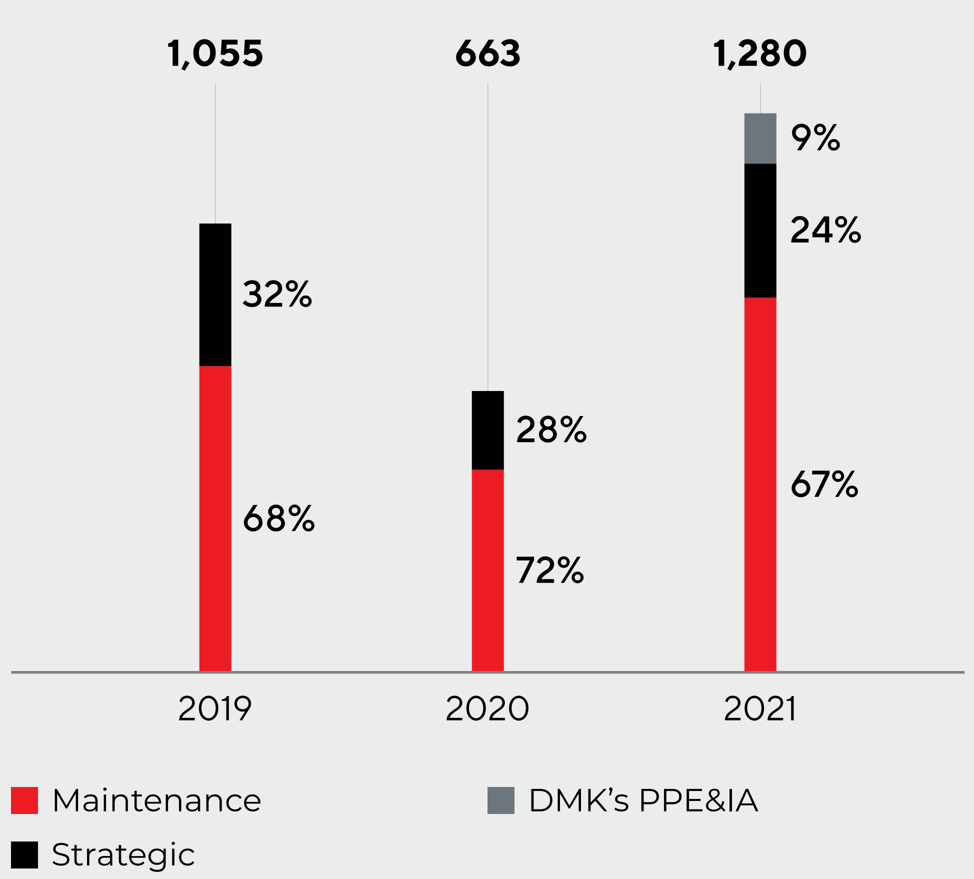
A BALANCED MIX

In 2021, Metinvest executed a capital expenditure programme that sought to balance maintaining assets, improving operational efficiency, progressing on strategic initiatives and advancing the Group's environmental agenda.

In 2021, the Group's total capital expenditure was US$1,280 million, up 93% year-on-year. Consistent with its priorities, Metinvest increased investments in maintenance by 80% and in strategic projects by 63%. This brought their respective shares in overall capital expenditure to 67% and 24% (72% and 28% in 2020), with the remaining 9% in 2021 going towards the acquisition of DMK's property, plant and equipment (PPE) and intangible assets (IA).

CAPEX by purpose

US$1,280 mn +93%



During the year, Metinvest delivered on a number of strategic projects, including the following ones.

At the iron ore producers, the Group launched a new crusher and conveyor system (CCS) at Ingulets GOK in August and a new CCS for rock transportation at Northern GOK in September 2021. The equipment, which is expected to reduce operational and capital expenditures in iron ore mining and help to maintain production volumes, cost around US$50 million at Ingulets GOK and US$200 million at Northern GOK.

At the coking coal producers, the Group continued the construction of new mine block No. 11 at the recently consolidated Pokrovske Coal. This work will help to maintain long-term production volumes.

At its Italian re-roller, Metinvest Trametal, the Group invested around EUR10 million in a new plasma cutting line, which it launched in November 2021. This helped to nearly quadruple the plant's annual production capacity of trimmed plates by around 170 thousand tonnes per year.

In terms of the segmental breakdown, the Metallurgical segment accounted for 54% of capital expenditure (50% in 2020) and Mining for 41% (47% in 2020). Corporate overheads accounted for 5% of investments in 2021 (3% in 2020).

DELEVERAGING

AN EXERCISE IN PRUDENCE

Metinvest's financial performance in 2021 made it possible to undertake a series of significant deleveraging exercises. As a result, the Group decreased its total debt to US$2,242 million as of 31 December 2021.

During the reporting period, Metinvest's most significant deleveraging move was to restructure both debt facilities of Pokrovske Coal. The interest rates were significantly decreased in line with newly agreed repayment schedules. Given an early repayment option, most of the debt was repaid ahead of schedule.

Metinvest also repurchased US$277 million of its bonds, including US$135 million of bonds due in 2023 and US$142 million of bonds due in 2026, and promptly cancelled them afterwards.

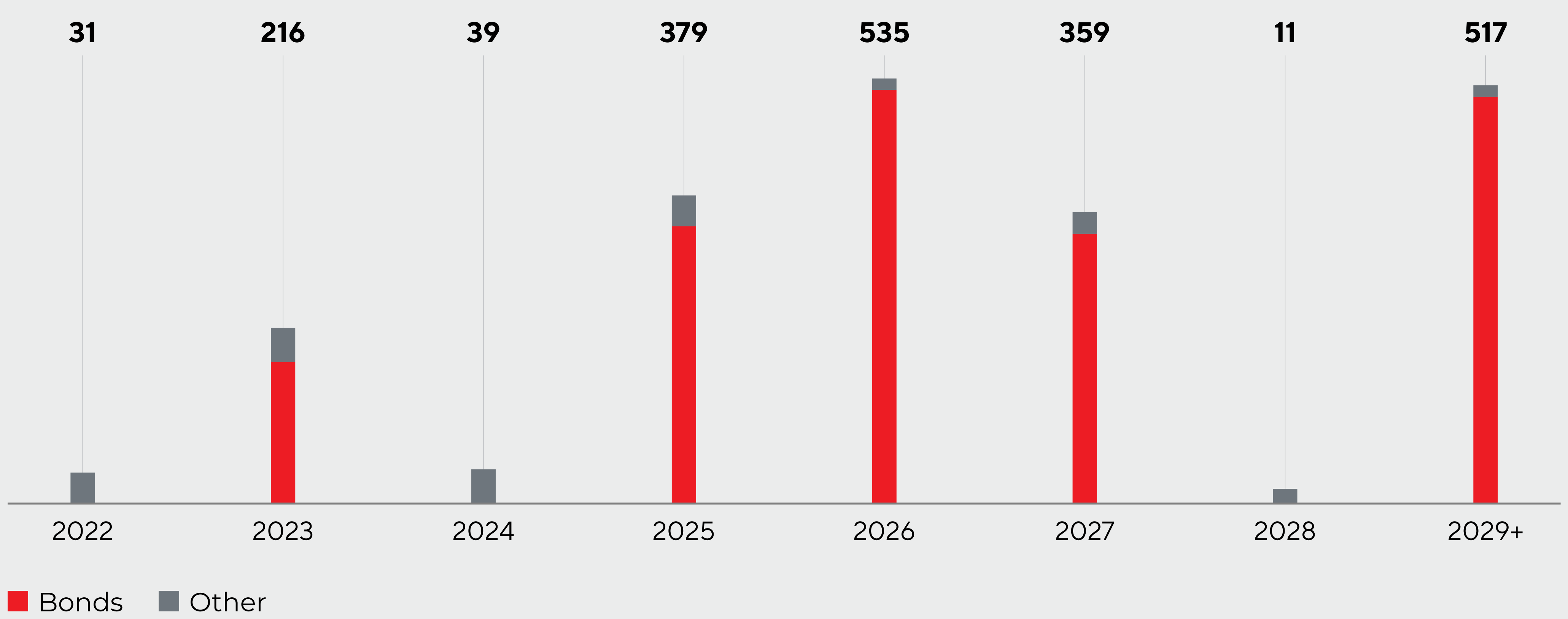
During the year, the Group repaid the PXF facility in full, made repayments on several other bank loans and lease liabilities, and reduced the use of trade finance.

International credit rating agencies improved their assessments of the Group's creditworthiness in 2021. Fitch affirmed its credit rating for Metinvest at 'BB-' while revising the outlook to 'stable' from 'negative'. S&P upgraded its credit rating for the Group to 'B+' from 'B', the outlook 'stable'. Following the Russian invasion of Ukraine, Moody's and Fitch revised their credit ratings for Metinvest downwards, while S&P suspended its ratings for Metinvest and its bonds amid the agency's reduced visibility on the Group's operations.

[9] Debt resulting from the consolidation of Pokrovske Coal in March 2021, other bank loans and other lease liabilities.

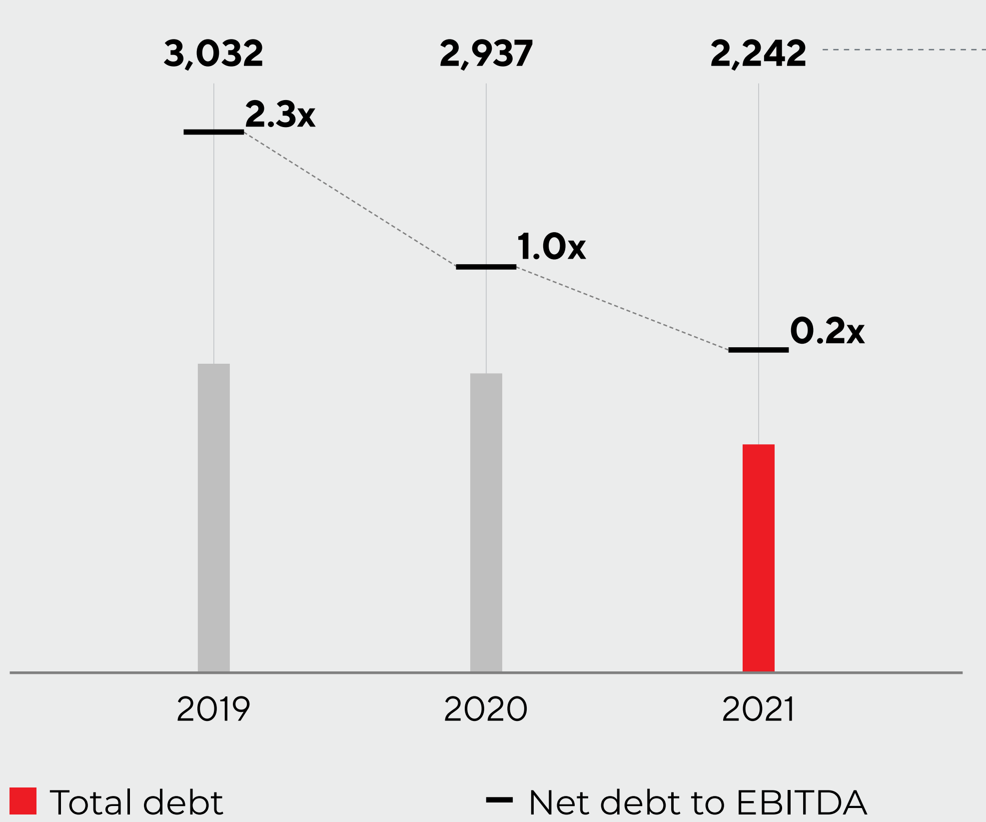
[10] Excluding trade finance and lease liability under IFRS 16. Presented amounts of scheduled instalments include principal only (without accrued interest, fees, commissions and discounts).

Corporate debt maturity as of 31 December 2021 (US$ mn)[10]



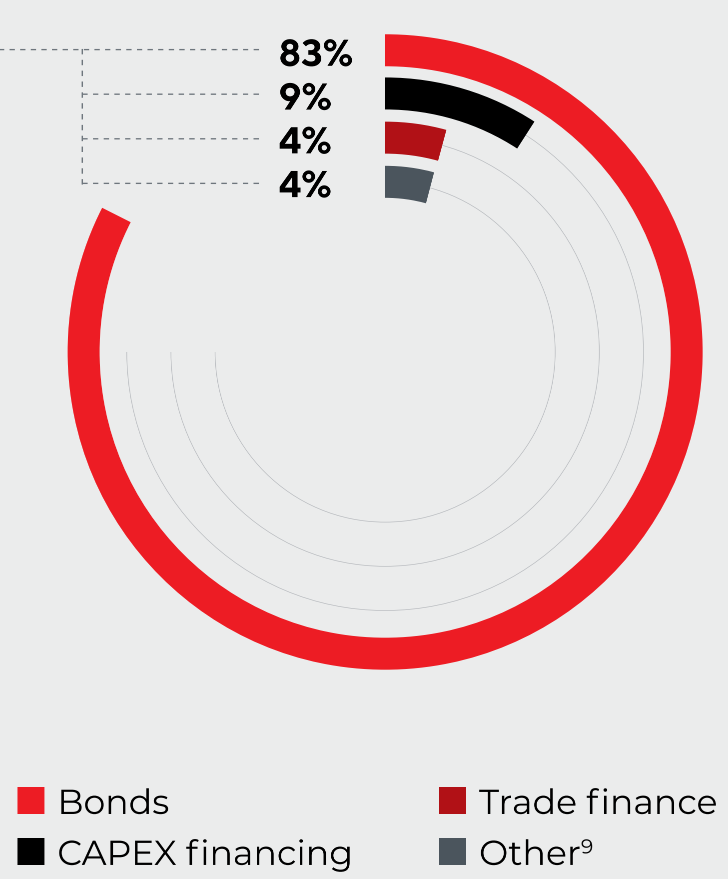
Debt portfolio metrics

US$2,242 mn -24%



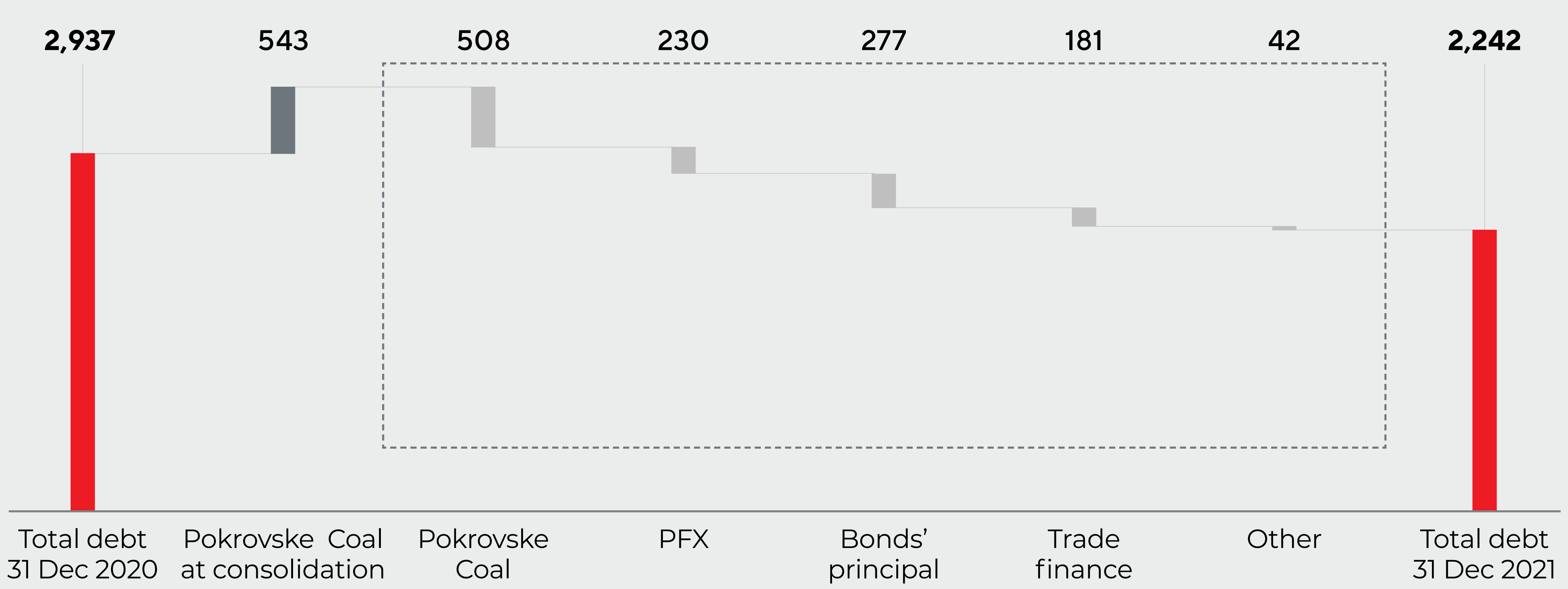
Total debt by instrument

83% **public debt**



Total debt decrease in 2021

US$1,238 mn **of deleveraging**



DIGITAL REVIEW

A CONSISTENT TRANSFORMATION

Metinvest has maintained a focus on the digital transformation of its business in recent years. In 2021, the Group continued to implement its digital roadmap and launched a number of advanced technological solutions.

DIGITAL ROADMAP

Metinvest's digital roadmap was developed in 2020 as a long-term programme designed to achieve a full-scale strategic transformation. It aims to create additional value and improve the efficiency of processes through the comprehensive integration of digital, cutting-edge technology in all business functions.

The digital transformation of Metinvest, supported by Metinvest Digital, covers all key functions, such as production, sales, supply chain, human resources, finance and legal, among many others. The process starts with defining the requirements of the business, after which initiatives and projects are developed, followed by implementation and support.

Key initiatives of the digital roadmap in the reporting period included the following:

Production. Automation of planning processes of production facilities incorporating a full range of actual data to improve the efficiency of operations and decision making; development of the Digital GOK programme (for more details, see the next page)

Sales. Further progress in the implementation of the SAP-based CRM system, which was extended to Metinvest's trading companies in Ukraine and Western Europe

Logistics. Enhancement of logistical efficiency

Procurement. Automation of the inventory management process throughout the product life cycle

Repairs. Automation of repair and maintenance processes and development of a target data transfer architecture for energy consumption accounting

Quality. Centralisation of digital product quality control and monitoring of production and technological parameters to accelerate decision making and improve product quality

Services. Automation of operational planning for service facilities incorporating a full range of actual data to improve the efficiency of resource allocation for people and equipment

HR. Roll out of SAP HR solutions; development and implementation of a single digital workplace (for more details, see Metapolis on the next page)

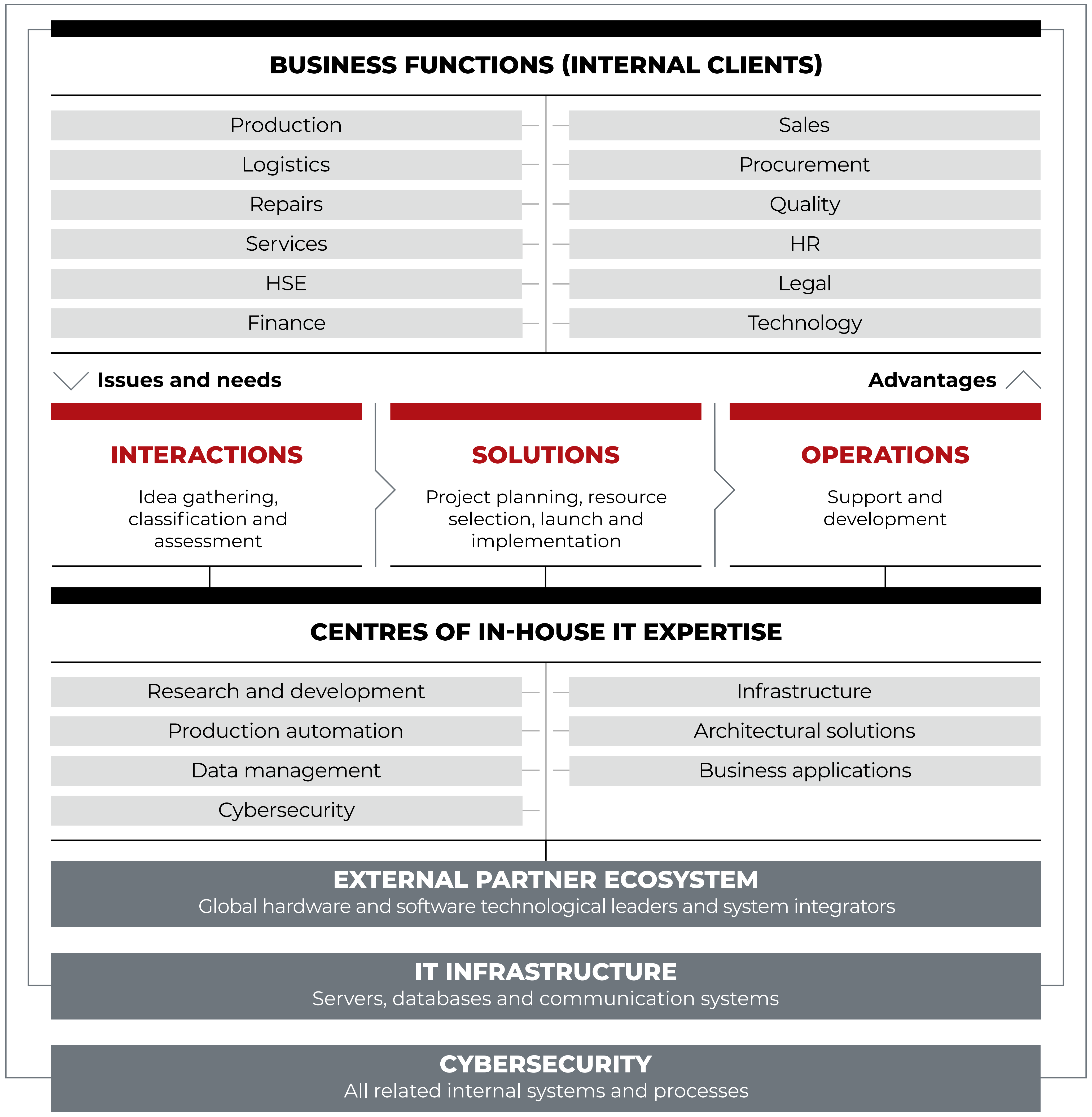
HSE. Automation of safety incident recording and safe employee positioning on site

Legal. Optimisation of the contract management process and automation of land asset management

Finance. Creation of a single information space for the Group's source data and overall enhancement of internal controls

Technology. Automation of various project management and related processes

Digital transformation model



Digital GOK

In 2021, Metinvest continued to implement its Digital GOK programme, aiming to achieve the comprehensive digital transformation of its iron ore assets. During the reporting period, the Group launched the programme's initial pilot projects.

To increase the efficiency of mining and haulage equipment, Metinvest began the implementation of an automated mining and transportation control pilot project, called the Digital Open Pit Mine at Ingulets GOK.

The pilot enabled the remote control, or fully unmanned operation, of 36 excavators, 57 dump trucks, 14 drilling rigs, 21 locomotives and 35 units of auxiliary equipment in the open pit mining fleet.

In 2021, to increase productivity and reduce electricity consumption, the Group worked to develop ten parameters for automated management and over 400 points of control for the Group's iron ore beneficiation plants at Northern GOK and Ingulets GOK.

The introduction of online quality monitoring systems will make it possible to optimise the iron ore enrichment process.

Metapolis

In 2021, Metinvest launched the Metapolis digital workplace, an interactive environment offering 45 corporate client service systems through a 'one-window' approach that can be used on both authorised corporate service devices and personal ones.

It is designed to enable any employee of the Group to fully access business systems, corporate knowledge, communications and internal services, regardless of the position they hold or where they are located.

Metapolis is the solution available through a web and mobile interface.

In December 2021, nearly 2,800 employees were integrated in the Metapolis system at the first two assets: Metinvest Business Services and Central GOK. The rollout continues across the Group's SAP system.

INFORMATION SECURITY

Metinvest takes a comprehensive approach to enhancing its information security measures. The Group is guided by recognised industry standards on information security, such as ISO 27001, NIST 800-53, ISO 27002, ISO 27701 and ISO 27017.

Metinvest also adheres to applicable laws on the collection, use and protection of personal data, including the General Data Protection Regulation (GDPR). The main provisions for protecting confidential information and personal data are set out in the Group's Privacy Policy Statement.

In 2021, the Group continued to ensure multi-layered protection of IT infrastructure through the application of modern solutions to protect the perimeter and track internal activity.

The cybersecurity centre is the core component of Metinvest's information security management system. The centre monitors the Group's IT infrastructure and production processes, preventing cyberattacks and coordinating the work of IT departments during incidents.

In 2021, Metinvest continued to enhance controls on cybersecurity and data protection. This helped to process cybersecurity incidents, detect access control violations and prevent information leaks.

In the reporting period, Metinvest Digital was one of the winners at National Cybersecurity Preparedness: Grid Netwars, a cybersecurity exercise conducted by the National Cybersecurity Coordinating Centre, which is part of Ukraine's National Security and Defence Council. The event was held in Ukraine for the first time and involved 49 teams of cybersecurity professionals working to repel simulated cyberattacks.

WAR IMPACT

Since the start of the war, Metinvest has focused its digital efforts on the provision of operational support to the business by ensuring high-level fault tolerance of the IT infrastructure and uninterrupted operation of IT services, supporting end users, and enhancing information security and cybersecurity practices across the Group.

The project portfolio has been revised to accommodate this shift in focus, while the priority of cybersecurity tasks has increased because of the war. In addition, Metinvest has prioritised flexibility, mobility and responsiveness for end users.

SUSTANABILITY REPORT

The Sustainability Report covers central factors underlying Metinvest's performance in this area: health and safety, people, environment and communities. It also focuses on stakeholder engagement and sustainable development priorities.

SUSTAINABLE DEVELOPMENT

A PRINCIPAL RESPONSIBILITY

Metinvest embeds sustainability principles throughout its business. The Group strives to care for the well-being, health and safety of employees, to be environmentally responsible, to develop local communities, and to support customers and contractors.

A HOLISTIC APPROACH

GRI 102-19; 102-20; 103-2

Metinvest follows the sustainability approach outlined in the Sustainability Policy of SCM, one of its shareholders, which guides the Group's efforts to promote sustainable development and build an ethical business.

Sustainability matters, depending on their nature, are considered at various levels throughout the Group. The Supervisory Board provides advice to the Management Board, including on the sustainability priorities for Metinvest's business operations, overseeing the execution of policies and the implementation of processes for managing significant risks and opportunities.

The Supervisory Board's Health, Safety and Environmental Committee helps the executive team to implement and maintain the highest sustainability standards concerning environmental protection and occupational health and safety.

The Sustainable Development and People Management Directorate at the executive team level works to strengthen labour relations, support an effective system of employee remuneration and professional development, enhance corporate culture, improve the occupational health and safety system, and oversee environmental activities. It also strives to maintain long-term relationships of trust with various stakeholder groups.

UN SDG CONTRIBUTION IN 2021

GRI 102-12

Metinvest has been a member of the UN Global Compact since 2010 and adheres to its Ten Principles of Sustainable Development, which cover human rights, labour relations, environmental protection and anti-corruption. The Group strives to ensure sustainable development in line with the UN Sustainable Development Goals (SDGs) and prioritises those areas where it can make the most significant and tangible contribution.

In 2021, Metinvest continued to focus on the five SDGs that are most relevant for its business: SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation and Infrastructure), SDG 11 (Sustainable Cities and Communities), SDG 12 (Responsible Consumption and Production) and SDG 13 (Climate Action). The Group worked to ensure health and safety at its assets; support and develop employees and local communities, including the response to COVID-19; improve operational efficiency and reduce environmental impact by modernising equipment; and partner with international leaders in green technologies for low-carbon steel production in the future.
It also made material contributions to the achievement of other SDGs.

CONTRIBUTION TO PRIORITISED SDGs

8 DECENT WORK AND ECONOMIC GROWTH	See pages 19, 37-39, 40-45, 49-50, 52
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	See pages 28-29, 44, 48-49, 52
11 SUSTAINABLE CITIES AND COMMUNITIES	See pages 49, 51-54
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	See pages 4, 48-50, 54
13 CLIMATE ACTION	See pages 47-48

CONTRIBUTION TO OTHER SDGs

1 NO POVERTY	See pages 42, 51-52
3 GOOD HEALTH AND WELL-BEING	See pages 39, 52
4 QUALITY EDUCATION	See pages 43-45, 53
5 GENDER EQUALITY	See pages 41, 63-64
6 CLEAN WATER AND SANITATION	See page 50
7 AFFORDABLE AND CLEAN ENERGY	See page 48
10 REDUCED INEQUALITIES	See pages 41, 63
15 LIFE ON LAND	See pages 50, 54
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	See pages 63-65
17 PARTNERSHIPS FOR THE GOALS	See pages 51-53

SUSTAINABILITY RISK MANAGEMENT

GRI 102-11; 102-15

Metinvest categorises sustainability-related risks as part of non-commercial risks. For more details about the Group's general risk management approach and practices, see pages 68-69.

Continuous monitoring of sustainability risks is a prerequisite for ensuring the effectiveness of Metinvest's sustainable development approach.

Each of the key sustainable development risks presented in the following table is mapped against conditions identified as causing its occurrence and a list of key risk mitigation efforts.

Key sustainability risks and mitigation efforts in 2021

Risk and description	Risk mitigation efforts
HEALTH AND SAFETY - Workplace injuries and fatalities - Inconsistent application of certain risk management tools, leading to reduced effectiveness of the entire health and safety management system	- Expanded the occupational health and safety roadmap by adding new critical risks and rolling out its programmes at newly acquired assets - Revised the approach to on-site risk assessment - Continued to apply health and safety motivation tools throughout the Group - Provided professional development opportunities for specialists in the field - Piloted the contractor safety assessment and rating methodology at its production assets in Ukraine
ENVIRONMENT - Environmental impact from the Group's operations, including air pollution, wastewater discharges and waste generation - Increased scrutiny of the Group's activities from stakeholders	- Applied the precautionary principle and evaluated potential relevant impacts when planning investment projects - Implemented technical measures to reduce the environmental impact and monitored compliance with regulatory requirements - Took initiatives to increase energy efficiency - Made progress on Green Centre projects to foster a culture of ecological stewardship in the regions of presence
CLIMATE CHANGE - Increased legislative requirements to accelerate the transition to a low-carbon economy	- Worked to develop a long-term decarbonisation roadmap of its business - Partnered with leading companies in green steelmaking - Followed best practices for the calculation and disclosure of direct and indirect GHG emissions and direct GHG emissions intensity for steelmaking assets to meet accountability expectations of stakeholders
BUSINESS ETHICS AND COMPLIANCE - Corporate fraud - Commercial bribery	- Monitored compliance with corporate policies and procedures - Introduced the Code of Business Partnership to govern supplier relations - Ensured continued access to the Trust Line and investigated reported incidents - Promoted awareness among employees on business ethics and anti-corruption matters - Revised the Group's approach to corruption and fraud risk - Conducted mandatory anti-corruption verification of suppliers and customers - Performed internal security screenings of all candidates for senior and high-risk positions - Conducted internal audits that included corporate fraud and bribery risk assessment
INFORMATION SECURITY - Losses incurred by the Group from critical data leakage - Interruption of critical equipment work or processes caused by an information system failure	- Implemented organisational and technical measures to identify, categorise, protect and monitor the security of confidential information and personal data, consistent with the Group's Privacy Policy - Analysed the security of IT resources - Conducted audits for compliance with information security requirements - Implemented a set of measures to ensure the safety of remote work - Organised training and tested the skills of IT users to prevent phishing attacks

ESG RATINGS

GRI 103-3

Metinvest has ESG ratings from two agencies: MSCI and Sustainalytics.

MSCI measures companies according to industry-specific exposure to ESG risks and their ability to manage those risks relative to peers on a scale ranging from 'CCC' (the lowest) to 'AAA' (the highest). Sustainalytics measures the magnitude of a company's unmanaged ESG risks on a scale from 0 (lowest risk) to 100 (highest risk).

During the reporting period, both agencies upgraded their ESG ratings for the Group.

MSCI improved its ESG rating for Metinvest from 'B' to 'BB' as at 31 December 2021. This was mainly attributed to robust policies and practices in the area of business ethics. MSCI also noted the Group's responsible approach to health and safety programmes and effective labour management.

Metinvest's ESG Risk Rating from Sustainalytics improved to 31.8 in 2021, down from the 32.0 assigned in 2020. Sustainalytics evaluated the Group's exposure to different ESG risks as high due to the nature of the steel industry. At the same time, the agency improved its assessment of Metinvest's management of material issues in the area. Sustainalytics noted the robustness of the Group's ESG programmes, practices and policies, highlighting that ESG is integrated into its core business strategy and overseen by the Supervisory Board. The agency added that Metinvest's overall ESG-related disclosure implies strong accountability to all stakeholders. Regarding environmental management, Sustainalytics noted the Group's responsible approach to air emissions, effluents, waste issues and use of resources. In relation to the social component, the agency cited Metinvest's strong health and safety management system, contractor safety programmes and human capital practices. The Group's risk management in all categories for governance was also assessed as strong, due to its high standards of business ethics, efficient anti-bribery and anti-corruption programmes, as well as product governance.

In February 2022, after the reporting period but prior to the outbreak of the war, Sustainalytics upgraded its ESG Risk Rating for Metinvest further to 30.3 points. The main driver of this change was the management's consistent work to mitigate health and safety risks. Other factors included regular external audits, training and performance monitoring, as well as comprehensive policies covering both employees and contractors. In addition, the rating improvement was supported by stronger financial results leading to lower exposure. Sustainalytics considered the Group's management of ESG risks as strong and mentioned that it was not involved in significant controversial accidents with substantial environmental or safety liabilities as of the date of review.

SUSTAINABILITY CHARTER

GRI 102-12

Consistent with Metinvest's commitment to sustainable business practices, in early 2022, after the reporting period, the Group signed the World Steel Association's revised and expanded Sustainability Charter. It is organised into nine principles with 20 associated criteria covering environmental, social, governance and economic aspects of sustainability. This reflects the industry's increasing focus on sustainability and its responsibility to generate positive impacts on people, the planet, and the prosperity of society.

WAR IMPACT

The war has significantly influenced the Group's operations and its projects contributing to the achievement of the Sustainable Developments Goals. It has brought tremendous grief to Ukraine's people, including Metinvest's employees. Since the start of the war, the Group has directed its resources to help Ukraine to strengthen national defence capabilities and to support its employees and communities.

Metinvest has reprioritised its community development projects and, where possible, refocused its efforts on the provision of humanitarian aid to Ukrainians. The Group's efforts to support its people, communities and the country are described in greater detail in the respective sections of this report.

Even though Metinvest has had to postpone some important projects, such as the development of a decarbonisation roadmap, the Group has proceeded with other key social initiatives, such as Metinvest Polytechnic (for more details, see page 45).

Meanwhile, Sustainalytics has downgraded its ESG Rating for Metinvest to 40.9 points, from the previous 30.3, after incorporating the risks associated with full-scale war in Ukraine in its assessment methodology. This risk is not driven by actions taken by the Group or its management and is out of Metinvest's control.

STAKEHOLDER ENGAGEMENT

PROACTIVE OUTREACH

Metinvest's key groups of stakeholders are employees, customers, suppliers and contractors, local communities, equity and debt providers, government authorities and the media. By adhering to the principles of sustainability, the Group is better prepared to understand and respond to their diverse needs.

GRI 102-40; 102-42; 102-43; 102-44

STAKEHOLDER GROUP	IMPORTANCE	ENGAGEMENT IN 2021
EMPLOYEES	Metinvest's people are its most valuable asset. Following the consolidation of Kamet Steel and Pokrovske Coal, the Group employed nearly 87,000 people as of 31 December 2021.	Metinvest carried out regular engagement surveys to evaluate the effectiveness of actions taken to increase employee satisfaction. The Group provided numerous training programmes and courses to develop professional and personal skills. A confidential Trust Line is maintained for employees to report concerns. See pages 40-45
CUSTOMERS	Metinvest's priority as a business is to meet the needs of its customers. In 2021, the Group's global network of sales offices served almost 7,200 customers from nearly 100 countries.	Metinvest strived to achieve excellence in customer service. It worked to enhance the quality of existing products and develop new ones tailored to customers' needs. The Group regularly communicated with customers to measure satisfaction and swiftly address concerns. See pages 19, 21
SUPPLIERS AND CONTRACTORS	Metinvest's suppliers and contractors provide a significant part of the goods and services needed to achieve its goals. In 2021, the Group engaged with more than 9,500 suppliers and contractors.	Metinvest engaged with suppliers aiming to set a fair and level playing field for everyone. The Group has established clear requirements to maintain strict compliance with the Code of Ethics and Code of Business Partnership. These guidelines helped to ensure that existing partners and potential suppliers comply with ethical principles and business requirements. See pages 66-67

STAKEHOLDER GROUP	IMPORTANCE	ENGAGEMENT IN 2021
LOCAL COMMUNITIES	Metinvest is an integral part of its local communities and its future as a business is intrinsically linked to them. In 2021, the Group played a major role in the social, economic and environmental well-being of around 2.8 million people in cities and towns throughout Ukraine, Italy, Bulgaria, the UK and the US.	Metinvest maintained partnerships to implement development programmes and enhance sustainability practices in the regions where it operates. In addition, the Group regularly communicated with representatives of local communities to identify key issues and carry out social projects that are of the greatest value for them. See pages 51-54
EQUITY AND DEBT PROVIDERS	Equity and debt providers help Metinvest to ensure it has the financial flexibility for its development. The Group cooperated with more than 600 investors, bank lenders and a wide range of international financial institutions in 2021.	Metinvest worked diligently to maintain the trusted relationships developed with the financial community. Being present on debt capital markets since 2010, the Group has regularly disclosed relevant financial and non-financial information. Prior to 2021, it reported publicly available annual and sustainability reports on a standalone basis; for 2021, it combined these into a single report with a strong emphasis on sustainability matters. See page 27
GOVERNMENT AUTHORITIES	Metinvest must comply with the requirements of around 800 government authorities in the various jurisdictions in which it operates. The Group works with regulators in key areas such as environmental protection, occupational health and safety, ethical business practices, labour rights and financial activity.	Metinvest fostered partnership by meeting local legal obligations, assisting in the socio-economic development of regions and being a responsible taxpayer. The Group's main approach was regular engagement or communication via public meeting platforms. See pages 63-65
MEDIA	The media play an important role in modern society. In addition to ensuring the transparent communication and provision of public information, the media also help Metinvest to engage with other stakeholders. In 2021, the Group's press service fielded media requests from around 100 organisations worldwide.	Metinvest engaged with media representatives transparently and fairly. The Group interacted with this stakeholder group primarily through its press service, news releases, public reports, social media and interviews with the senior management. Metinvest's corporate website

This infographic is specific to 2021 and does not cover the impact of the war on Metinvest's stakeholder engagement.

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 contractors[1] 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 assets[2] 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 Trametal, Northern GOK, Promet Steel, Spartan UK, Sviato-Varvarynska Beneficiation Factory, Zaporizhia Coke and Zaporizhia Refractories.

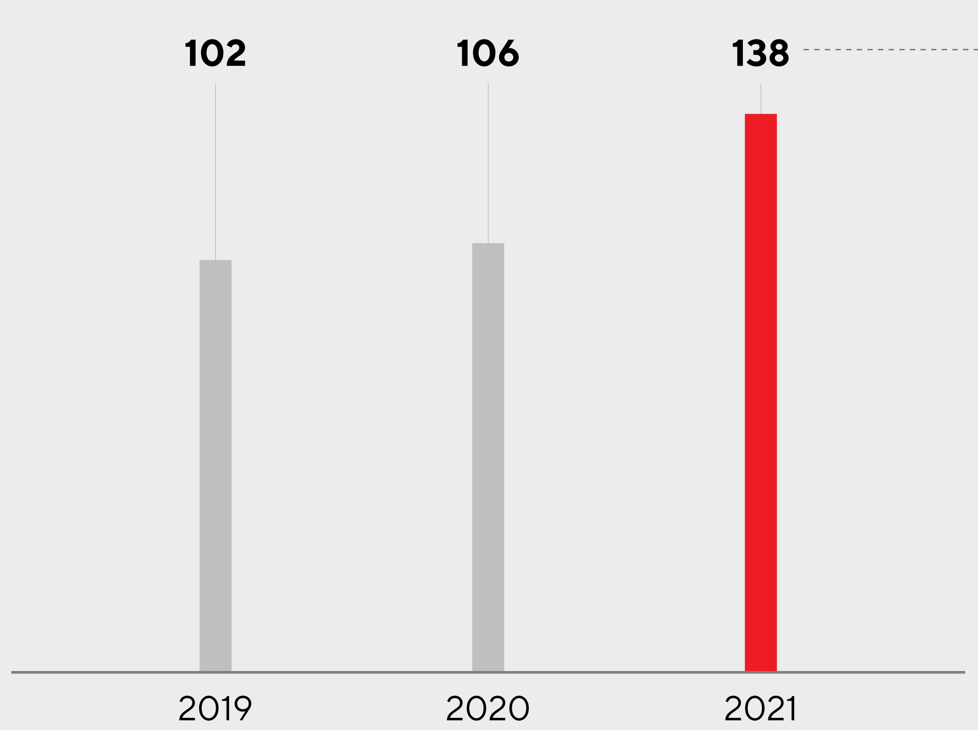
ENHANCED FOCUS

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.

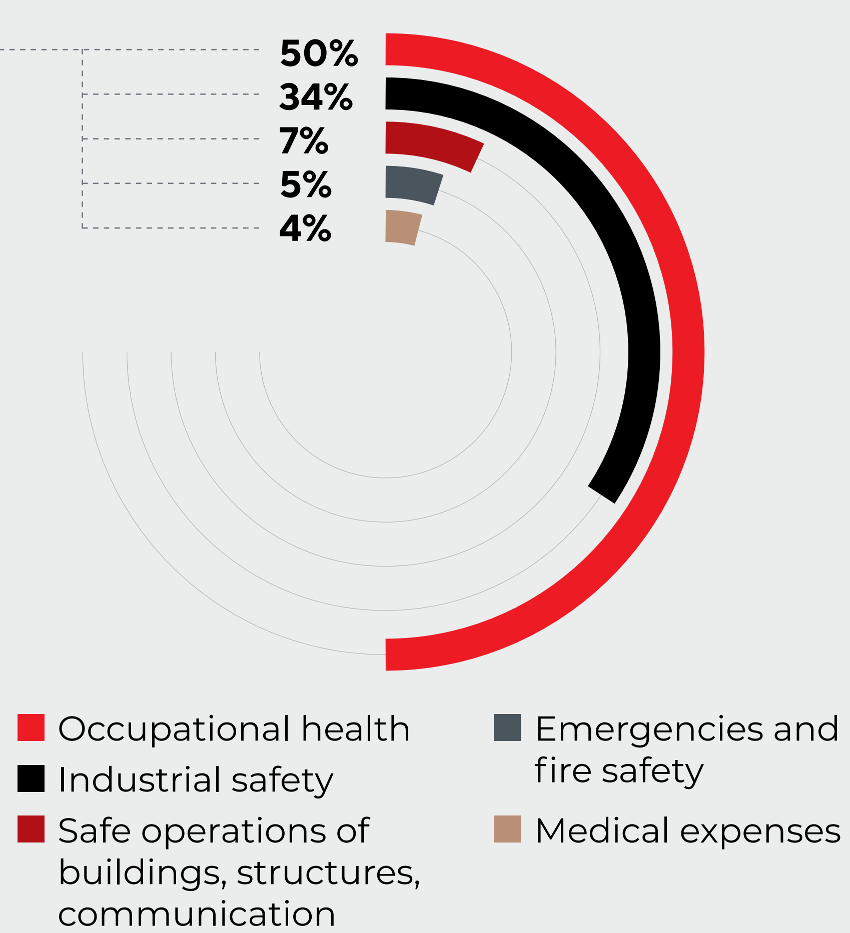
The primary focuses of the capital investment programme for 2021 were work in gas-hazardous places, safe work at height, specialised medical equipment and safe work with rail transport and lifting mechanisms.

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 facilities[3] following positive results at the initial four pilot sites[4]. 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.

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.

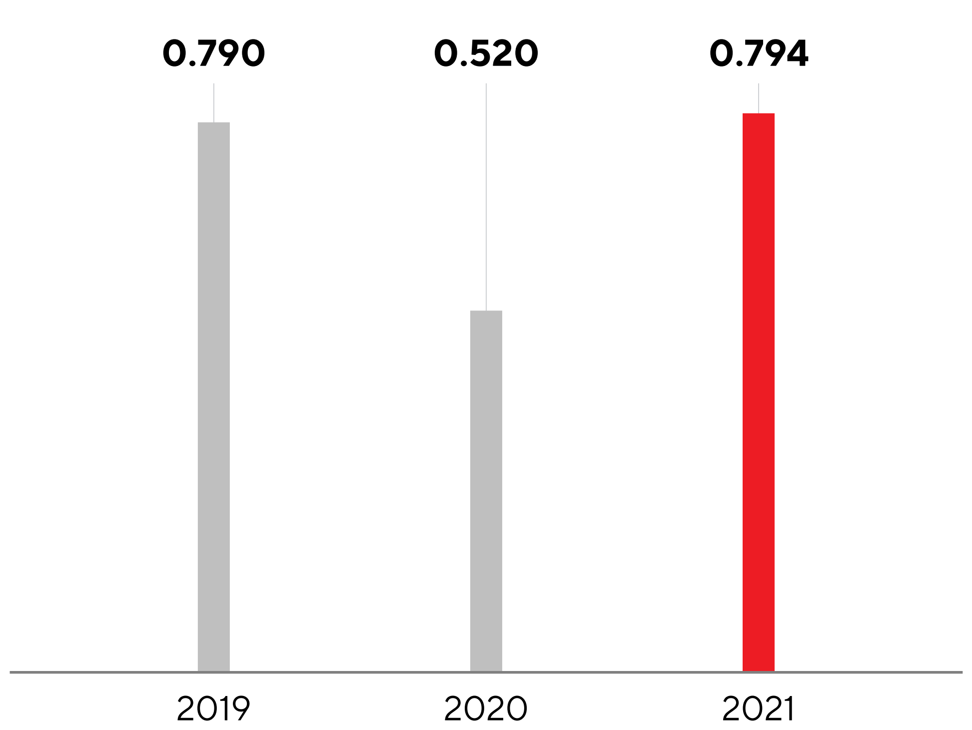
In 2021, Metinvest engaged third-party experts to check the functioning of the health and safety management systems at its production assets in Ukraine, including the newly acquired Pokrovske Coal and Kamet Steel.

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

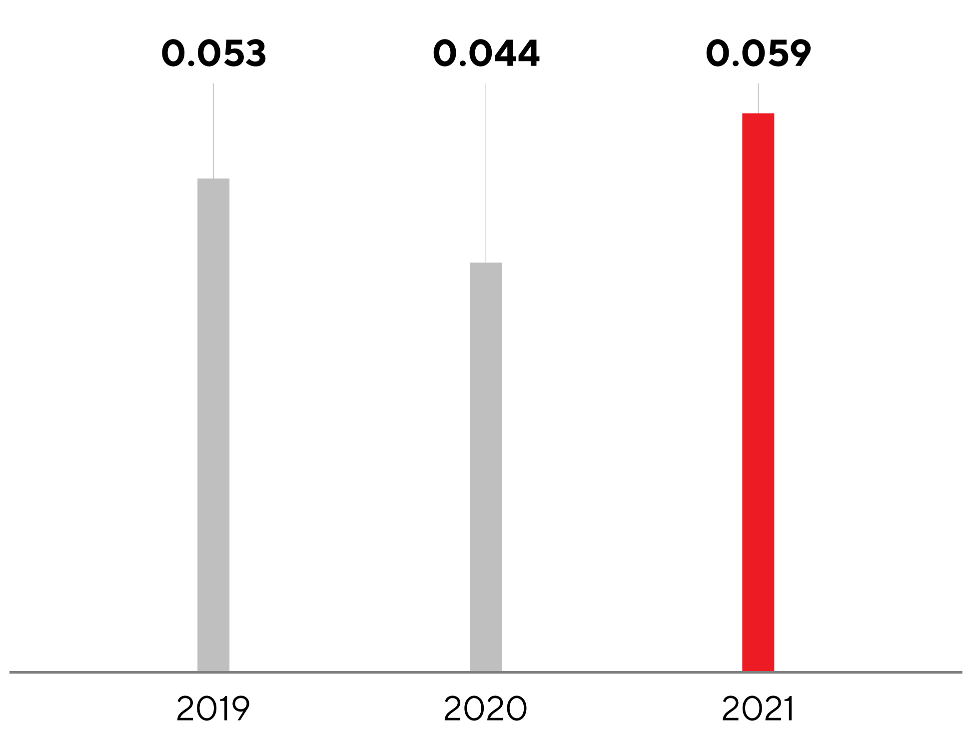
Lost-time injury frequency rate

0.794 +53%



Fatality frequency rate

0.059 +34%



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 period[5]. 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 0.446[6].

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 programme[7]. 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

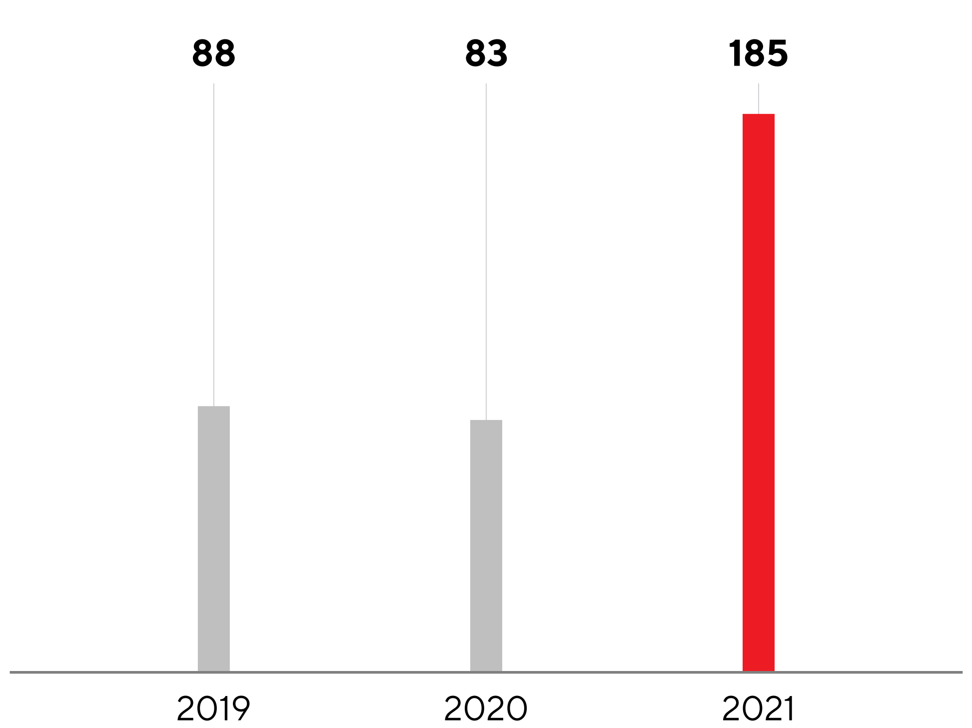
Continuous training and hands-on skills practice for employees are important prerequisites for achieving Metinvest's goal of zero incidents and successfully implementing the safety roadmap.

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, NEBOSH[8] 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

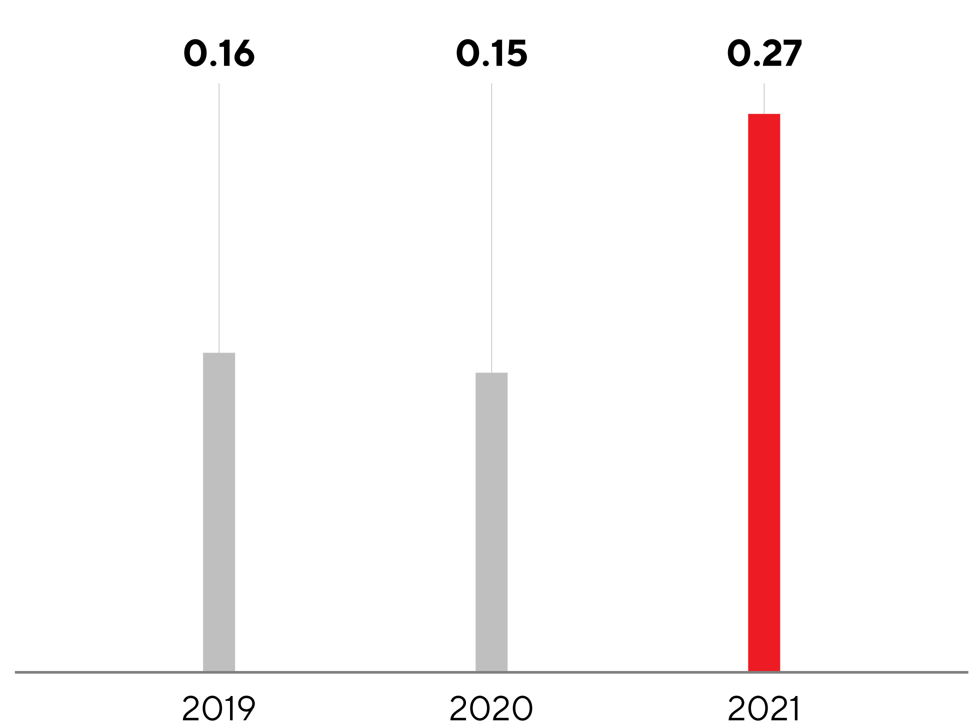
GRI 403-3; 403-6; 403-10

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 rate[9] both increased by roughly two-fold, mainly following the acquisition of new assets.

The Group's health index[10] 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.

PEOPLE

A VITAL ASSET

Metinvest's personnel management system is guided by recognised international labour principles and proven best practices. In 2021, the Group's human capital management function focused primarily on the integration of thousands of new employees at recently acquired assets.

GENERAL APPROACH

GRI 103-2; 103-3

Metinvest applies best international practices in its approach to personnel management, including the standards of the Society for Human Resource Management.

At the highest level of the Group's corporate governance structure, the Appointments and Compensation Committee of the Supervisory Board oversees personnel management, including questions related to dismissal and appointments to senior positions, motivation, assessment and reward systems, as well as succession planning.

The Sustainable Development and People Management Directorate is responsible for strengthening labour relations, supporting an effective system of employee remuneration and professional development, as well as enhancing corporate culture.

Metinvest's human capital management strategy, which was approved in 2019, aims to enhance the Group's attractiveness as an employer and provide it with skilled employees, increase staff efficiency and improve the quality of internal HR services for the workforce.

In 2021, Metinvest developed a Human Capital Management Policy, which came into effect in early 2022, after the reporting period. It is based on the International Bill of Human Rights, the UN's Guiding Principles on Business and Human Rights, as well as the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work. The policy enshrines Metinvest's commitments to non-discrimination and equal opportunity. It also covers working hours and rest periods, prohibition of child and forced labour, freedom of employee association and the right to collective bargaining. Overall, the policy aims to establish a safe and supportive working environment for employees.

CORPORATE CULTURE

A core aspect of Metinvest's approach to engaging with its people is fostering a cohesive corporate culture. The Group has a dedicated department responsible for this important area within the Sustainable Development and People Management Directorate.

In 2021, Metinvest implemented several key initiatives to develop its corporate culture. For example, the Group enhanced its talent management system by updating its approach to the succession pool and the related corporate training programme. It also worked to create an integrated communication system through the introduction of general corporate feedback mechanisms and an upgrade of the corporate media platform.

Following acquisitions in 2021, the human capital management team prioritised introducing Metinvest's HR practices and corporate culture at Kamet Steel and Pokrovske Coal.

GROWTH THROUGH ACQUISITIONS

GRI 102-7; 102-8

In 2021, Metinvest's headcount expanded by 25% year-on-year to nearly 87,000 people. This significant growth occurred primarily through the consolidation of Kamet Steel and Pokrovske Coal. As of 31 December 2021, production staff constituted almost three quarters of its workforce, while 27% of employees occupied administrative and managerial positions.

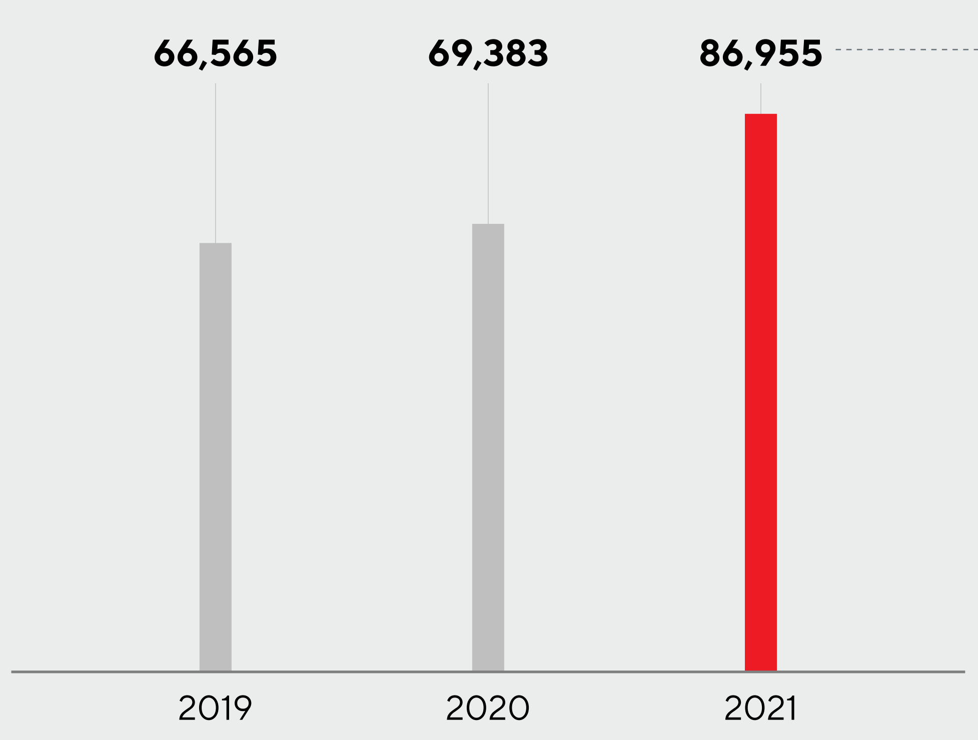
With 97% of its staff employed in Ukraine, Metinvest remained one of the country's largest employers[1].

At the same time, headcount of the Group's JVs – Zaporizhstal and Southern GOK – decreased by 3% and 2% year-on-year to nearly 10,200 and 6,200 people, respectively, as of the end of 2021.

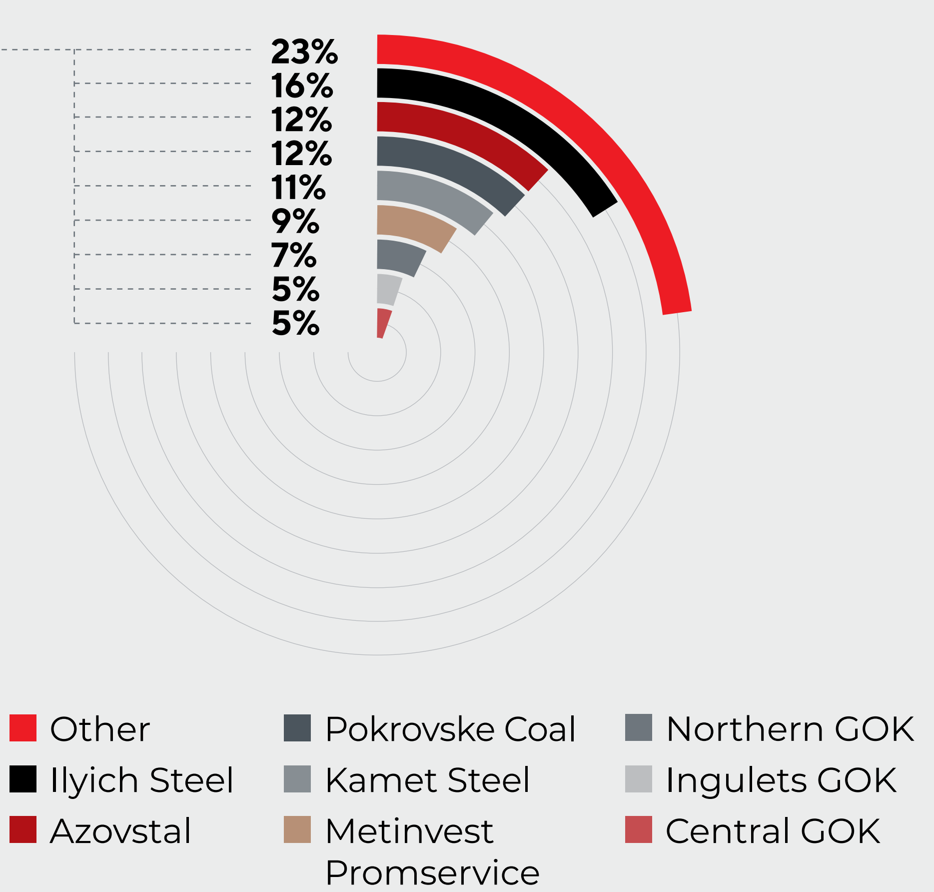
[1] According to Forbes Ukraine as of January 2021 and Vlada Groshei (the Power of Money) as of March 2021.

Employee headcount

86,955 employees +25%



Employees by asset in 2021



HUMAN RIGHTS

GRI 102-17; 410-1; 412-1; 412-2

Metinvest is committed to protecting labour and human rights in all its business activities. The Group fosters a creative, collaborative and trusting work environment. It does not tolerate discrimination on the grounds of race, skin colour, gender, age, religion, ethnicity, nationality or any other characteristics. The Code of Ethics and the Human Capital Management Policy outline Metinvest's core principles for ensuring the protection and observance of human rights.

The Group has several communications systems in place to ensure that employees feel comfortable reporting any potential violations of their rights. This includes a Trust Line, Metinvest's communication channels and a corporate portal.

Since 2019, Metinvest has tested employees' knowledge of the Code of Ethics using an online course that covers specific aspects related to human rights. In the period from 2019 to 2021, 95% of the Group's employees completed this training.

Building a stronger dialogue

GRI 102-41; 407-1

Metinvest recognises the inherent and legally protected right of employees to create and join trade unions and engage in collective bargaining to protect their common interests. Industry agreements and collective contracts apply to all employees regardless of their union membership. As of 2021, collective bargaining agreements covered over 99% of production personnel at the Group's assets.

In 2021, Metinvest adopted four new internal documents aimed at strengthening its dialogue with various employee groups, notably labour organisations, female employees, young professionals, and retired and former employees:

- the Principles of Social Dialogue with Trade Unions – governing the approaches of the Group's facilities to build effective cooperation with trade unions
- the Principles of Gender Equality – promoting gender equality, supporting women's rights and strengthening the Group's corporate culture
- the Principles of Engagement with Metinvest's Youth – designed to help young professionals at the Group to adapt, develop and socialise, as well as to improve retention among young employees
- the Principles of Engagement with Metinvest's Retirees – aimed at enhancing the Group's interaction with former employees who are currently out of work, as well as people who have retired from Metinvest.

Equal opportunities

GRI 405-1

All employees working at Metinvest have equal access to training and professional development programmes. The Group also provides equal opportunities for participation in personnel appointment procedures.

During the year, Metinvest updated its collective agreements with clauses providing equal remuneration for men and women when performing the same job. This aims to ensure that salaries, incentives, benefits and other forms of compensation – both financial and in-kind – are free of any kind of discrimination whether by gender, race, religion or trade union membership.

In addition, the Group enshrined the principles of gender equality in the Remuneration Policy by defining an approach to salary revision for employees returning from a prolonged absence, for example after maternity leave or military service.

Metinvest also launched a gender equality dashboard to continuously monitor gender diversity metrics. They include the share of women in both total headcount and leadership positions at various levels, the average salary of women and men by position level, and the number of new hires and promotions by gender, among other metrics.

The Group offers flexible working hours and parental leave for staff with children. It also has childcare and healthcare programmes designed for the parents in its workforce.

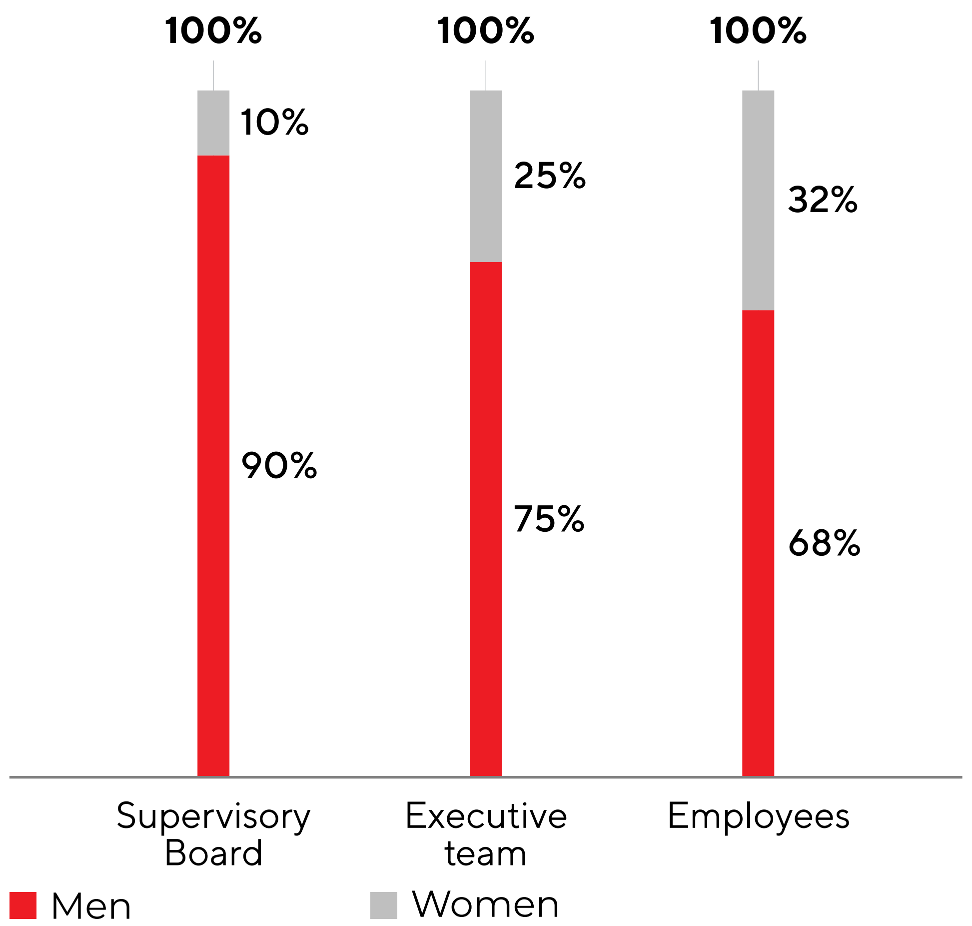
The working hours of Metinvest's employees must comply with the requirements of the national legislation of the countries where it operates and international standards. To ensure a safe working environment, the Group requires its entities to keep a record of the actual time worked by each employee.

Metinvest strives to improve workplace accessibility and negotiates employment terms for employees with disabilities on an individual basis to ensure that working time and the nature of duties accommodate their specific needs. At the end of 2021, the total number of employees with disabilities was 2,694, compared with 1,961 at the end of 2020. The increase was primarily caused by the consolidation of new assets.

As metallurgical and mining operations have traditionally required hard physical work, male employees have tended to outnumber women in these occupations. As of 31 December 2021, women accounted for around 32% of headcount (up one percentage point year-on-year), 25% of the executive team and 10% of the Supervisory Board (both unchanged year-on year).

For more details, see Annex 2.

Gender diversity in 2021



COMPENSATION

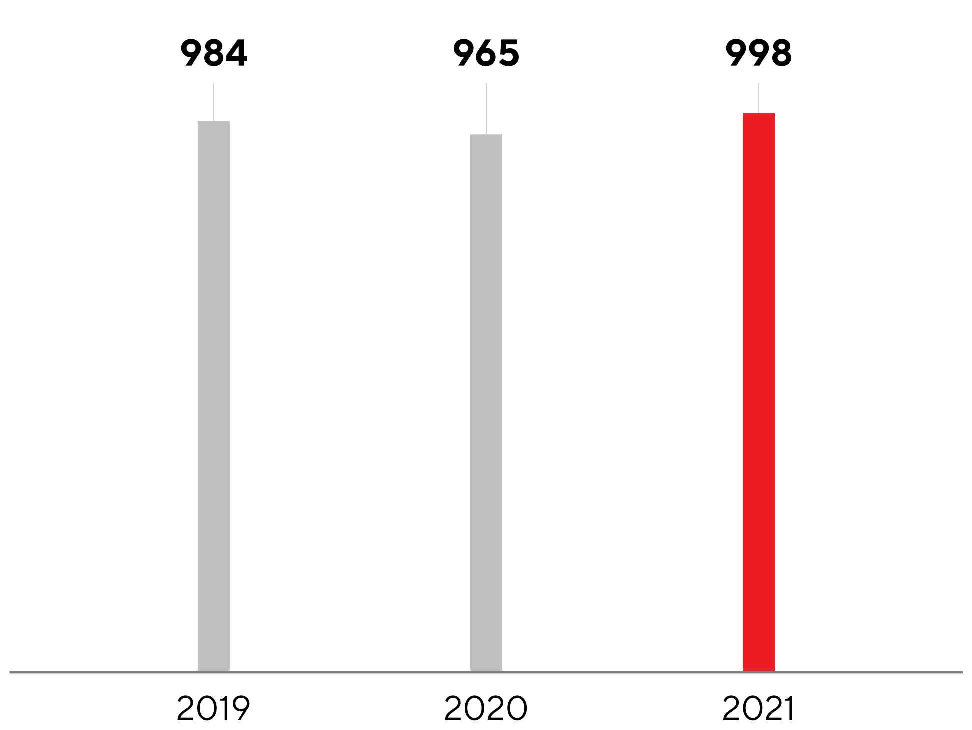
Metinvest strives to provide competitive remuneration to its employees through a combination of salary, bonuses and other monetary incentives. In 2021, the Group conducted a salary review using a model that differentiated depending on the category of personnel. This allowed it to retain employees in the scarcest professions.

As part of this effort, Metinvest increased by an average of 10% the salaries of production personnel at Ukrainian assets in the first half of the year and those of administrative and managerial personnel in Ukraine in the second half of the year. The average overall monthly salary across the Group during the reporting period increased by 3% year-on-year to US$998.

In addition, to support the operational improvement programme, Metinvest developed a motivation model for its production workforce and sales staff in 2021. This initiative led to the payment of extra bonuses for the year totalling US$5 million to employees from the most effective departments throughout the Group. Metinvest also continued to focus on health and safety incentives. For more details, see page 37.

Average monthly salary

US$998 +3%



SOCIAL BENEFITS

GRI 401-2

Metinvest recognises that the social benefits it offers employees must remain relevant to their needs in order to ensure comfortable working conditions. In 2021, the Group continued to provide health insurance options that allow employees to access a wide range of medical services. It also offered special material assistance programmes to support its personnel during difficult life situations. When such circumstances occurred, employees could request monetary compensation, which was provided at the discretion of the general director and chairperson of the trade union committee at their entity.

In 2021, Metinvest also continued to improve working conditions for employees. Overall, the Group invested US$20 million (a three-fold increase year-on-year) to enhance the social infrastructure (including administrative buildings, canteens, office furniture and equipment) and transport that it uses to provide amenities to its workers.

In addition, another initiative of Metinvest – the Territory of Childhood programme – was aimed to provide school supply kits for school-age children of employees, as well as gifts to children before the Christmas and New Year holidays.

Also, as a result of the continued pandemic in 2021, employees were offered the opportunity to work remotely on a part- or full-time basis, depending on their job. This required developing the ecosystem of IT tools for effective communication and ensuring continuous training and development opportunities.

My Choice

In 2021, Metinvest continued to expand both the coverage and the range of options available under My Choice, a programme offering individualised social packages that was launched in 2014. As of the year end, over 62,000 employees at 14 assets[2] participated in the programme after it was launched at two more assets (Metinvest Business Services and Metinvest-SMC) in 2021.

Overall, My Choice offered 70 types of benefits in 2021, among which were healthcare insurance, education and development, as well as additional travel, holiday, entertainment and family options.

Several of the My Choice benefit options that the Group successfully pilot tested at selected facilities in 2020 were also rolled out to other assets during the reporting period. These included early development classes for employees' children, family entertainment and vacation travel, driving courses and personal development trainings for employees, as well as educational and recreation programmes for their children.

At the all-Ukrainian HR Pro Awards 2021, My Choice won the Rewards and Recognition nomination.

[2] Avdiivka Coke, Azovstal, Central GOK, Ilyich Steel, Ingulets GOK, Kryvyi Rih Machining and Repair Plant, Mariupol Machining and Repair Plant, Metinvest Business Services, Metinvest Digital, Metinvest-Promservice, Metinvest-SMC, Northern GOK, Zaporizhia Coke and Zaporizhia Refractories.

HR SHARED SERVICE CENTRE

Since 2018, Metinvest Business Services has operated the Group's HR shared service centre, which ensures the effectiveness of personnel management processes.

It offers around 120 different services, including organisational planning, personnel administration, training, performance assessment, as well as compensation and benefits management. The shared service centre also advises employees on a variety of HR matters.

As of the end of 2021, around 70,000 Metinvest employees used its services, compared with 40,000 in 2020.

In 2021, the Group continued to improve the HR shared service centre's offerings for employees. This included launching the OpenText document management solution to help automate document registration and approval processes; a chat bot to serve as a round-the-clock tool providing employees with information while also polling their sentiments; and the Micro Focus system, which provides employees with digital services including meetings, training sessions and consultations.

In addition, in 2021, Metinvest introduced a tool that systematically assesses the quality of the HR services provided by the shared service centre based on feedback received from employees at different levels of the Group.

TRAINING AND DEVELOPMENT

GRI 404-1; 404-2

Metinvest provides a wide range of training and development opportunities to ensure continuous professional and career growth for all employees to meet business needs. The Group's learning and development system is represented by its Corporate University, the training centres at its assets, as well as Metinvest Polytechnic, a private university for the steel and mining industry established by the Group in 2020.

Overall, Metinvest spent around US$5 million, up 78% year-on-year, on human development through expanded training programmes in 2021. At the same time, the Group also continued to offer re-training to employees whose positions were made redundant through business process automation.

In total, 47,503 Metinvest employees were engaged in internal training during the year, an increase of 8% year-on-year. They attended 112,682 training sessions[3] (up 1% year-on-year) and received an average of 64 hours of training.

The Corporate University launched several new managerial training initiatives in 2021. These included:

- the Project Academy, a module-based programme designed to develop the professional competencies of project managers and chief engineers
- the Sales Academy programme, aimed to develop the professional skills of the sales team
- the Digital Academy programme, designed to enhance the competencies required for the Group's digital transformation

In addition, during the year, Metinvest piloted a mentoring programme for managers and employees. A total of 15 mentors and 30 mentees were involved in the initial cohort.

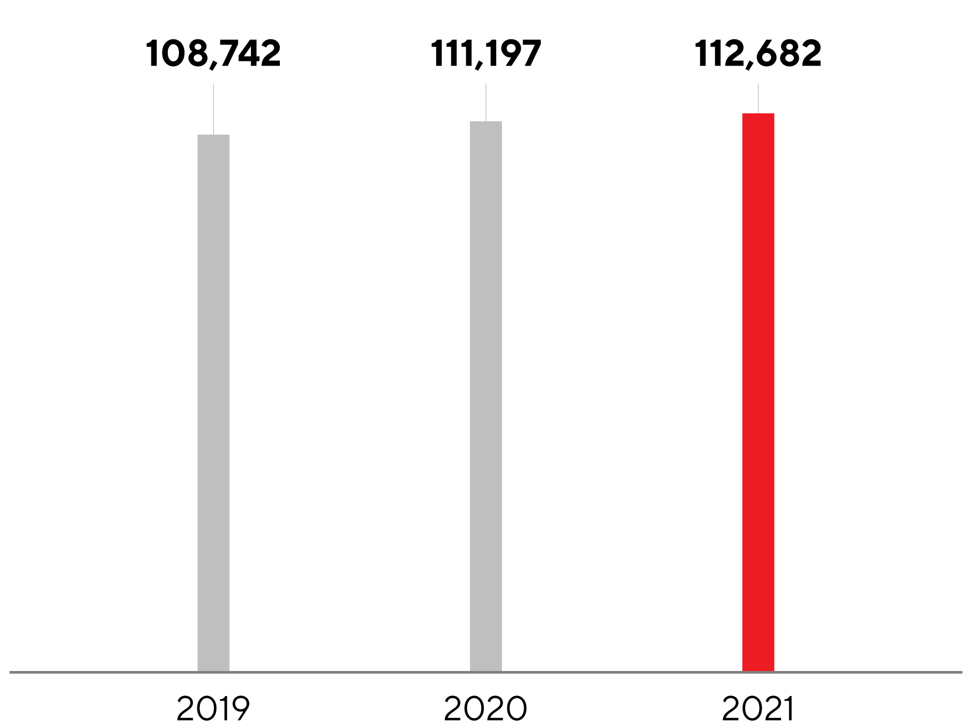
In 2021, the Group continued to train junior and mid-level leaders at its facilities through regular management practice sessions. The soft-skills training was focused on the development of communication skills, public speaking, thinking outside the box and indirect influence.

In terms of professional training for workers, during the year, Metinvest introduced several new initiatives under its roadmap aimed at improving training quality at its training centres. One example is hands-on training simulators for maintenance fitters and electric gas welding machine operators that allowed them to gain practical knowledge in various production situations. The Group also designed a pilot online course for sling operators that was accessible from any device for employee convenience.

In addition, Metinvest Polytechnic and the Corporate University introduced a joint programme to organise advanced training for the Group's employees, which had more than 200 participants in 2021. The key areas of training were HSE, metallurgy, mining, coke production, production process automation and business analytics technology.

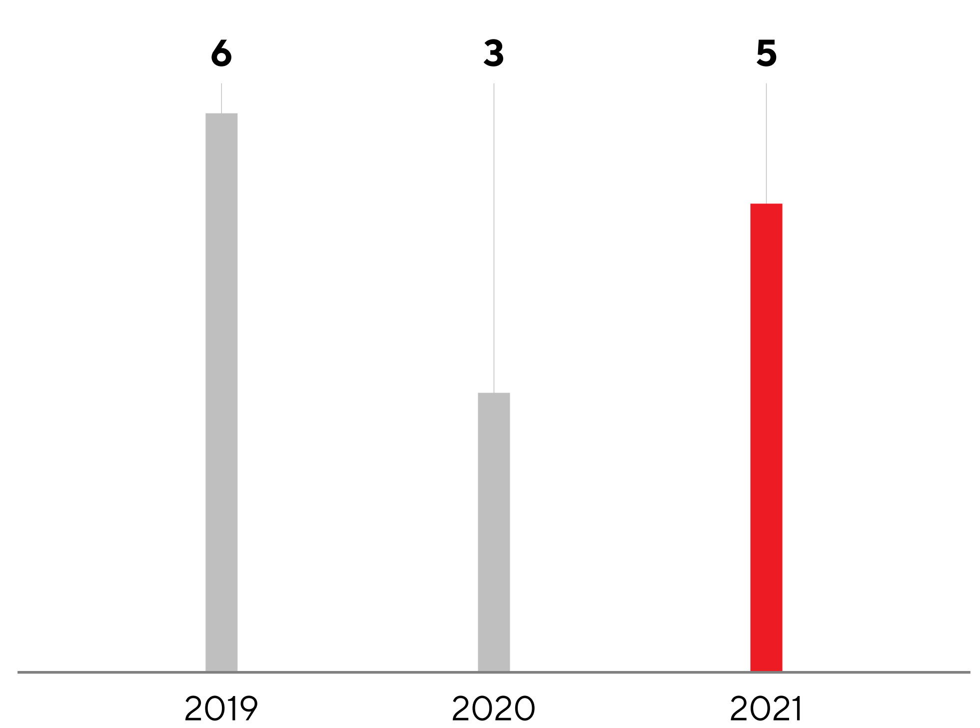
Employee training sessions

112,682 +1%



Spending on employee training

US$5 mn +78%



[3] Numbers represent the cumulative number of training sessions attended by employees during the reporting period.

YOUNG TALENT

GRI 404-2

In 2021, Metinvest adopted a new approach to the development of vocational education. To modernise the educational system in Ukraine, the Group is working to improve the quality of education in schools, increase students' interest in STEAM disciplines and develop secondary specialised educational institutions.

In particular, during the year, Metinvest launched a vocational guidance programme for schoolchildren. In addition, the Group organised the Steel-Tok career exhibition for pupils, which took place in January 2022 in Zaporizhzhia. It used a quest format with simulator areas to present occupations that are currently in high demand.

To foster the development of the next generation of young professionals, during the reporting period, Metinvest supported internships, dual education programmes, student case study championships, the WorldSkills Ukraine professional skills competition and scholarships. In 2021, more than 7,000 students participated in these programmes.

For the sixth consecutive year, Metinvest served as the general partner of WorldSkills Ukraine, a vocational skill competition for vocational school students and young professionals.

Under COVID-19 restrictions, the competition was organised and held in a mixed format: individual offline competitions and online broadcasts on social networks. The contest had more than 200 participants. The winners included 19 young employees of Metinvest.

In 2021, more than 260 students from universities and vocational schools in Kryvyi Rih, Mariupol and Zaporizhzhia took part in Metinvest's pilot dual education programme. The Group also provided scholarships to more than 1,500 students from five universities and six vocational schools in Ukraine.

During the year, 2,100 students from 45 universities and colleges in Ukraine participated in Metinvest's annual programme offering placements for practical study and internships. As a result, the 362 best performing interns received job offers upon completion. They were among some 600 recent graduates in Ukraine who accepted the first employment offers in their careers from the Group.

Metinvest also continued to develop professional standards to update the training system at enterprises and educational institutions. This helped to align state qualification and educational standards in Ukraine with modern production requirements. To date, the Group has developed 50 professional standards that have been approved by the Ukrainian government. In 2021, it revised 33 educational standards and three professional standards.

In addition, the Metinvest Young Leaders programme provided a unique opportunity for employees under the age of 30 to work in cross-functional teams, receive professional guidance from the Group's executive leadership and develop solutions to improve production processes. In 2021, more than 700 employees applied for the programme's seventh season and over 100 of them were accepted.

CAREER GROWTH

Metinvest strives to provide opportunities for career growth to motivated employees.

The Group posts information about available vacancies publicly and holds open competitions for appointments to mid-level and senior management positions.

A dedicated committee makes hiring decisions based on the results of a competitive test assignment where applicable.

Metinvest measures the performance of its personnel development and promotion initiatives using specific KPIs.

For example, the number of appointments to senior positions from the Talent Pool (a programme to train candidates for leadership positions) is indicative of the quality of employee training programmes, as well as how well the pool is being built.

Another KPI is the number of equipment failures caused by human error. Monitoring this metric helps to shape training and focus on problem areas. It also reflects the quality of mentorship provided to young employees.

In 2021, Metinvest updated its competency model to ensure that it has the digital expertise and knowledge needed to quickly respond to new business challenges.

METINVEST POLYTECHNIC

GRI 404-2

Consistent with its commitment to improve the quality of technical education in Ukraine, the Group has established Metinvest Polytechnic, the country's first private steel and mining university.

Construction of a modern, comfortable campus started in 2021 in Mariupol. Metinvest Polytechnic planned to open the doors to the initial cohort of students in September 2022. While the war has forced some aspects of these plans to be postponed, the university and its staff have shifted gears to offer the university's innovative programmes through an online platform.

Ultimately, the essence of Metinvest Polytechnic is derived from people, not a specific place. The university has a qualified teaching staff. It has obtained licences from the Ministry of Education and Science of Ukraine to offer advanced learning courses in metallurgy, mining, computer science, innovation technologies, environmental protection, occupational health and safety and economics. In addition, it is developing new educational programmes to prepare specialists to rebuild and modernise metallurgical production.

This innovative concept for training modern engineers concentrates the most relevant global scientific achievements and practices in the fields of metallurgy, industrial business and transformational management. The Group also expects its leadership team to be engaged in the learning process and is creating a special independent centre to monitor the quality of education. The capstone of each educational programme will be the implementation of an individual or group project commissioned at one of Metinvest's facilities.

In addition to offering a wide range of courses for the Group's employees, in mid-2022, after the reporting period, Metinvest Polytechnic launched the admissions process for its bachelor and master programmes. The university has prepared an educational facility in Zaporizhzhia to welcome students. Importantly, education will be provided free of charge for employees of the Group and their children.

WAR IMPACT

The war has had a profound impact on Metinvest's people. Several thousand employees have joined the military forces to defend Ukraine. Tens of thousands of employees have had to evacuate their homes, in particular from Mariupol and Avdiivka, to safer areas in Ukraine or to other countries.

Since the start of the war, the Group has stepped up to help its employees and their families. It has established rehabilitation and reintegration centres away from combat zones that provide affected employees temporary accommodation, humanitarian aid, medical care and psychological support. Metinvest has also set up a hotline to register employees evacuated from hot spots and ensure they receive support. In addition, it has arranged temporary housing, food and medical care at its existing social facilities.

Many employees in less affected areas have opened their homes, volunteering to take in colleagues and their families.

In addition, to support its people to the extent possible, the Group has made new job opportunities available at assets not directly impacted by the war, including facilities in Kamianske and Zaporizhzhia. In cooperation with partners, Metinvest Career Centres have offered job opportunities for internally displaced employees. If they cannot find a job for which they are qualified, the Group offers help for them to adapt to a new one or learn another profession through retraining.

Given the inherent unpredictability of war, Metinvest continues to monitor developments and adapt its approach to ensure that it is providing its people the support they need in this difficult time.

ENVIRONMENT

AN ENDURING PRIORITY

In 2021, Metinvest worked diligently to reduce its environmental impact and contribute to global efforts to tackle climate change. The Group continued to make significant investments in efficient production equipment and partnered with leading international experts in green steelmaking.

GENERAL APPROACH

GRI 103-2; 103-3

Metinvest's strategic vision on environmental protection is based on the following priorities:

- reduce environmental impact
- preserve raw materials and energy resources and use them efficiently
- safeguard natural landscapes and biodiversity

The Group's key environmental principles include complying with legislative requirements and establishing multi-level control systems. Metinvest's approach to managing its impact in this area is governed by the Policy in the Field of Health, Safety and the Environment.

At the highest level of the Group's corporate governance, the Supervisory Board's Health, Safety and Environmental Committee provides strategic oversight of Metinvest's environmental management.

The environmental function within the Group's Sustainable Development and People Management Directorate ensures compliance with legislative requirements, conducts risk assessments and internal audits, and develops strategies to reduce the ecological footprint of the business, among other priorities.

At the asset level, members of senior management meet quarterly to discuss key environmental issues and take decisions regarding the implementation of relevant projects.

In 2021, Metinvest continued to evaluate its assets for compliance with international standards. In particular, Metinvest-Promservice and Zaporizhia Coke obtained ISO 14001:2015 environmental management system certification during the reporting period. As of the year-end, 14 of the Group's assets[1] had such certification.

Throughout the year, Metinvest conducted regular internal audits to assess its environmental impact. They covered production activities and included analysis of measures to reduce air and greenhouse gas (GHG) emissions, waste management initiatives, use of water resources and compliance with water quality standards.

The Group seeks to maintain an open dialogue with all stakeholders to jointly solve ecological issues in the regions where it operates. Any direct complaints about environmental matters may be submitted via the Trust Line.

[1] Azovstal, Central GOK, Ferriera Valsider, Ilyich Steel, Ingulets GOK, Mariupol Machining and Repair Plant, Metinvest Holding, Metinvest-Promservice, Metinvest Trametal, Northern GOK, Promet Steel, Spartan UK, Unisteel and Zaporizhia Coke.

REACHING NEW HEIGHTS

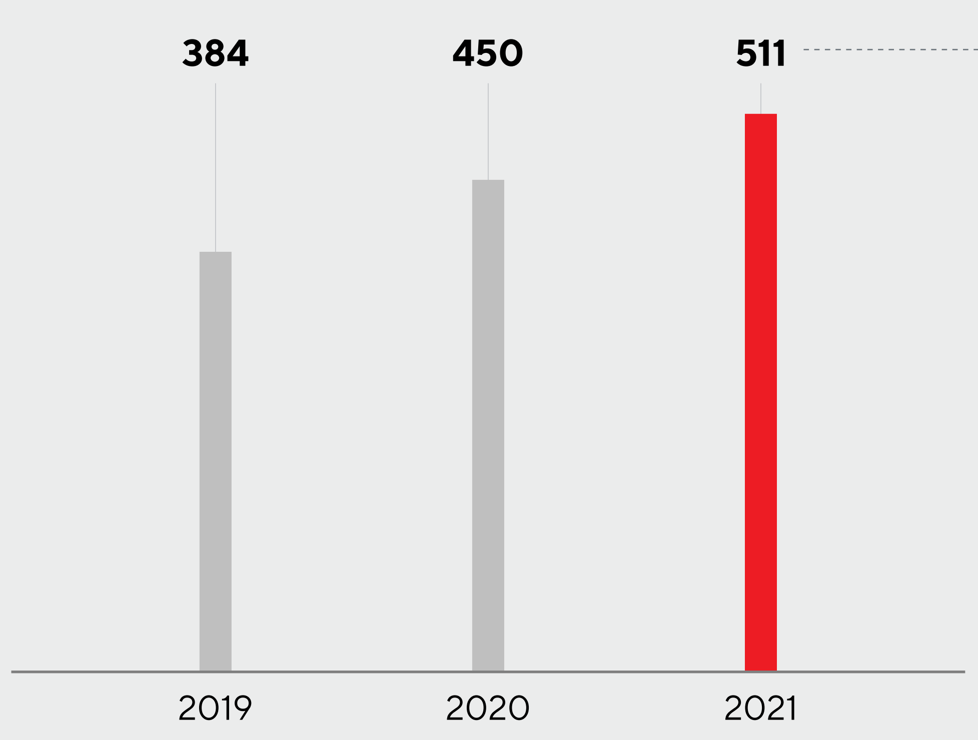
During the reporting period, Metinvest spent US$511 million on environmental initiatives, up 14% year-on-year.

Of this, US$213 million was capital expenditure[2], an increase of 4% from the previous year's record amount.

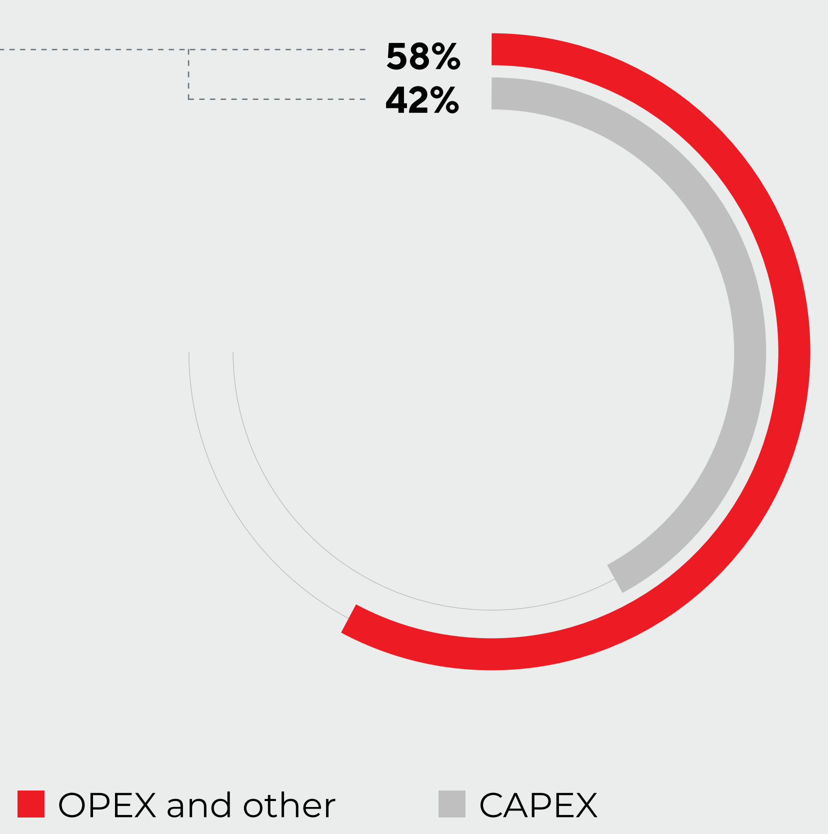
[2] Environmental CAPEX for assets located in Ukraine is calculated based on Ukrainian regulatory requirements and methodology and may differ from the IFRS approach.

Spending on environment

US$511 mn +14%



Spending by type in 2021



ADDRESSING CLIMATE CHANGE

Metinvest recognises that climate change is a global challenge and supports the fight against it. Consistent with UN SDG 13 (Climate Action), this was one of the Group's sustainability priorities in 2021. For more details about SDG contributions, see page 31.

During the reporting period, Metinvest considered decarbonisation options for its operations, engaged with industry associations on climate change to find technological solutions in this area, and worked to enhance community awareness of related topics.

GHG emissions disclosures

GRI 305-1; 305-2; 305-4

The GHG emissions of Metinvest's assets include carbon dioxide (CO_2), methane (CH_4) and nitrous oxide (N_2O), while CO_2 remains the primary greenhouse gas emitted by the Group.

As of 1 January 2021, the way in which Metinvest calculates its CO_2 emissions changed, following the adoption of Ukraine's new law "On the Principles of Monitoring, Reporting and Verification of Greenhouse Gas Emissions". It amended the methodology used to calculate CO_2 emissions from stationary sources, using the full carbon balance at an installation's input and output points. Previously, calculations were based on the emission rates of relevant substances under the terms of an installation's applicable permits. As the new approach is in line with the one adopted by the EU, it made the Group's CO_2 intensity reporting comparable with those of EU-based peers.

Although Metinvest was not obliged to begin using the new methodology until 2022 in its reporting for 2021, for reasons of accountability and transparency, it recalculated and presented historical numbers proactively in its sustainability reporting for 2020 for the first time.

This was intended to ensure comparability between reporting years and with other similar metals and mining companies. In addition, although not required by this new framework, the Group calculated direct Scope 1 CO_2 emissions from mobile sources and indirect Scope 2 CO_2 emissions associated with its electricity purchases in accordance with the Greenhouse Gas Protocol.

In 2021, the Group's CO_2 emissions increased. In particular, Scope 1 CO_2 emissions totalled 24.8 million tonnes, up 7% year-on-year, while Scope 2 CO_2 emissions amounted to 3.1 million tonnes, up 15% year-on-year. The Scope 1 CO_2 emissions grew primarily because of the consolidation of the newly acquired assets of Kamet Steel. Scope 2 CO_2 emissions increased year-on-year as electricity consumption grew at some of the Group's existing assets, mainly due to higher production and repair loads, as well as the integration of Pokrovske Coal.

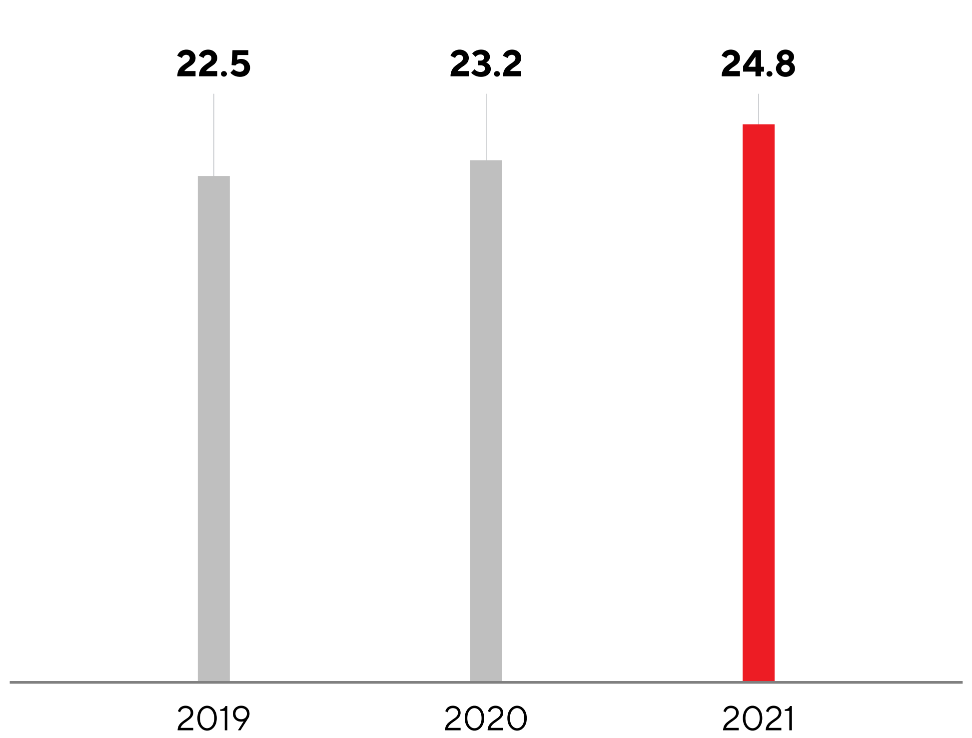
Meanwhile, the direct CO_2 emissions intensity of Metinvest's steelmakers fell by 6% year-on-year to 2.17 tonnes of CO_2 per tonne of crude steel production. This was primarily caused by growth in production efficiency, as well as a reduction in the consumption of carbon-containing materials. The latter was achieved mainly through the implementation of the following initiatives:

- upgrading the gas cleaning facilities for the casthouse and stockhouse of blast furnaces Nos. 4 and 5 at Ilyich Steel
- undertaking the complex modernisation of the sinter plant at Ilyich Steel
- overhauling the heating walls of coke oven batteries Nos. 3 and 4, as well as air heaters of blast furnaces Nos. 3 and 4 at Azovstal
- a quality improvement in the coal blend at Azovstal and burden in the BF-process at Ilyich Steel

Metinvest emits methane mainly from its coking coal underground mining operations. In 2021, the Group's CH_4 emissions increased to 84 thousand tonnes (compared with 12 thousand tonnes in 2020) as a result of the consolidation of Pokrovske Coal. Meanwhile, United Coal decreased its methane emissions year-on-year, primarily by sealing off abandoned areas in its Affinity mine, which are the largest source of such emissions, and installing a methane flare.

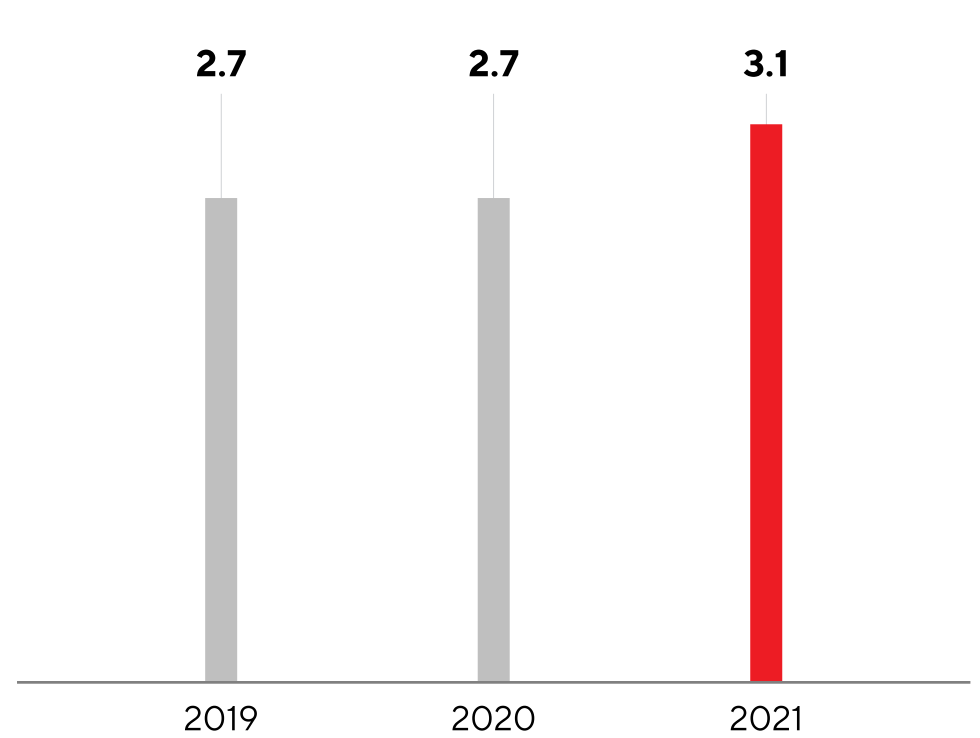
Direct CO_2 emissions (Scope 1)

24.8 mt +7%



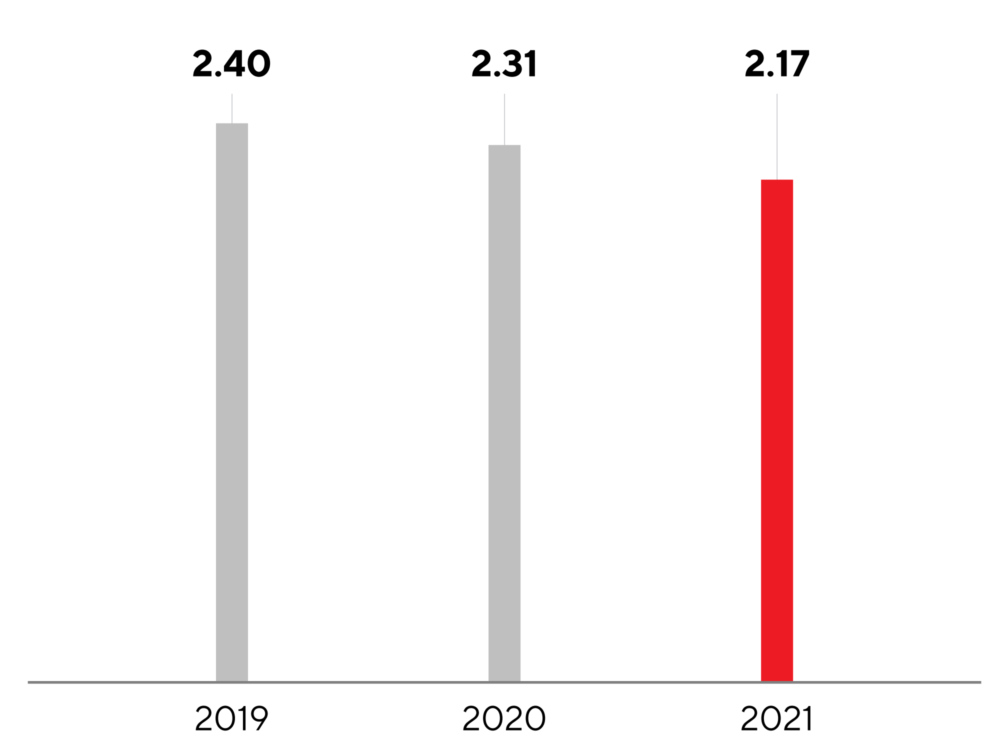
Indirect CO_2 emissions (Scope 2)[3]

3.1 mt +15%



Direct CO_2 emissions intensity, per tonne of crude steel[4]

2.17 tonnes -6%



[3] Scope 2 CO_2 emissions were calculated using the location-based method. As Metinvest generally purchases electricity from traders, this approach reflects the average emissions intensity of power grids through which energy consumption occurs, primarily using grid-average emission factor data.
This data cannot be used for the purposes of taxation or other withholdings.

[4] The calculation is based on Scope 1 stationary and mobile CO_2 emissions of the Group's steelmakers. As Metinvest is a vertically integrated company and is self-sufficient in core raw materials for steel production, only those material flows directly used in steelmaking processes were taken into account, while volumes of merchant pig iron were not included.
The intensity indicators for 2019-2020 were restated to exclude raw materials used in the production of merchant pig iron.

Decarbonisation
In 2021, Metinvest worked to develop a long-term decarbonisation roadmap, although it has since had to postpone these efforts because of the war. The intended step-by-step approach was to include key milestones for the transition to low-carbon operations, in line with international best practices. The decarbonisation journey was planned to be supported with respective targets and a list of technological measures designed to achieve these goals.

The Group's search for feasible pathways was focused on known and proven technologies, including direct reduced iron (DRI) in combination with the electric arc furnace (EAF). For more details, see the following interview with Metinvest's CEO.

Metinvest was pursuing its decarbonisation agenda through partnerships with international leaders in green steelmaking. During the reporting period, the Group signed memoranda of understanding on the development of decarbonisation technologies with several experts in metals and mining, including K1-MET, Primetals Technologies and SMS group[5].

Notably, in 2021, the Financial Times and the research company Statista named Metinvest Trametal, one of the Group's Italian re-rollers, in its listing of Europe's Climate Leaders. The rating consisted of 300 companies that achieved the greatest reduction in their GHG emissions intensity in 2014-2019, adjusted for revenue growth. To earn its place in the ranking, Metinvest Trametal reduced its core GHG emissions by 6.8% during that period.

In early January 2022, after the reporting period, Metinvest became a member of the European Steel Technology Platform (ESTEP), which gathers stakeholders from steel companies, the academic and scientific fields, steel technology and equipment suppliers, and customers in the steel industry. Participation in ESTEP will make it possible to enhance collaboration with industry leaders on innovative, low-carbon steelmaking technologies in the future.

ENERGY EFFICIENCY

GRI 103-2; 103-3; 302-1; 302-4

Metinvest has a dedicated division at the executive team level, as well as energy management and efficiency departments at each production asset. They are responsible for planning and controlling energy resource consumption in production and implementing energy efficiency measures.

The Group has been developing energy management systems at its production assets that conform to international standards. At the end of the reporting period, ten assets[6] had certified their energy efficiency management systems as compliant with ISO 50001:2011.

In 2021, the direct energy consumption of Metinvest's assets increased by 13% year-on-year to 236,547 terajoules, mainly due to the consolidation of the new Kamet Steel assets.

The Group spent US$16 million on energy efficiency measures during the reporting period, a nearly two-fold increase year-on-year. It implemented the following key energy efficiency projects at several of its assets:

- installing more efficient lighting systems, pumps and other equipment
- increasing the productivity of sintering machines
- modernising the compressed air system

This contributed to an increase in energy savings by 4% year-on-year to 5,179 terajoules.

In 2021, Metinvest also engaged a contractor to implement turn-key projects that deliver energy savings. The Group pays for the provision of such services using the economies achieved.

AIR EMISSIONS

GRI 305-7

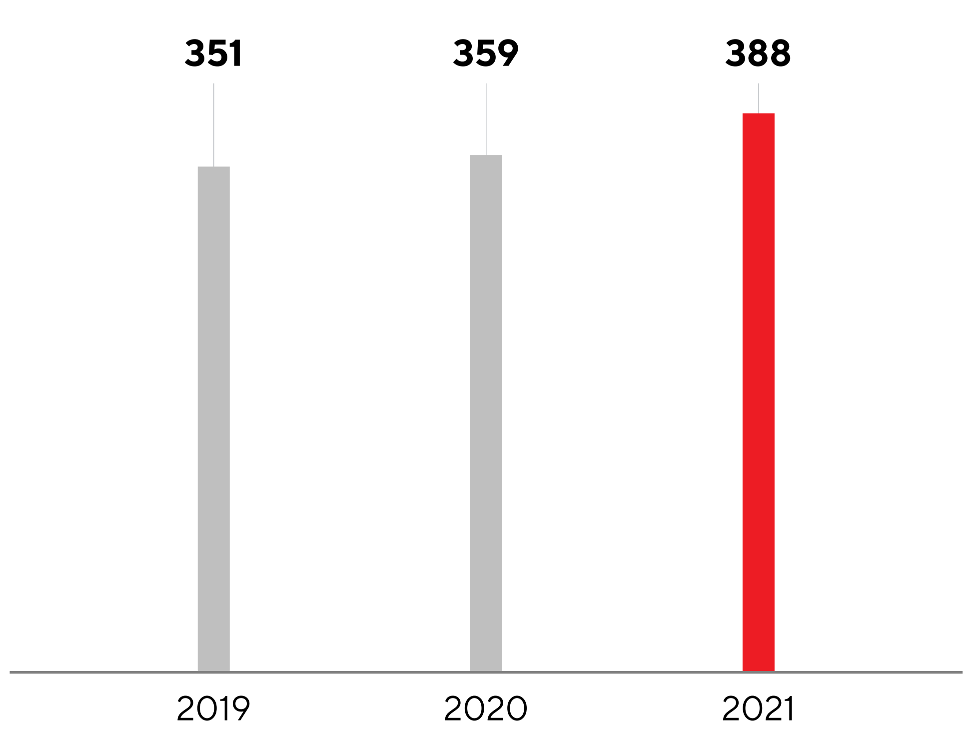
In 2021, Metinvest's air emissions increased by 8% year-on-year to 388 thousand tonnes. This was primarily driven by the integration of the newly acquired assets of Kamet Steel, which emitted 30 thousand tonnes in the period following their consolidation into the Group.

Excluding the new assets, total air emissions would have fallen by around 2% year-on-year, primarily because of lower carbon monoxide emissions at Azovstal, following the repair of the air heaters of its blast furnaces.

5 K1-MET is a leading Austrian competence centre for the development of advanced metallurgical and environmental processes. Primetals Technologies is an international pioneer in the fields of engineering, plant building and lifecycle services for the metals industry. SMS group is a leading company in iron and steelmaking technologies.
6 Avdiivka Coke, Azovstal, Central GOK, Ilyich Steel, Ingulets GOK, Kamet Steel (coking facilities), Mariupol Machining and Repair Plant, Northern GOK, Zaporizhia Coke and Zaporizhia Refractories.
7 The air emissions indicators were restated for 2019-2020 because of a revised approach that excludes N_2O and CH_4 generated by Ukrainian assets from the calculation of the total, as they are included in GHG emissions.
8 For 2021, this indicator excludes some non-material data of Mariupol-based assets that could not be retrieved when preparing the reporting because of the impact of the war in 2022.
Only purchased (or extracted) fuel was factored into the calculations. The coefficient used for conversion from TOE to TJ is 1 TOE = 0.0293076 TJ. Metinvest does not use higher heating values (HHV), also known as gross calorific values (GCV), in its calculations of energy consumption from fuel.

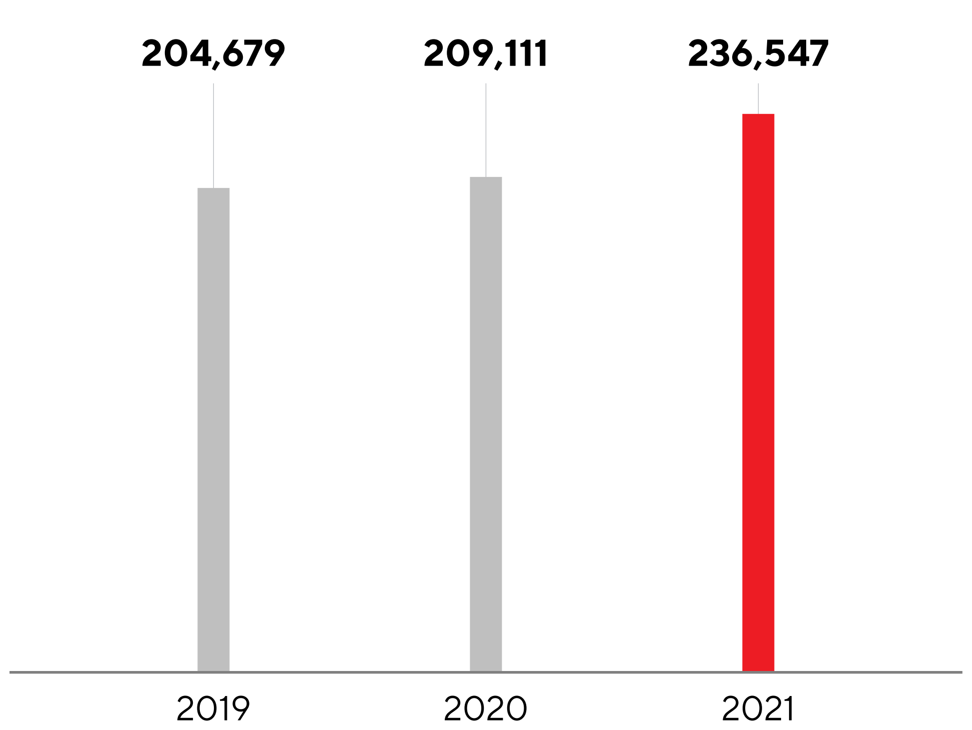
Air emissions (excluding GHG emissions)[7]

388 kt +8%



Direct energy use[8]

236,547 TJ +13%



WASTE MANAGEMENT

GRI 306-1; 306-2; 306-3; 306-4

Responsible waste management is an important aspect of Metinvest's environmental agenda. The production cycle generates industrial waste, including overburden and tailings from ore extraction and enrichment, chemical by-products from coke production, as well as slag and iron-containing sludge from hot metal and steel production.

Throughout its operations, the Group strives to minimise the volume of waste generated and store it safely in specially designated areas. Metinvest also works to maximise its reuse and recycling, including through the production of crushed rock for road repair and construction, the commercialisation of by-products such as coal tar pitch, naphthalene, benzene produced from coking gas generated during coke production, and the replacement of iron ore raw materials with scrap. Overall, in 2021, the share of scrap consumed by the Group's steelmakers for total steel production was 20%, up one percentage point year-on-year.

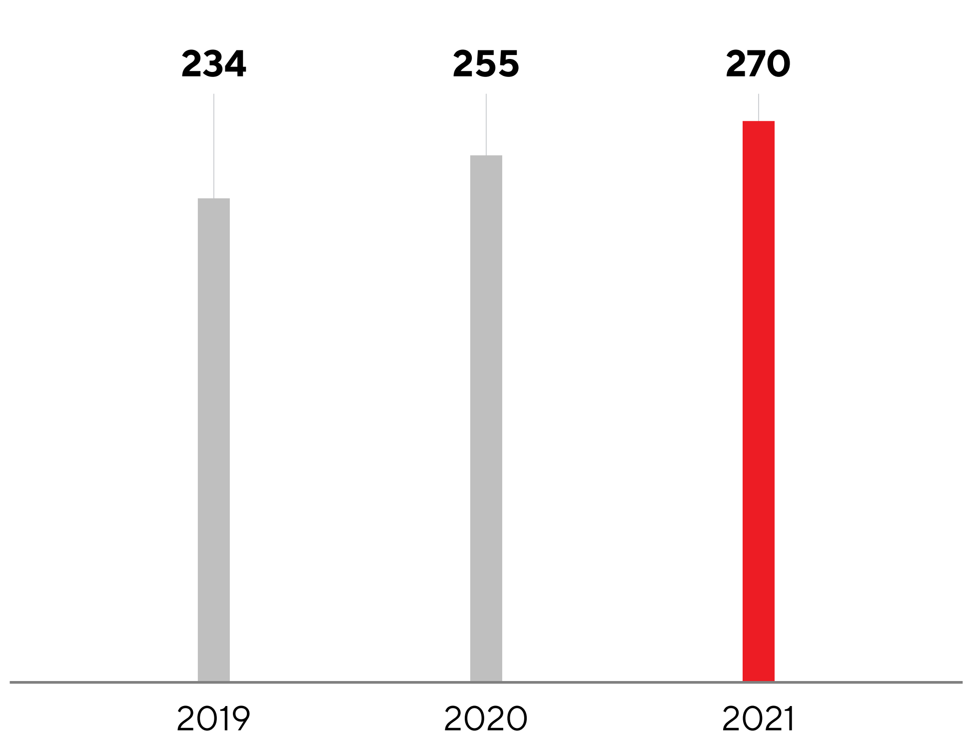
In accordance with applicable legislative requirements and Metinvest's internal regulations, all assets regularly collect data about the volumes and types of waste that they generate. Each asset has coordinators responsible for gathering the required information and uploading it digitally into the Group's centralised database.

Metinvest deposits its waste in specially designated areas, including slag and sludge storage facilities at steelmaking assets. In addition, the Group's iron ore mining assets operate tailings storage facilities for waste material from the production of concentrate. These structures are commonly located in areas that feature relatively low seismic activity and reduced exposure to strong rains. Metinvest fully complies with regulatory requirements and applicable legislation to retain the licences required to operate such facilities. The Group closely monitors dam stability at the tailings facilities and designates employees responsible for checking them twice a day. It also tracks waste volumes and disposal methods and assesses any associated impacts. In addition, external control is performed annually by the Ukrainian state authorities that analyse the condition of the tailings facilities.

In the reporting period, Metinvest generated 270 million tonnes of industrial waste from production, 99% of which was non-hazardous, mostly overburden and tailings from the iron ore producers. The slight increase (6% year-on-year) in waste generation was mainly due to the production growth of the Group's iron ore producers. Meanwhile, the total volume of recycled wastes increased by 15% year-on-year to 69 million tonnes as a result of an increase in the use of mining waste as a construction material for roads in Ukraine.

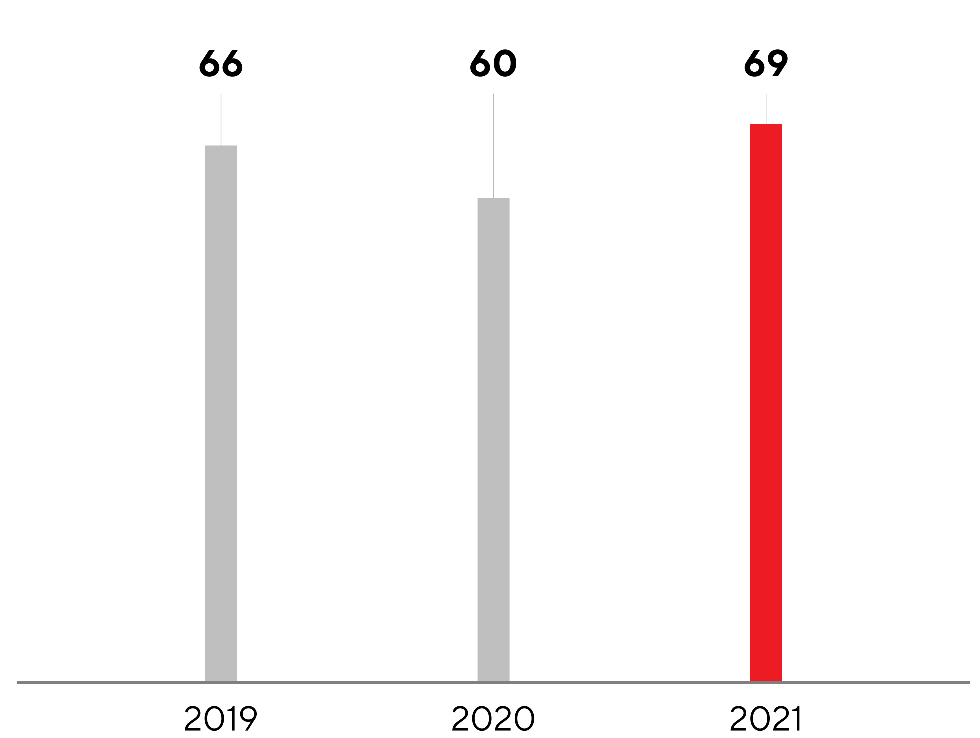
Waste generated

270 mt +6%



Waste recycled

69 mt +15%



ENVIRONMENTAL PROJECTS

GRI 203-2

In 2021, Metinvest achieved progress on numerous environmental initiatives. Consistent with the Group's commitment to its ESG agenda, it completed the auxiliary work for the modernisation of the Ilyich Steel sinter plant during the reporting period. Its direct environmental impact resulted in a reduction of dust emissions by 90% and sulphur dioxide emissions by 46%. In addition, in June 2021, Ilyich Steel finished the upgrade of gas cleaning facilities for the casthouse and stockhouse of blast furnace No. 5. It also completed a similar project at blast furnace No. 4 in February 2022, after the reporting period. These initiatives aimed to cut dust emissions from the blast furnaces by over 65%.

Azovstal was working on the modernisation of gas cleaning equipment of the basic oxygen furnaces, which aimed to cut dust emissions and reduce water usage through the application of best available techniques. The project was expected to be one of the Group's largest environmental initiatives following the completion of work at Ilyich Steel's sinter plant.

Northern GOK advanced the replacement of gas cleaning units for its Lurgi 552-A roasting machine, which was completed in early 2022, after the reporting period, to reduce dust emissions from the equipment by 40%.

Metinvest also continued to implement a programme of extensive maintenance on the coke oven batteries at Azovstal, Avdiivka Coke, Kamet Steel and Zaporizhia Coke to keep air emissions well below the permitted local levels.

WATER MANAGEMENT

GRI 303-1; 303-2; 303-3; 303-4; 303-5

Metinvest seeks to proactively identify, prevent and reduce the potential impact of its operations on water resources.

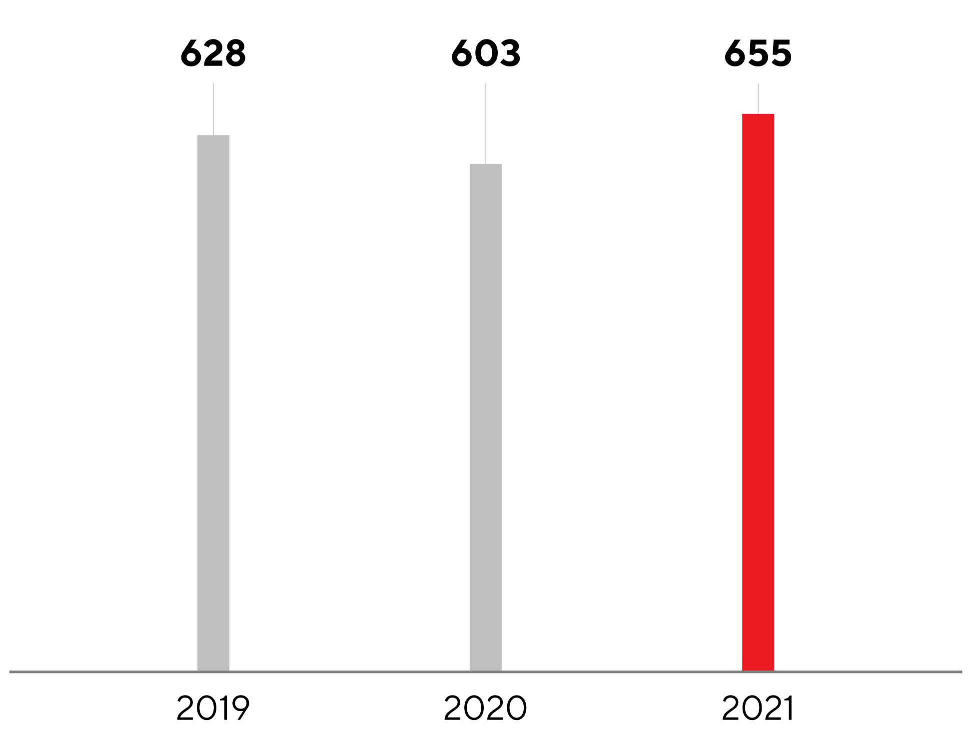
The Group's production assets use only fresh and salt water from surface and ground water sources and utility systems. They do not consume water from areas undergoing water stress.

In 2021, Metinvest primarily used water to cool equipment or substances without direct contact with the raw materials or products. Systems were designed to require insignificant freshwater intake to replenish the reverse cooling cycles when water evaporates.

The Group's iron ore mining assets use recycled water to prepare a mixture with milled ore before separating the valuable components from the waste material, known as 'tails'. The latter are sent to the assets' tailings storage facilities.

Water intake

655 mcm +9%



In addition, the BOF production process uses water to purify the gas from steel production. This recycled water is cleaned in storage ponds and returned to the production process.

Metinvest carefully monitors the quality of water resources that are used and withdrawn by its assets to ensure compliance with existing environmental legislation. It also regularly modernises its laboratories to ensure the accuracy of measurements.

In 2021, the total volume of water intake and consumption increased by 9% year-on-year each to 655 million cubic metres and 639 million cubic metres, respectively. This was driven primarily by the integration of new steelmaking assets in Kamianske and greater output by Azovstal.

Recent acquisitions also impacted the share of freshwater intake, which reached 25% in 2021, up three percentage points year-on-year.

During the reported period, water discharge increased slightly by 1% year-on-year to 532 million cubic metres, mainly due to consolidation of the newly acquired assets of Kamet Steel. This was almost fully compensated by a lower discharge at Azovstal.

During the reporting period, the Group recycled and reused 81% of water consumed from all sources, which was the same level as in 2020.

For more details on key environmental data, see Annex 2.

BIODIVERSITY

GRI 304-1; 304-2; 304-3; 304-4

Metinvest cares about the preservation of biodiversity and monitors the efficiency of the measures that it takes to reduce its impact in this area. The Group's assets do not operate in any protected natural areas or areas of high biodiversity value. In addition, its activities do not affect the habitats of species on the International Union for Conservation of Nature (IUCN) Red List or national conservation list.

Metinvest strives to restore lands disturbed through its mining operations. It also undertakes a range of measures aimed at preserving landscapes, reducing the area of disturbed land and restoring sites to their previous condition.

According to Ukraine's Mineral Resources Code, Land Code, Mining Law and Land Protection Law, as well as other Ukrainian and US legislation and regulations, the Group is responsible for site restoration and soil rehabilitation upon decommissioning all non-hazardous waste storage facilities and mines. Metinvest's commitment to such rehabilitation work is underpinned by the licences for subsoil use obtained from the government authorities.

The Group's facilities continuously implement greening measures to reduce dust at dumps, tailings facilities and sanitary protection zones. They also engage in joint efforts to enhance the urban ecosystem.

Since the creation in 2001 of the Vizyrka nature preserve, Ingulets GOK has provided comprehensive support to protect its landscape. During the project's implementation, the Group significantly improved the health of water bodies and enhanced the fertility of the land in the nature preserve. The area has become home to more than 100 new species of animal life.

WAR IMPACT

The war has presented Metinvest and Ukraine with immediate and potentially serious environmental risks. To mitigate them, the Group has moved rapidly and decisively to safeguard its Ukrainian facilities.

For example, the decision to suspend production at some of the Group's assets minimised the risk of environmental impacts from damage incurred to the plants by shelling, disruptions in energy and water supplies, and other factors.

As of the time of writing, it is too early to assess the impact of the war on Metinvest's long-term environmental strategy and plans. Many of the initiatives in this area have been postponed, primarily because of the temporary occupation of some of Ukraine's territory, including Mariupol.

Metinvest remains committed to its overall agenda in this area and is carrying out some investment and maintenance work at facilities not directly affected by the hostilities, for instance at Kamet Steel. The Group's iron ore assets are implementing ongoing environmental projects, including dust suppression measures at tailings storage facilities. Metinvest's facilities outside Ukraine are also making progress on their environmental initiatives.

COMMUNITIES

A LASTING PARTNERSHIP

Metinvest strives to make a long-term, positive impact on community development in the areas surrounding its operations. To guide these efforts, in 2021, the Group developed a new internal regulation covering social spending and community engagement.

GENERAL APPROACH

GRI 103-2; 103-3

Metinvest's well-coordinated sustainable development approach is a key aspect of achieving its strategic business goals. At the Group level, the Supervisory Board approves the budget for social partnership programmes. The Sustainable Development and People Management Directorate oversees this process, while the Regional Development Department is responsible for implementing these projects at the regional level.

Metinvest supports an open dialogue with residents to gain insight into public opinion so that it can implement projects that create the greatest value. In 2021, a dedicated business function provided support by monitoring and analysing public opinion. The Group used the results of the studies to ensure that its initiatives met the needs of local people and to form a basis for future decision making.

In 2021, Metinvest developed a new internal regulation to guide this work: the Approaches and Principles of Social Spending and Local Community Engagement. Adopted in January 2022, after the reporting period, it determines which areas to prioritise and sets criteria for project selection. It also establishes an approach to monitoring and assessing initiatives that are implemented.

The regulation provides the following guidance:

Comprehensive approach. Take a comprehensive approach to social investment to solve urgent problems more effectively and contribute to regional development

Partnership. Join forces with stakeholders, including local authorities, residents and public organisations, to develop and implement social projects

Relevancy and efficiency. Strive to improve the efficiency of social investment management so that the result meets goals and is of maximum benefit to communities

Strategic focus. Take a strategic approach to social investment, planning activities for the long term and with a significant impact

LOCAL FOCUS

GRI 203-1; 203-2; 413-1

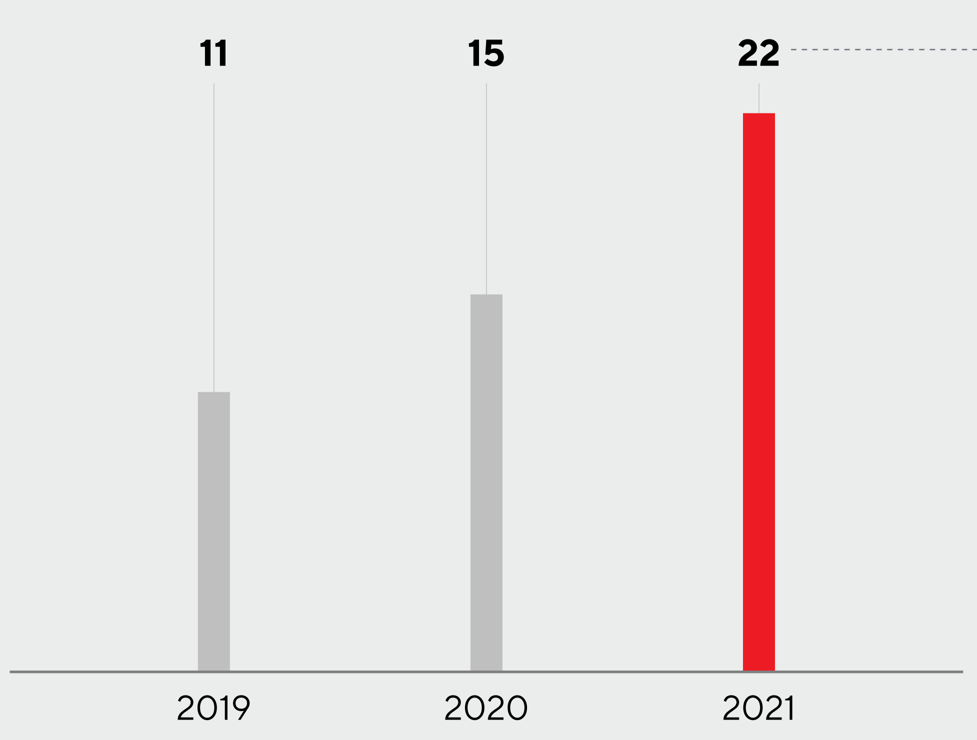
In 2021, Metinvest spent US$22 million (up 40% year-on-year) on social partnership programmes in six key areas: social infrastructure, healthcare, education, culture and sport, community engagement and environmental stewardship.

The Group also continued to provide financial support to socially disadvantaged groups and those in distress and donated more than US$0.5 million for charities.

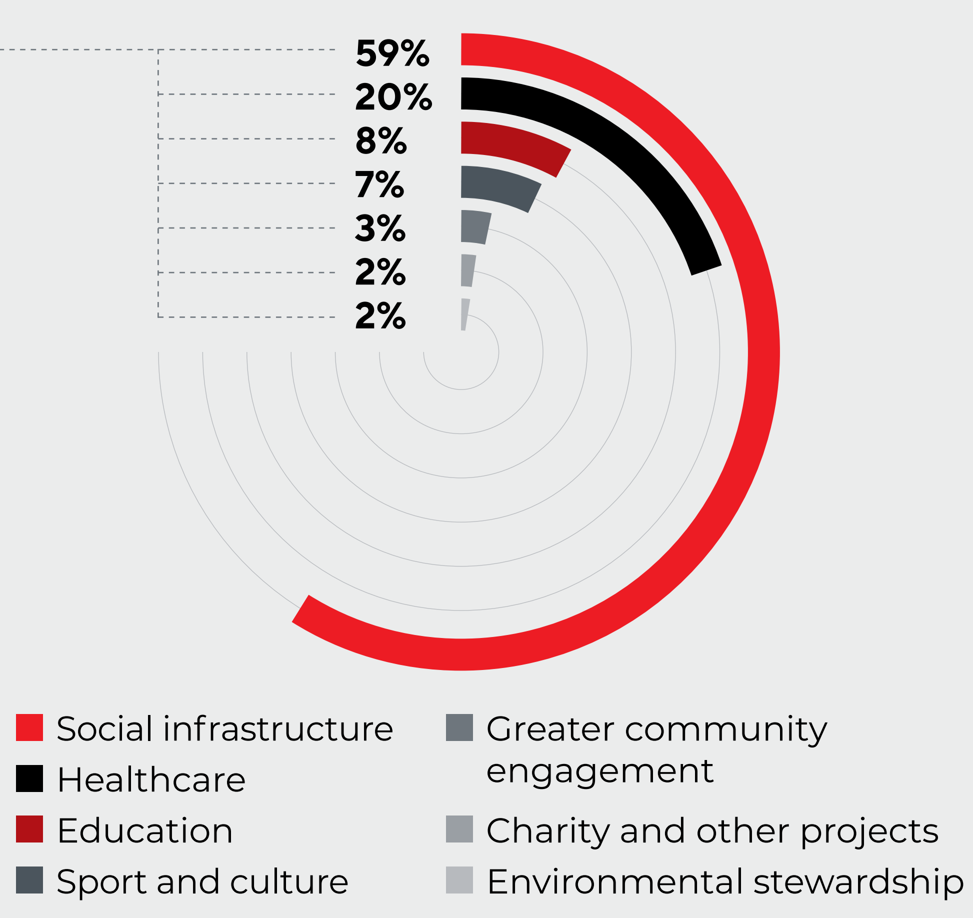
[1] The numbers include non-monetary donations.

Spending on communities[1]

US$22 mn +40%



Spending by focus area in 2021



UPGRADING SOCIAL INFRASTRUCTURE

Parks and public spaces modernised

44

Social infrastructure improvement was an essential component of Metinvest's community spending during the reporting period. Priority was given to various projects that improve the overall quality of life for residents, including construction of playgrounds, parks and public spaces, as well as upgrades and repairs of apartment buildings. The Group spent around US$13 million on infrastructure development in 2021, a two-fold increase year-on-year.

Among the many projects implemented, Metinvest was involved in initiatives in Avdiivka to upgrade transport stops and build a modern playground to enhance public spaces. In Kryvyi Rih, the Group helped to implement the "Green city. Comfortable areas" project, which aimed to improve districts in the city. Metinvest also supported various infrastructure projects in the villages surrounding Kryvyi Rih.

Upgrading city park in Mariupol
In 2021, Metinvest partnered with the municipal government of Mariupol and city NGOs to upgrade the municipal Gurov Park. This was one of the largest social projects in the city and was implemented in several stages. It was opened for visitors in September 2021. Overall, more than 70,000 flowers, trees and alpine herbs were planted throughout the park's vast territory. As part of the initiative, two fountains were installed, including the largest cascade fountain in Ukraine. The project also entailed creating the largest children's playground in the country in the form of a fairy-tale castle.

Apartment buildings repaired

37

Preserving national heritage in Zaporizhzhia
In 2021, Metinvest participated in the restoration of Khortytsia Island in Zaporizhzhia as a part of the Khortytsia National Reserve Revival project under the "Large Construction" Programme. The project was implemented in conjunction with a number of government bodies and a diverse range of other stakeholders.

The Group supported the development of Khortytsia Island's brand book, as well as the modernisation of Unity Hill and the Museum of the History of Zaporizhzhia Cossacks. During the reporting period, Khortytsia Island was recognised at the Ukraine Tourism Awards 2021 for its barrier-free design and at the Epica Awards 2021 for its branding and laser show.

SUPPORTING HEALTHCARE

Oxygen supplied to hospitals in Ukraine

3,000 tonnes

Supporting healthcare was one of Metinvest's most important areas of focus in 2021. The Group continued to upgrade medical facilities and provided hospitals with modern medical equipment. Among other healthcare projects, as part of Avdiivka city hospital's upgrade programme, Metinvest supported major overhaul of the hospital's administrative building and neurological department. With the Group's support, the wards in the infectious diseases department of hospital No. 17 in Kryvyi Rih were also upgraded.

As COVID-19 remained a constant presence throughout the year, Metinvest continued to help communities prevent the spread of the virus and care for people who have been infected.

In 2021, the Group supported hospitals in Avdiivka, Kryvyi Rih, Mariupol, Pokrovsk and Zaporizhzhia by constructing additional oxygen stations; providing medical equipment and other supplies; and renovating and outfitting medical facilities. In addition, it supplied 11 artificial respiration units to hospitals in Zaporizhzhia.

Metinvest's assets in Ukraine also coordinated with national and local government bodies to efficiently distribute oxygen to hospitals throughout the country. In 2021, the Group supplied around 3,000 tonnes of oxygen to cover the daily needs of hundreds of patients, while the Zaporizhstal JV additionally provided about 4,500 tonnes.

MAKING A POSITIVE IMPACT

GRI 203-2

In many of the towns, cities and regions where Metinvest operates, it is an economic anchor. It is often one of the largest employers, as well. The Group recognises the responsibility that this status entails. Paying corporate and other taxes in Ukraine and other countries where Metinvest conducts business in a timely, transparent and accurate manner is a core ethical obligation. In 2021, the Group paid US$1,587 million in taxes globally (up 2.6 times year-on-year).

Over the years, Metinvest has built lasting strategic partnerships with local public authorities and NGOs to support communities. This approach helps the Group to better understand the strategic development priorities and the needs of residents, which increases the effectiveness and positive impact of its spending in this area. Partnering with international agencies and NGOs, such as the UN Population Fund, UN Development Programme and International Alert makes it possible to draw on their extensive expertise and increase the scope and budget of projects.

In 2021, as Metinvest's operations expanded to Pokrovsk (Donetsk region, Ukraine), it began to cooperate and implement projects with NGOs in the city. Similar partnerships are in place in Avdiivka, Kryvyi Rih, Mariupol and Zaporizhzhia.

ADVANCING EDUCATION

Educational projects implemented

38

The Group works with schools and institutions of higher learning across Ukraine on educational projects designed to promote the disciplines of science, technology, engineering, the arts and mathematics (STEAM) and to foster leadership, entrepreneurship and soft skills among students and teachers. In the reporting period, Metinvest continued to implement milestone initiatives, such as the Master of Public Administration programme, which is aimed at the development of local leaders, and the STEAM-CAMP, a leadership programme for teachers. The Group also supported the Best Teachers of Pryazovia competition.

Promoting technical education

Metinvest supports initiatives that aim to improve technical education in Ukraine, an important aspect of training talented future professionals for the steel and mining industry. Jointly with the Mariupol Development Fund, Zaporizhzhia Joint Action Platform and Kryvyi Rih Foundation of the Future, the Group implemented the STEAM-CAMP Leadership Educational Programme. More than 500 teachers of STEAM disciplines from over 200 schools participated in the programme and developed more than 400 integrated lessons. As an indication of this initiative's results in 2021, the number of graduates who passed the external, independent testing required to study technical professions increased by 13% year-on-year, based on data provided by universities in Mariupol, Kryvyi Rih and Zaporizhzhia. The number of students interested in studying majors relevant to Metinvest's needs also grew by 17% year-on-year.

Schools participated in STEAM programme

200

During the reporting period, the STEAM-CAMP Leadership Educational Programme was a finalist in the "Society" category of the UN Global Compact Partnership for Sustainability Award 2021 in Ukraine.

In addition, the Group supported the "STEM is FEM" exhibition on women in science. This special educational event was held jointly with the EU Delegation, UN Women, and the Danish, French and German embassies in Ukraine, among other organisations. The project aimed to dispel stereotypes and show schoolgirls that female professionals belong in mining and metallurgy.

Providing practice in urban management

In 2021, Metinvest continued to support the Master of Public Administration programme. This initiative was implemented jointly with Donetsk State University of Management and Lviv Regional Institute of Public Administration under the President of Ukraine. The universities offered a two-year degree to prepare the new generation of municipal leaders in Avdiivka, Kryvyi Rih, Mariupol, Melitopol, Pokrovsk and Zaporizhzhia. The programme is focused on the practical application of knowledge and skills necessary to drive urban development and improve quality of life for residents. During the reporting period, the first cohort of students underwent an internship in the Netherlands designed to bring international best practice in urban management to Ukraine. This was supported by the United States Agency for International Development's Democratic Governance East programme.

PROMOTING CULTURE AND SPORT

Cultural and sporting events supported

22

In 2021, Metinvest continued its support of cultural and sporting events aimed at strengthening ties between people and encouraging a healthy lifestyle.

The Group was engaged in a variety of vibrant performances during the reporting period, including a number of music festivals in Ukraine; the street film festival in Avdiivka; the Arena di Verona Opera Summer Festival 2021 and October-December 2021 symphonic and opera season of Teatro Filarmonico in Verona; as well as the Spring and Autumn Rolli Days 2021 and 56th edition of the International Violin Competition's Paganini Prize in Genova.

As part of its efforts to promote culture and sport, Metinvest also helped to renovate and equip sport and cultural facilities, including the Music School in Avdiivka. This project was implemented in cooperation with the EU and the UN Development Programme. It involved creating modern and spacious classrooms, a concert hall and rest areas in the school.

Supporting cultural events in Ukraine

The MRPL City music festival was held for the fourth time on the beach at Mariupol. This large festival was attended by more than 35,000 residents of the city and guests from throughout Ukraine.

The GogolFest international festival was another bright cultural event in Mariupol. It offered more than 70 theatre, music, film and visual performances, as well as educational programmes. More than 5,000 visitors and 50,000 online guests participated in the event.

Cultural and sport facilities renovated

11

The Zound electronic music festival was a large event that spanned two days in Zaporizhzhia. Representatives of different musical cultures performed on the main stage, including rock, hip-hop and ethno. The festival also had a second stage that featured electronic music performances by musicians from Germany and France. Zound was the first music festival to be held at the location renovated as part of the reconstruction of Khortytsia Island. About 10,000 music lovers from cities around Ukraine visited the festival.

ENCOURAGING GREATER COMMUNITY ENGAGEMENT

Winning projects implemented

48

In 2021, Metinvest continued to engage with its communities to empower them to implement important projects that improve the living conditions and well-being of residents.

During the reporting period, the Group held two competitions: "Transforming Avdiivka Together!" and "Transforming Ukrainian New York Together!" As a result, 28 winning projects were implemented in Avdiivka and 20 in New York (named Novhorodske before 2020). The projects were selected based on their significance for the community and included renovating housing, landscaping public spaces and organising cultural events.

In 2021, Metinvest continued to support the Housing Cooperative Practical School Project in Zaporizhzhia. It included a series of training sessions, webinars, workshops, online conferences and off-site events for heads of housing cooperatives. These opportunities helped participants to learn about the specifics of effective housing cooperative management, ways to attract additional funding, the basics of financial activities and how to implement energy efficiency measures.

PROMOTING ENVIRONMENTAL STEWARDSHIP

Beautification projects implemented

300

Metinvest also worked to promote environmental stewardship among children and adults in its communities during the reporting period. For example, the Group continued to implement urban landscaping and educational campaigns under the Green Centre initiative in Kryvyi Rih, Mariupol and Zaporizhzhia. Its Green School programme included various contests and workshops on landscaping, growing plants, and separate collection of household waste and recycling. In addition, the "Open Spaces" programme was launched, a contest that provided teachers and students an opportunity to win the installation of modern pavilions at their schools where open-air lessons can be held.

The "Forever Green" initiative engaged cities in urban greening, waste management and plant propagation and resulted in the planting of over 14,000 trees in 2021. The Green Centre also continued the "Recycle a Battery" project to promote responsible waste management by collecting batteries in Kryvyi Rih, Kyiv, Mariupol and Zaporizhzhia. Around 1.8 tonnes of used batteries were sent for recycling at the GreenWEEE International SA facility in Romania.

WAR IMPACT

The impact of the war on local communities cannot be understated. People's lives and health are always Metinvest's highest priority. At a time when Ukraine is in danger, the Group is working tirelessly to protect its communities and help them to survive the war.

Metinvest has joined forces with other SCM companies and the Rinat Akhmetov Foundation through the Saving Lives project to provide humanitarian aid in Ukraine. This initiative operates an international hub in Poland and regional hubs in Zaporizhzhia, Kamianske and Kryvyi Rih. With the support of the Office of the President of Ukraine, municipalities and international partners, Metinvest has helped to organise the purchase, delivery and transfer of food, medicine and essential goods to those who need them most. Employees have volunteered to unload, aggregate, sort and distribute the humanitarian aid to where it is most needed.

Also, the Group equipped bomb shelters with food, sleeping places, power generators and water filters at all of its Ukrainian production assets. Azovstal's bomb shelters accommodated around 6,000 people during the peak of hostilities there. Metinvest has also arranged accommodation for displaced people and provided necessities for their comfort.

Another vital aspect of the Group's work to protect communities has been providing support to the Armed Forces of Ukraine, Territorial Defence Forces and the National Police. This has included clothing, personal protective equipment, cars, first aid kits, helmets, body armour and other supplies. In addition, Metinvest-produced steel has been used to make ballistic plates for armoured vests, as well as anti-tank obstacles and mobile barriers that help in the defence of local communities.

Overall, as of 1 August 2022, the Group has donated over US$60 million[2] to assist Ukraine and its people since the beginning of the war.

Metinvest remains committed to protecting its communities and helping them overcome the devastation of war.

[2] The amount includes all cash payments and other contributions made by the Group, its joint ventures and associated companies.

GOVERNANCE REPORT

The Governance Report supports Metinvest's commitment to transparency by disclosing information about corporate governance, business ethics and compliance, supply chain management, risk management practices, as well as internal and external audit.

CORPORATE GOVERNANCE

GUIDED BY INTERNATIONAL PRINCIPLES

While a privately held business today, Metinvest recognises the importance of adhering to the highest standards of corporate governance. Over more than a decade and a half, the Group has built a robust governance system based on international best practices.

CORPORATE GOVERNANCE SYSTEM

Metinvest has established a corporate governance system designed to ensure effective stewardship. By focusing on oversight, disclosure and engagement, the Group aims to serve the interests of all stakeholders and further strengthen its reputation in the global community.

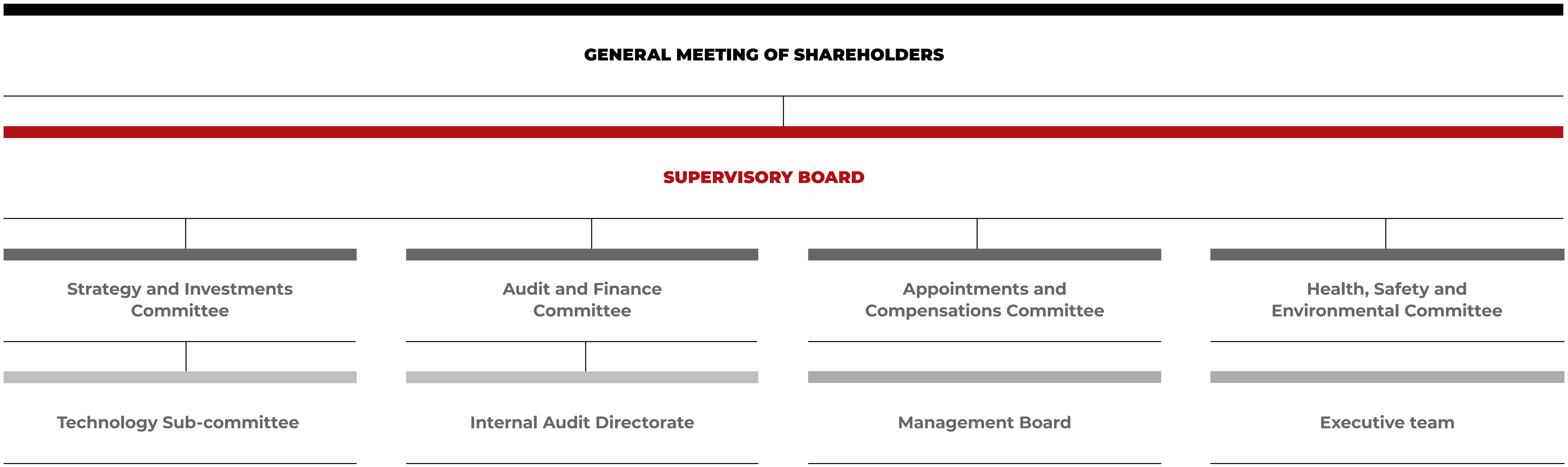
GOVERNANCE PRINCIPLES

Metinvest conducts oversight based on a set of core principles: specialisation, vertical integration, unified strategic management, centralisation, growth and investments, global best practices, tradition and innovation, commitment to leadership and personal commitment.

CORPORATE GOVERNANCE STRUCTURE

Metinvest B.V.'s corporate governance structure is built in accordance and compliance with Dutch law.
It comprises the General Meeting of Shareholders, Supervisory Board and Management Board. On the Group level, the executive team supports operations.

GRI 102-18



SHAREHOLDERS

As at 31 December 2021 and throughout the periods presented in this report, Metinvest B.V. was 71.24%-owned by SCM Limited (Cyprus) (Class A shares) and 23.76% by companies of the Smart Group (Class B shares). The remaining 5% interest (in the form of Class C shares) has been acquired from the previous owners of Ilyich Group for the benefit of SCM and SMART. It is the intention of SCM and SMART to dispose of the said 5% interest in due course (after the receipt of respective governmental approvals, if such will be necessary), and in such a manner that the ultimate interest of SCM in Metinvest B.V. shall be 75% minus 1 share, and the ultimate interest of SMART in Metinvest B.V. shall be 25% plus 1 share, thus SCM remaining as the controlling shareholder.

GENERAL MEETING OF SHAREHOLDERS

Under Dutch law and the Articles of Association of Metinvest B.V., the General Meeting of Shareholders is authorised to resolve the following matters, among others: to issue shares; to exclude or limit pre-emptive rights; to acquire shares and to transfer shares in the capital of Metinvest B.V. held by Metinvest B.V.; to reduce the share capital; to determine the remuneration of the Management Board; to adopt the annual accounts; to allocate profits; to amend the Articles of Association; to approve material transactions of over US$500 million; to approve mergers and acquisitions to be undertaken by the Group; and to dissolve, merge or demerge Metinvest B.V.

In 2021, the meetings convened 29 times to discuss and take decisions of shareholders on a wide range of matters, including but not limited to: financial statements; external financing; mergers and acquisitions; and material transactions.

SUPERVISORY BOARD

The Supervisory Board has ten members as of 1 August 2022, including:

- seven A-Members appointed by the Class A and Class C shareholders
- three B-Members appointed by the Class B shareholders

GRI 102-24

A member of the Supervisory Board is appointed for an indefinite period, unless otherwise specified in the decision concerning their appointment.

Each member of the Supervisory Board may be suspended or dismissed at any time by the same body that has the right to appoint them.

Suspension may be extended one or more times, but in general it cannot last more than three months. If, at the end of the period, a decision has not been made to terminate the suspension or to dismiss them, the suspension shall end.

GRI 102-19; 102-26; 102-29

The Supervisory Board is responsible for overseeing the activity of the Management Board and the general course of affairs at Metinvest B.V. and the Group overall, including sustainability matters. It approves and updates corporate values, strategies, policies and goals related to the economic, environmental and social aspects of the Group as a whole.

The Supervisory Board also assists the Management Board by giving advice. Four committees assist the Supervisory Board in its work: the Strategy and Investments Committee; the Audit and Finance Committee; the Appointments and Compensations Committee; and the Health, Safety and Environmental Committee.

Decisions relating to the following matters, among others, must be approved or ratified by a resolution of the Supervisory Board: the Group's strategic goals; the Group's investment programme for each calendar year; the Group's annual business plan; appointments at the level of top management, approval of their compensation system and key performance indicators (KPIs), and decisions on annual bonuses; the appointment of an independent external auditor; approval of the annual consolidated financial statements of Metinvest B.V. and recommendation to the shareholders on approval of the standalone financial statements of Metinvest B.V. and all mergers and acquisitions to be undertaken by the Group; approval of investment projects with budgets over US$20 million (up to US$500 million), material transactions of over US$100 million (up to US$500 million), external financing of over US$30 million, if included in the annual financing programme approved by the Supervisory Board, and any financing transaction regardless of the amount if they are not included; approval of the annual plan for the Supervisory Board's activities; and approval of the regulations of the committees of the Supervisory Board.

In 2021, the Supervisory Board convened 30 times and discussed and took decisions on a wide range of matters, including: annual business planning; investment projects; the financial statements; the annual report; the appointment of an independent external auditor; the compliance programme; external financing; material transactions; mergers and acquisitions; social projects; health, safety and the environment; performance appraisals; remuneration; and other material corporate events.

GRI 102-27

Special strategic sessions are held for the Supervisory Board to increase its capacity to successfully address material issues, including sustainability. The format varies from workshops to training sessions and discussions on the achievement of Metinvest's strategic initiatives and objectives.

STRATEGY AND INVESTMENTS COMMITTEE

The Committee's main responsibility is to conduct reviews and provide recommendations to the Supervisory Board regarding the Group's strategic objectives, including existing and new businesses, investments, mergers and acquisitions. It is assisted by the Technology Sub-committee, which advises and supports the management in developing and implementing the technological strategy.

In 2021, the Strategy and Investments Committee convened six times and discussed the following matters, among others: macroeconomic and industry trends; operations and development programmes; the overall capital investment programme and individual projects; the quality management system; and business planning.

During the reporting period, the Technology Sub-committee convened eight times and discussed the following matters, among others: the overall capital investment programme and individual projects; the environmental agenda; the operational improvement programme; the digital transformation of the Group's assets; and Metinvest's strategic development.

AUDIT AND FINANCE COMMITTEE

The Committee is tasked with ensuring the ongoing supervision of all aspects of Metinvest's financial and audit activities in the interests of the shareholders and on behalf of the Supervisory Board. Its main responsibilities include overseeing the budget, financial reporting, risk management, internal controls, the internal audit function and assessment of the external auditor. It is assisted by the Internal Audit Directorate.

In 2021, the Audit and Finance Committee convened nine times and discussed the following matters, among others: internal audit reporting matters; external auditor selection for the 2021 financial year; the financial statements for the 12 months ended 31 December 2020 and the six months ended 30 June 2021; the annual report for 2020; the compliance programme; external financing; material transactions; working capital management; currency exposure and hedging opportunities; insurance programmes; tax issues; and risks, opportunities and disclosures related to climate change.

GRI 102-22

Composition of the Supervisory Board and its committees as of 1 August 2022[1]

	Status	Class membership	Strategy and Investments Committee	Audit and Finance Committee	Appointments and Compensations Committee	Health, Safety and Environmental Committee
Oleg Popov	Chairperson	A	M		C	
Alexey Pertin	Deputy Chairperson	B	C		M	
Christiaan Norval	Member	A	M	C		M
Johan Bastin	Member	A	M	M		
Damir Akhmetov	Member	A	M			
Gregory Mason	Member	B	M			C
Mikhail Novinskii	Member	B	M	M		
Yaroslav Simonov	Member	A		M	M	
Margaryta Povazhna	Member	A				M
Sergii Zuzak	Member	A	M			M

M Member C Chairperson

[1] In 2022, after the reporting period, there were several changes to the Supervisory Board's composition, including the resignations of Natalia Izosimova and Avetik Chalabyan, and the appointments of Margaryta Povazhna and Sergii Zuzak.

APPOINTMENTS AND COMPENSATIONS COMMITTEE

The Committee is responsible for making recommendations to the Supervisory Board regarding dismissals and new appointments for senior positions at Metinvest; KPIs and annual bonuses for senior management; and the Group's motivation, assessment and reward systems and succession planning.

In 2021, the Appointments and Compensations Committee convened six times and discussed the following matters, among others: performance evaluations; the motivation system for senior executives; payroll and headcount budgeting; the integrated communications system; the remote work transformation project; Ukrainian labour market trends; HR strategy; staff recruitment and retention programmes; Metinvest Polytechnic; employee development programmes; and non-monetary compensation.

HEALTH, SAFETY AND ENVIRONMENTAL COMMITTEE

The Committee's remit is to support the executive team in implementing and maintaining the highest standards of health, labour and environmental safety culture throughout the business. On behalf of the Supervisory Board, it oversees strategy, policies, systems, controls and principles related to health, safety and the environment.

In 2021, the Health, Safety and Environmental Committee convened four times. It discussed the following matters, among others: health and safety performance; industrial safety at newly acquired assets; health and safety roadmap implementation; incident investigations; environmental management; and climate risk management.

MANAGEMENT BOARD

The Management Board consists of two Directors: Director A is appointed by a joint meeting of holders of Class A shares and holders of Class C shares; Director B is appointed by a meeting of holders of Class B shares.

Under Dutch law, the Management Board is responsible for the management of Metinvest B.V., including economic, environmental and social considerations, excluding those matters that are within the remits of the General Meeting of Shareholders and the Supervisory Board.

Under its Articles of Association, Metinvest B.V. may be represented by the entire Management Board only (that is, Director A and Director B, acting jointly). In performing their duties, the Directors must act in the best interests of Metinvest B.V. and its business. The Articles of Association of Metinvest B.V. do not determine a specific term of office for members of the Management Board.

Director A and the CEO is Yuriy Ryzhenkov. In May 2021, Eliza Désirée den Aantrekker was appointed as Director B in place of ITPS (Netherlands) B.V.

EXECUTIVE TEAM

The executive team is responsible for overseeing, coordinating and executing the day-to-day activities of Metinvest, as well as for implementing the strategic decisions of the Supervisory Board and its committees with respect to a broad scope of matters, including economic, environmental and social ones.

EXECUTIVE PERFORMANCE EVALUATION AND REMUNERATION

GRI 102-28; 102-35

The Supervisory Board annually sets team goals for senior management, as well as personal goals for the CEO, who allocates them to each member of the executive team in accordance with their job functions, subject to approval of the Supervisory Board.

These goals are incorporated into a KPI scorecard, where each target is weighted based on a manager’s ability to influence its achievement. After a year-end, the Supervisory Board conducts an annual performance appraisal for members of the senior management based on their self-assessment.

Contracts with members of the senior management do not provide for any pension or other benefits upon termination of service.

For additional information please see Note 25 to the Summary IFRS Consolidated Financial Statements 2021.

DIRECTORS’ AND OFFICERS’ LIABILITY INSURANCE

Metinvest maintains worldwide directors’ and officers’ (D&O) liability insurance for all entities, renewing it annually. This type of insurance covers the liability of everyone appointed as a director and/or officer of a Group entity, including, but not limited to, members of the Supervisory Board, Management Board and executive team.

D&O liability insurance provides cover for financial losses and legal expenses resulting from claims made against directors and/or officers arising from an actual or alleged wrongful act committed in their capacity. Key areas of cover include management liability, pre-claim insurance, special excess protection for directors, company securities liability and additional extensions.

Metinvest relies on global insurance brokers to arrange D&O liability cover, which is provided by reputable, international insurers.

LEADERSHIP

The extensive industry and business expertise of Metinvest's Supervisory Board and executive team enables them to provide comprehensive oversight of the Group's strategy and operations.

GRI 102-22

SUPERVISORY BOARD

OLEG POPOV
Chairperson and Class A Member

Tenure: eight years

Oleg Popov was appointed as a Class A Member of the Supervisory Board on 14 July 2014 and became Chairperson on 11 August 2018. He chairs the Appointments and Compensations Committee and is a member of the Strategy and Investments Committee.

Oleg has been Director and CEO of SCM Holdings Limited (Cyprus) since November 2018. He is also a member of the supervisory boards of System Capital Management (Ukraine), First Ukrainian International Bank and several holding companies of DTEK Group. Oleg served as Chief Operating Officer of System Capital Management (Ukraine) from 2001 to 2006 and its General Director and CEO from 2006 to February 2022.

Oleg graduated from Donetsk Polytechnic Institute (Ukraine) in 1991 and Donetsk State University (Ukraine) in 1996.

ALEXEY PERTIN
Deputy Chairperson and Class B Member

Tenure: eight years

Alexey Pertin was appointed as a Class B Member of the Supervisory Board on 14 July 2014. He is a Chairperson of the Strategy and Investments Committee and a member of the Appointments and Compensations Committee. He is responsible for the following areas: strategic development, production efficiency, sales and management of investment projects.

Alexey has been Chairperson of the Supervisory Board of Smart Holding (Ukraine) since August 2021. Before that, he served as its CEO from 2008 to 2014 and from 2015 to 2021, and was Chairperson of its Supervisory Board from 2014 to 2015. Alexey's career started in 1995 at Cherepovets Iron and Steel Works. He later continued working at Severstal Group in different positions, including CEO of Izhora Pipe Plant and Deputy CEO for Business Development at Severstal Group.

Alexey graduated from the faculty of General Technology at Cherepovets State University in 1994 and from St Petersburg State Technical University with a major in financial management in 2001. Later, he received a degree in Financial Management from the Institute of Professional Managers and an ACCA Diploma in Accounting and Finance and studied for an MBA at the Newcastle Business School of Northumbria University (UK).

CHRISTIAAN NORVAL
Class A Member

Tenure: eight years

Christiaan Norval was appointed as a Class A Member of the Supervisory Board on 14 July 2014. He is Chairperson of the Audit and Finance Committee, a member of the Strategy and Investments Committee and a member of the Health, Safety and Environmental Committee. He oversees issues relating to his industrial expertise, the implementation of best practices in management and production, and international affairs.

Christiaan spent a significant part of his career building what is today known as BHP as head of corporate finance. He oversaw most of the transactions to create BHP Billiton, including the IPO of Billiton Plc in 1997. He also served as CEO and President of Sual International Group, a leading producer of aluminium and alumina.

Christiaan holds a BCom (Hons) from the Rand Afrikaans University in Johannesburg (South Africa) and is a Chartered Accountant. He is a member of the South African Institute of Chartered Accountants, as well as the Institute of Chartered Accountants in England and Wales.

GREGORY MASON
Class B Member

Tenure: eight years

Gregory Mason was appointed as a Class B Member of the Supervisory Board on 14 July 2014. He is Chairperson of the Health, Safety and Environmental Committee, a member of the Strategy and Investments Committee and chairs the Technology Sub-committee. He contributes his expertise in strategic and operations management and is responsible for technological innovation and the implementation of continuous improvement practices.

Gregory was a member of the Supervisory Board of Smart Holding (Ukraine) from 2014 to 2015. He previously served as CEO of Severstal International, managing North American and European operations. Prior to that, he held various positions in steel companies and consulting firms, from engineering and operations management to senior executive roles.

Gregory is a registered professional engineer in the US. He received his master's degree in Electrical Engineering from the Naval University of St Petersburg (Russia) in 1975.

JOHAN BASTIN
Class A Member

Tenure: four years

Johan Bastin was appointed as a Class A Member of the Supervisory Board on 1 August 2018. He is a member of the Audit and Finance Committee and the Strategy and Investments Committee. He oversees investor relations and investment strategy.

Johan is also Chairperson of the supervisory boards of DTEK Renewables, DTEK Renewables International and D.Trading, as well as Non-Executive Director of the Private Infrastructure Development Group. His previous positions include serving as CEO of CapAsia (Singapore), Managing Director at Darby Private Equity (a Franklin Templeton Investments subsidiary) and several senior roles with the European Bank for Reconstruction and Development (EBRD) in London (UK).

Johan holds a master's in Urban Planning from Eindhoven University of Technology (Netherlands) and a PhD in Regional Planning from Université de Montréal (Canada), and attended McGill University's MBA programme in Montreal (Canada).

YAROSLAV SIMONOV
Class A Member

Tenure: eight years

Yaroslav Simonov was appointed as a Class A Member of the Supervisory Board on 14 July 2014. He is a member of the Audit and Finance Committee and Appointments and Compensations Committee. He oversees legal matters, compliance and corporate governance.

Since February 2022, Yaroslav has been a member of the Supervisory Board of System Capital Management (Ukraine). From August 2017 to January 2022, he held the position of Director, Legal Affairs at System Capital Management (Ukraine). From 2008 to 2017, he was Deputy Director of Voropaev and Partners Law Firm. Yaroslav previously also worked at The Silecky Firm (affiliated with Squire Sanders and Dempsey) and Renaissance Capital Ukraine.

Yaroslav graduated from the Law Department of Kyiv National Taras Shevchenko University (Ukraine) and holds an LLM in International Business Law from the Central European University in Budapest (Hungary).

MARGARYTA POVAZHNA
Class A Member

Tenure: less than one year

Margaryta Povazhna was appointed as a Class A Member of the Supervisory Board on 25 April 2022. She is a member of the Health, Safety and Environmental Committee. She oversees the areas of finance, investment strategy and corporate development.

Since February 2022, Margaryta has been a member of the Supervisory Board of System Capital Management (Ukraine). She is also a member of the supervisory boards of numerous companies of SCM. Starting from September 2015, Margaryta has been Chief Financial Executive Officer of SCM (System Capital Management) Limited (Cyprus). In March 2003, she was appointed as Chief Accountant of System Capital Management (Ukraine) and was its Chief Financial Officer from September 2009 to January 2022.

Margaryta's professional experience also includes working at such large Ukrainian enterprises as Scandik Yug and Artemivsk Champagne Wines Factory (1996-2003).

Margaryta graduated from the Donetsk State Commercial Institute with a degree in Industrial Management in 1995. She holds a PhD in Public Administration and an ACCA Diploma in International Financial Reporting.

DAMIR AKHMETOV
Class A Member

Tenure: eight years

Damir Akhmetov was appointed as a Class A Member of the Supervisory Board on 14 July 2014. He is a member of the Strategy and Investments Committee. He oversees the areas of strategy, corporate development, governance and production efficiency.

From 2013 to October 2020, he worked at SCM Advisors (UK) Limited, a company leading SCM's venture capital efforts, most recently as its Chairperson. He has also been a member of the supervisory boards of several holding companies of DTEK Group.

Damir has degrees of Bachelor of Science in Business Studies (2009) and Master of Science in Finance (2010) from City University London, Cass Business School. He is also a CFA® charterholder, CFA Institute (2017).

MIKHAIL NOVINSKII
Class B Member

Tenure: four years

Mikhail Novinskii was appointed as a Class B Member of the Supervisory Board on 29 September 2017. He is a member of the Strategy and Investments Committee and the Audit and Finance Committee. He is responsible for defining the strategy and devising business development programmes, assessing their production and innovation potential, and coordinating the development and implementation of promising new business projects.

Mikhail has been the Chief Development Officer of Smart Holding (Ukraine) since November 2018 and a member of its Supervisory Board since August 2021. He began his career in 2013 as a manager of tangible and intangible production projects and programmes at the business controlling and information department of Smart Holding (Ukraine). He then occupied various managerial positions at Smart Holding (Ukraine), including head of the project management department, member of the Supervisory Board and adviser to CEO.

Mikhail graduated from St Petersburg State University (Russia) with a degree in Business Management in 2008. He also holds an MSc in Finance and Management from the University of St Andrews (UK).

SERGII ZUZAK
Class A Member

Tenure: less than one year

Sergii Zuzak was appointed as a Class A Member of the Supervisory Board on 18 July 2022. He is a member of the Strategy and Investments Committee and the Health, Safety and Environmental Committee. He oversees strategic development and advises management to evaluate investment projects.

Since February 2022, Sergii has been a member of the Supervisory Board of System Capital Management (Ukraine). He also currently serves on the supervisory boards of numerous SCM companies. Sergii joined System Capital Management (Ukraine) in 2010, where he was Investment Director from 2018 to February 2022, before which he held the positions of Director for Agribusiness Development and Business Development Director. Prior to that, Sergii worked at Creditanstalt Investment Bank, the Western NIS Enterprise Fund and Horizon Capital.

Sergii graduated from the National University of Kyiv-Mohyla Academy with a degree in Economics and Entrepreneurship.

MANAGEMENT

YURIY RYZHENKOV
Chief Executive Officer,
Director A of the Management Board

Tenure: eight years

Yuriy Ryzhenkov was appointed Chief Executive Officer of Metinvest Holding in December 2013.

Before that, he held senior positions at DTEK: namely, Chief Operating Officer and member of the executive team from 2010 to 2013 and Chief Financial Officer from 2007 to 2010. Prior to DTEK, he worked as Deputy Chief Financial Officer and Chief Financial Officer of ISTIL Group (Donetsk and London), in the finance business units of Mini Steel Mill ISTIL (Ukraine) and at Donetsk Iron and Steel Works.

Yuriy has degrees in International Economics from Donetsk State Technical University (Ukraine) and in Business Management from King's College (UK). He also holds an MBA from London Business School (UK).

Note: tenure in full years is as of 1 August 2022.

BUSINESS ETHICS AND COMPLIANCE

FUNDAMENTAL PRACTICES

Metinvest strives to adhere to international best practices in business ethics and compliance. The Group's rigorous governance system includes various codes, policies and other safeguards designed to protect stakeholder interests.

CODE OF ETHICS

GRI 102-16; 103-2; 103-3

Since 2013, Metinvest's Code of Ethics has served as the cornerstone of ethical business conduct throughout the Group. The Code of Ethics is built around the following core values for dealing with stakeholders: life, health and the environment, customer focus, professionalism, leadership and teamwork. It also enshrines basic human rights and needs, such as freedom of thought, religion, opinion and expression, health and safety, decent work, non-discrimination, access to a healthy environment, social responsibility and privacy. The Group promotes them through the personal example of leadership, as well as ongoing training and communication campaigns to raise awareness about the Code of Ethics.

Metinvest has conducted regular training on its Code of Ethics since 2014 and tests the Group's staff to evaluate how well they understand it. In the reporting period, 31,908 employees passed the online Code of Ethics test, or 41% of total headcount, compared with 16,710 employees in 2020. The substantial increase in the number of people who passed testing was because of the integration of newly acquired assets and additional efforts to improve employee engagement.

In September 2021, Metinvest held its annual "Ethics Week" at its Ukrainian entities. The aim was to promote the Code of Ethics and its principles through numerous activities, including interviews and videos with senior executives and compliance coordinators, as well as contests, quizzes and a cartoon illustrating what ethics mean to employees.

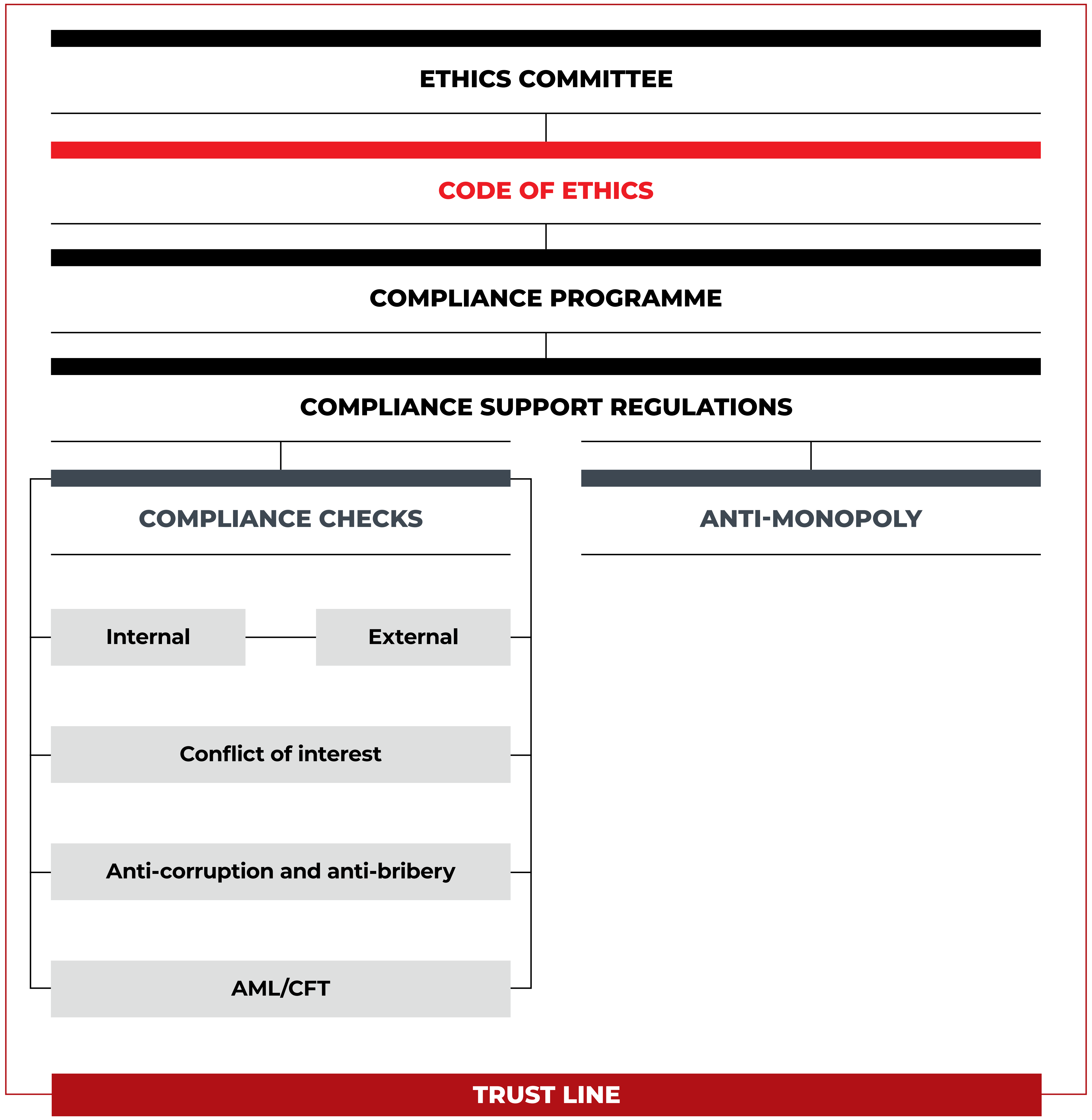
In 2021, to further strengthen business ethics practices, the Group adopted a Code of Business Partnership. For more details about the Code of Business Partnership, see page 66.

COMPLIANCE PROGRAMME

Since 2014, Metinvest's Compliance Programme has helped to promote fair business practices and has acted as an anti-corruption mechanism. The Group's Ethics Committee performs quarterly reviews to monitor its implementation, including by assessing the approach to anti-corruption management.

In 2021, Metinvest developed a supplier compliance check module in the SAP CRM system for its assets in Western Europe. It was launched in May 2022, after the reporting period.

In addition, the Group updated the Code of Ethics webpage on its internal portal for all compliance documents, links, training materials and frequently asked questions.



TRUST LINE

GRI 102-17

Since 2013, Metinvest has used the Trust Line maintained by SCM, one of the Group's shareholders, to increase transparency and responsibility. It allows stakeholders to anonymously report violations of the law, breaches of business conduct and corporate ethics, and non-compliance with standards and principles of the Code of Ethics.

The Trust Line operates around the clock and has an authorised representative available to speak at any time. It can receive information through various channels, including email and text message. Submissions are possible in any of the Group's working language.

In 2021, 784 reports were submitted through the Trust Line, of which 238 were confirmed, compared with a respective 736 and 358 reports in 2020. Among the main topics of appeals were breaches of internal procedures and contractual obligations, and HR and HSE violations.

During the year, the Procedure for Routing, Investigating and Closing Reports Received through the Trust Line was introduced. It establishes the requirements and departments responsible for investigations, determines the form and content of reports, and mandates monitoring of the implementation of corrective measures. It also outlines the actions that responsible employees must take when performing independent internal investigations of allegations received through the Trust Line.

The Trust Line is available through the following channels:

Toll free number within the borders of Ukraine: **0800 60 07 77**
International number: **+38 044 224 72 32**
Email: trustline@scm.com.ua
Web: www.scm.com.cy/trust-line

CONFLICTS OF INTEREST

GRI 102-25

Metinvest recognises that employees have personal interests and encourages their development, especially where they are beneficial to the community at large. However, it also understands the necessity for staff to avoid conflicts between their interests and those of the Group.

Metinvest's Procedure for Declaring Conflicts of Interest requires employees to inform their direct supervisor and the legal team in a timely manner about any real or potential conflict of interest. In addition, those in management positions are required to submit declarations confirming that they do not have any conflicts of interest or declaring any issues. They are also required to submit initial (further to taking up employment in management positions), current (if any real or potential conflict appears during a year) and annual declarations (once a year regardless of whether there is a conflict).

During the reporting period, the Group updated its Procedure for Declaring Conflicts of Interest. The main changes were aimed at reflecting the current practice of declaring and settling conflicts of interest (through an electronic system and the administrative support of compliance coordinators). The amendments also clarified the types of situations that might be considered conflicts of interest.

In 2021, 95% of declarants submitted annual declarations, compared with 99% in 2020. In addition, 114 forms disclosed a conflict of interest, compared with 40 the previous year. These differences in the figures were mostly caused by a substantial increase in the number of declarants because of the integration of new assets and the updates to the Procedure for Declaring Conflicts of Interest.

ETHICS COMMITTEE

Metinvest's Ethics Committee is chaired by the CEO and includes senior management. The Committee meets quarterly to discuss the implementation of the Compliance Programme throughout the Group, take decisions concerning conflicts of interest and review reports received through the Trust Line. In addition, progress on the Compliance Programme agenda is reported quarterly at meetings of the Supervisory Board's Audit and Finance Committee and annually at a meeting of the Supervisory Board.

In 2021, the Procedure for Ethics Committee Meetings was amended to reflect the current approach to its meetings, update its composition and describe its areas of oversight.

In addition, an audit of the implementation of decisions taken by the Ethics Committee concerning declared conflicts of interest was performed during the reporting period.

APPROACH TO TAX

GRI 207-1; 207-2

Tax compliance is a vital component of the responsible business. In a view of this, the Group's tax approach is governed by the relevant policies of SCM and Metinvest. Metinvest's Tax Policy approved in September 2021 is governed by the following principles:

- declaration and payment of taxes in line with the rules of business jurisdiction
- use of tax deductions and benefits as set out by legislation
- mandatory identification and management of tax risks
- inclusion of the tax function into the business decision-making process
- arms-length approach

The Group oversees compliance with key tax policy issues at several levels. In particular, it establishes two or three tiers of decision-making controls (depending on the type of operations and their materiality), embeds key issues of policy implementation in the personnel appraisal and motivation system, and undergoes external audits by auditing firms and fiscal authorities.

Metinvest identifies, manages and monitors tax risks as outlined in its Regulation on Tax Risk Management. The tax risk assessment methodology includes, among other things, an impact assessment of risks associated with the Group's image and reputation.

Metinvest regularly discloses information on global taxes paid, including in its financial reporting and other communications. By paying taxes, the Group supports the sustainable development of the regions where its assets operate. In 2021, it paid a total of US$1,587 million in taxes globally, including US$1,347 million in Ukraine.

ANTI-CORRUPTION AND ANTI-BRIBERY

GRI 205-1; 205-2; 205-3

Metinvest complies with the requirements of applicable anti-corruption and anti-trust legislation when doing business. The Group's Code of Ethics specifies the anti-corruption and anti-bribery rules in place. Metinvest is committed to working with counterparties and business partners whose reputation is not associated with corruption or bribery.

In 2021, Metinvest revised its approach to corruption and fraud risk. In particular, the Group set specific assessment criteria, developed clear definitions and delineated responsibility for the oversight of this risk. In addition, Metinvest developed a plan to minimise such risks at its entities.

Anti-corruption is addressed at several levels within Metinvest's assets. The Group promotes employee awareness of its zero-tolerance principle for corruption. Metinvest also performs mandatory anti-corruption verification of suppliers and customers. Operations with representatives of the public sector and programmes for financing social projects receive special scrutiny.

All internal and external candidates for senior and high-risk positions are subject to mandatory internal security screening. Former government officials and politicians are subject to more detailed verification. In 2021, there were 172 checks of candidates for high-risk positions, compared with 43 checks a year ago. In addition, the list of high-risk positions was revised to include employees at newly acquired assets and reflect other changes in the corporate structure.

During the reporting period, there were no reported or confirmed cases of corruption violations involving public officials. However, there were five cases involving bribes received from counterparties to lobby their interests. The Group took appropriate disciplinary actions against the parties involved.

AML/CFT

Metinvest's Procedure on Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) requires obligatory due diligence checks of all counterparties, including for watchlists covering sanctions, terrorism, money laundering, dual-use or military-use products, corruption and other areas of interest. In addition, automatic sanctions checks are in place for all counterparties registered in SAP.

In 2021, Metinvest also checked 3,774 transactions for risk of violation of economic sanctions and AML/CFT regulations, six of which resulted in a ban on cooperation. For comparison, the 421 transactions checked in 2020 resulted in seven bans on cooperation. The increase was because of the introduction of mandatory checks during the counterparty re-qualification stage and a new data collection mechanism for such checks.

ANTI-MONOPOLY COMPLIANCE

GRI 206-1

Metinvest recognises the need for fair competition in its Code of Ethics and complies with all competition laws in the countries where it operates. Anti-monopoly policies are in place at its largest enterprises, while the legal team has a unit dedicated to monitoring compliance in this area. In addition, the Group provides annual training to help managers to identify and prevent actions that might be considered violations of competition laws.

In 2021, no fines and/or sanctions for anti-competitive behaviour or violations of antitrust and monopoly legislation were imposed on the Group.

ANTI-CRISIS MANAGEMENT SYSTEM

GRI 102-33; 403-2

Metinvest has an anti-crisis management system in place that aims to minimise the chances of crisis situations and counter any effects that may impact the Group's operations. The system is based on the principles of prevention and prompt response. Metinvest classifies such situations as operational or strategic, depending on the potential consequences.

To aid in prevention, the Group conducts comprehensive risk assessments and performs audits at its facilities. These audits allow Metinvest to identify potential risks, assess their impact on business processes and the efficiency of the response, and implement appropriate preventive measures.

An effective response is ensured by the Group's anti-crisis headquarters, headed by the CEO. The anti-crisis headquarters at Metinvest's assets are headed by their general directors and include specially trained rescue teams.

Should a crisis situation occur, the Group has a clear mechanism for prompt notification in place in the form of a 24-hour emergency hotline. This allows employees to pass on information about incidents that they witness in a timely manner. The reporting channel extends to Metinvest's CEO and then to the Supervisory Board members and shareholders, as appropriate.

Even before Russia's full-scale invasion of Ukraine in February 2022, the anti-crisis management system had implemented a set of preventive measures to prepare the Group's assets for the risk of war. Since 2020, Metinvest has been conducting quarterly training to teach its personnel how to act in case of hostilities and respond to emergencies. The Group has also provided additional protective measures for its facilities and made special arrangements to ensure appropriate supplies are available for employees.

Since the beginning of the war, Metinvest has worked to evacuate employees from combat zones and other areas facing imminent risk and provide them with temporary accommodation and humanitarian support. It has also sought to prevent human-caused catastrophes and minimise the risks for employees who continue to work at the Group's facilities that are located near the areas of hostilities.

SUPPLY CHAIN MANAGEMENT

ADDING VALUE TO OPERATIONS

In 2021, Metinvest worked diligently to enhance its supply chain management practices. The size of the Group's operations, its sustainable principles and ethical standards allow it to engage reliable suppliers of key raw materials.

A RESPONSIBLE APPROACH

GRI 102-9; 102-10; 103-3; 204-1

Metinvest adheres to the principles of responsible and effective supply chain management and complies with applicable legislation in this area. Its supply chain includes the purchase of raw materials, goods and services, and covers the procurement, production, marketing and distribution processes. The Group's procurement management system oversees processes such as supplier selection, contract administration, shipment monitoring and product quality control. In 2021, the respective function worked to ensure the efficient and seamless supply of all required inputs and services.

To ensure compliance with its governing principles, Metinvest conducts audits to monitor and evaluate performance in this area. In 2021, the Internal Audit Directorate and SCM conducted a joint procurement audit. Their report included recommendations for the executive team about supply chain efficiency improvements.

The vertical integration of the Group's supply chain was enhanced during the reporting period. In particular, in March 2021, Metinvest consolidated Pokrovske Coal, which improved its self-sufficiency in coking coal. In August 2021, through the consolidation of steelmaking capacities in Kamianske, the Group secured intragroup supplies of square billets for Promet Steel.

In addition, to standardise and ensure greater efficiency of the day-to-day procurement operations of its iron ore assets, the Group centralised them in a shared service centre through Metinvest Business Services in 2021.

By supporting local contractors, Metinvest strives to maximise its contribution to the economic development of the countries where it operates. In particular, in the reporting period, more than 70% of raw materials, goods and services purchased in Ukraine came from local suppliers, which are defined as third parties that provide raw materials and supplies to the Group and are registered and operating in Ukraine.

PROCUREMENT PRACTICES

GRI 103-2; 205-2

Recognising that procurement is an integral supporting activity of its business, Metinvest has internal regulations in place to ensure smooth and efficient operations.

For example, through the Code of Business Partnership, adopted in 2021, the Group aims to establish fair commercial relationships by setting clear standards of compliance with sustainable practices and business requirements to guide both existing and potential suppliers. The key principles of the Code of Business Partnership include respect and focus on cooperation, occupational health and safety, environmental protection, information confidentiality, compliance with the law and the Code of Ethics, as well as social responsibility.

The internal procedures related to this area are governed by Metinvest's Procurement Policy and Regulation on Procurement Management. In 2021, the Group reviewed both documents to ensure they meet internal requirements of transparency, controls and sufficiency. The Procurement Policy is based on the following principles: ethical business conduct, free competition among suppliers, transparency of information, partnership, economic feasibility and efficiency, and prioritisation of direct producers. The Regulation on Procurement Management covers requirements for supplier verification, tender participants' rights and obligations, and business rules, among other matters.

In January 2022, after the reporting period, the Group also adopted the Procedure for Procurement of Materials and Resources, which aims to strengthen oversight of the planning, procurement and supply of materials.

SUPPLIER SELECTION

GRI 308-1; 308-2; 414-1; 414-2

Metinvest follows sustainable principles in supply chain management and expects the same from its suppliers and business partners. They agree to abide by the Group's Code of Ethics and Code of Business Partnership. Among other things, these documents require compliance with HSE regulations and standards, as well as zero tolerance for workplace violence, forced labour and discrimination of any kind. Metinvest also expects its suppliers to adhere to all applicable laws, including those addressing child labour, minimum living wages, maximum working hours, freedom of association and the right to collective bargaining for their employees.

The Group employs a competitive and transparent tender procedure that evaluates the offers received for compliance with procurement requirements. A Tender Committee consists of a minimum of three members from different departments and considers certain approved criteria, including price, quality, delivery and payment terms, and guarantees, among others. Metinvest publishes information about major future tenders on its website a minimum of three days in advance. In addition, the Group uses the SAP Ariba digital solution for competitive supplier choice, which makes it possible to exchange information with bidders quickly and securely online.

Metinvest has pre-contract and pre-qualification procedures in place to analyse potential partnership risks. Suppliers of services related to hazardous work are also checked for compliance with health and safety requirements and to ensure that they have the appropriate qualifications and licenses.

The Group reserves the right to disqualify suppliers for a specified period or indefinitely in the event of unfair business practice with its companies. Disqualification criteria are published on its website. Metinvest notifies counterparties of the reasons and terms of their disqualification to provide feedback and give them the opportunity to improve their corporate governance as needed.

In 2021, the Group performed more than 14,000 pre-contract assessments and over 7,000 pre-qualification reviews. These processes led to the selection of around 690 new suppliers and the disqualification of more than 140 candidates.

In addition, Metinvest screens suppliers and their products to eliminate or mitigate risks of corruption and non-compliance with international obligations and sanctions. Those that have not passed the compliance screenings cannot participate in the procurement process.

LOGISTICS

The Group's logistics are managed by Metinvest-Shipping, which is in charge of all cargo transport, from rail to port operations. Strategic decisions are coordinated by the executive team.

In 2021, the Group continued to ensure the efficient delivery of products to its customers and raw materials to its production assets to maintain smooth operations. Metinvest's logistics practices are guided by the following key priorities: cost optimisation, risk management, cooperation with key market participants, and development of internal services and competencies.

At the year-end, the Group's owned fleet included gondola cars and specialised railcars, such as hoppers for transporting pellets, flat wagons and tanks for chemical products.

In 2021, Metinvest-Shipping extended its expertise in rolling stock management and strengthened relationships with partner ports and rolling stock operators. During the reporting period, the Group also developed various technical solutions to automate logistics activities, enhance distribution and availability of vehicles for its assets, track and control its transport fleet, and optimise routes.

In the reporting period, Metinvest-Shipping was named as Marine Agent of the Year and Freight Forwarder of the Year in Ukraine's 2020 National Maritime Rating, which had more than 200 participants.

RISK MANAGEMENT

PREVENTION AND MITIGATION

In 2021, the Group updated its policy governing risk management and delineated internal responsibility for oversight of this area in order to increase its efficiency.

AN UPDATED APPROACH

Metinvest uses a systematic and flexible approach to risk management, which makes it possible to identify, analyse, evaluate and mitigate risks comprehensively. Risk-based decision making enables the Group to respond to challenges that it encounters and adapt to a changing world.

The Group's Internal Audit Policy defines the fundamental principles of risk management. In 2021, Metinvest updated this policy to integrate the strategic guidance of the ISO 31000:2018 Risk Management standard.

The Group introduced the following adjustments to its risk management approach in 2021.

First, Metinvest changed its internal categorisation of risks to commercial or non-commercial. Commercial risks are directly associated with product and financial flows from operations, as well as with investments in tangible and intangible assets. Non-commercial risks are not directly associated with product and financial flows from operations or with investments in tangible and intangible assets and include sustainability risks.

Second, the Group delineated the primary roles and responsibilities for risk management. The Economics and Business System Development Directorate became responsible for monitoring commercial risks. The Internal Audit Directorate was entrusted with the management of non-commercial risks.

Risk management structure

GRI 102-30

SUPERVISORY BOARD AND ITS COMMITTEES

- Monitors the risk management system's implementation and operation

CHIEF EXECUTIVE OFFICER

- Promotes the risk management philosophy within the Group
- Sets priorities for the risk management system based on Metinvest's strategy and goals

FUNCTIONAL MANAGEMENT

- Verifies the effective implementation and operation of the risk management system within a respective functional unit or business process
- Ensures that: a risk-based, decision-making approach is applied; the risks potentially affecting the achievement of goals by a unit or business process are systematically identified and assessed; an adequate response to the risks is undertaken; and appropriate measures are implemented to mitigate them

ECONOMICS AND BUSINESS SYSTEM DEVELOPMENT DIRECTORATE

- Monitors the effectiveness of the system for managing risks that are directly associated with product and financial flows from the Group's operations, as well as with its investments in tangible and intangible assets

INTERNAL AUDIT DIRECTORATE

- Ensures that a unified risk management methodology is developed and implemented within the Group
- Provides for the effective identification and management of risks that are not directly associated with product and financial flows from the Group's operations or with its investments in tangible and intangible assets
- Maintains and heightens employee awareness of the risk management culture

RISK MANAGEMENT PRACTICE

The Group quantifies key risks that directly impact its production activities and financial results, takes them into account in its business planning and prepares action plans to mitigate them.

These include:

- possible volatility of prices for key products and resources and their potential impact on financial results based on sensitivity analysis
- other commercial risks (including those related to production and logistics) that are assessed as potential additional costs
- risks associated with investments in property, plant and equipment and intangible assets assessed as potential losses from project rejection and sensitivity analysis of key inputs if necessary

For non-commercial risks, the management performs quantitative and qualitative assessments using a corporate framework through which the probability and impact of risks are evaluated so that they can be managed accordingly.

For more details about sustainability-related risks, which are part of non-commercial risks, see page 32.

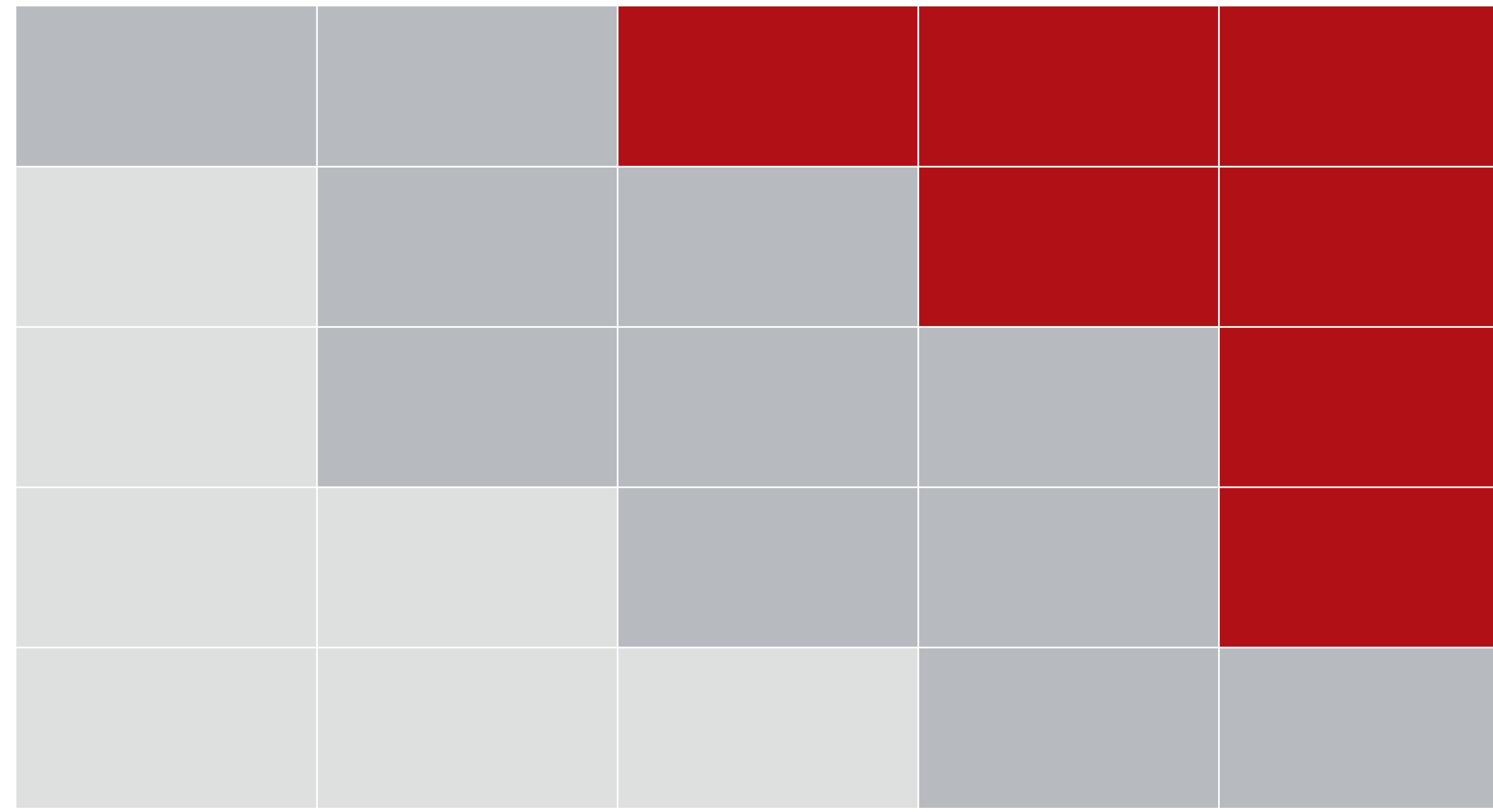
The management also conducts periodic self-assessments of the effectiveness of operational risk management. It uses an individual internal control assessment system covering the core business processes at Metinvest's key assets. The results of the risk self-assessment are communicated to senior functional managers for further decision making, as well as to the Audit and Finance Committee members. The Internal Audit Directorate considers this information for planning purposes.

Non-commercial risk assessment framework

For certain risks separate frameworks can be developed based on their specific characteristics.

PROBABILITY

The risk will definitely be realised	>60%	5
The risk is likely to be realised	41-60%	4
Probability of the risk being realised is rather high	21-40%	3
The risk is unlikely to be realised	5-20%	2
The risk will not be realised	<5%	1



RISK IMPACT

	1	2	3	4	5
Financial loss – effect on EBITDA cash flow, working capital	≥$0.5% mn; <0.1%	0.1–1.5%	1.5–3.5%	3.5–5%	>5%
Effect on Metinvest's value	Minor	Small	Average	High	Critical
Metinvest's reputation	Minor impact on reputation. Negative mention in the local press.	Short-term, easily recoverable damage to reputation. Article in local media with negative coverage of the Group's activity.	Significant damage to reputation. Recovery of reputation will take several months. Negative articles in the local and national media.	Damage to reputation that is hard to recover from. Incurrence of financial and other losses. Negative PR at a national level and short-term campaign at an international level.	Irretrievable damage to reputation that leads to significant financial and other losses. Long and negative PR campaign at the national and international levels.

For information about anti-crisis management system of the Group, see page 65.

INTERNAL AND EXTERNAL AUDIT

ENHANCING OVERSIGHT

Metinvest's internal audit function acts as an independent body to provide oversight of the risk management, internal control and governance processes. Consistent with best practices, the Group also appoints an independent external auditor to review and approve its financial statements.

INTERNAL AUDIT

Metinvest's Internal Audit Directorate is an independent appraisal function established within the Group to examine and evaluate its activities.

In 2021 key internal audit roles were the following:

- supporting the management in achieving strategic objectives through the application of a systematic and consistent approach to improve the risk assessment and risk management processes, as well as to align the internal control and corporate governance systems with best practices
- assisting the management in evaluating and developing appropriate and efficient internal controls within key processes by providing quality assurance to other functions
- ensuring that the management identifies and monitors all key risks in a structured and efficient manner, as well as addresses any significant gaps in operational control in real time
- applying an aligned assurance approach throughout the organisation, whereby audit activities of all functions are coordinated

The independence of the internal audit function is ensured by its direct reporting line to the Chairperson of the Supervisory Board's Audit and Finance Committee.

The function consists of the following streams:

- internal audit
- internal control
- risk management

The annual internal audit engagement plan is developed taking into account Metinvest's key risks, strategic goals, significant matters, cyclical audits, management requests and inputs from the Audit and Finance Committee.
In 2021, the internal audit team conducted 37 engagements. Key focus areas included supply management of raw materials and services; production; quality management; risk management; management reporting.

The management is responsible for ensuring that issues raised by the internal audit function are addressed on time. The function also monitors recommendations on internal audit measures agreed with the management.

EXTERNAL AUDIT

GRI 102-56

Covering each financial year since 2006, Metinvest has prepared consolidated financial statements in accordance with IFRS, as adopted by the EU, and has engaged an independent external auditor to audit them.

For the 12 months ended 31 December 2021, the Group appointed PwC to perform this external audit and provide an opinion on the IFRS consolidated financial statements. The measures in place to safeguard the external auditor's independence and ensure high quality of service include rules requiring rotating the signing partner and obtaining pre-approval for all non-audit services.

FINANCIAL STATEMENTS

The Financial Statements contain summary IFRS consolidated financial statements for 2021, as well as an independent auditor's report. Metinvest has published audited and consolidated IFRS financial statements covering each financial year since 2006.

METINVEST B.V.

SUMMARY IFRS CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2021

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INDEPENDENT AUDITOR'S REPORT

TO: THE MANAGEMENT BOARD AND THE AUDIT COMMITTEE OF METINVEST B.V.

REPORT ON THE SUMMARY IFRS CONSOLIDATED FINANCIAL STATEMENTS 2021

OUR OPINION

In our opinion, the accompanying summary IFRS consolidated financial statements for 2021 of Metinvest B.V., are consistent, in all material respects, with the audited statutory financial statements, in accordance with the basis described in note 1.

The summary IFRS consolidated financial statements
The summary IFRS consolidated financial statements of Metinvest B.V., Amsterdam ('the company'), derived from the audited statutory financial statements for 2021, comprise:

- the summary consolidated balance sheet as at 31 December 2020;
- the summary consolidated income statement for the year then ended;
- the summary consolidated statement of comprehensive income for the year then ended;
- the summary consolidated statement of changes in equity for the year then ended;
- the summary consolidated statement of cash flows for the year then ended; and
- the related notes to the summary IFRS consolidated financial statements.

The summary IFRS consolidated financial statements do not contain all of the disclosures required by International Financial Reporting Standards as adopted by the European Union and Part 9 of Book 2 of the Dutch Civil Code. Reading the summary financial statements, therefore, is not a substitute for reading the audited statutory financial statements of Metinvest B.V. and the auditor's report thereon.

The audited statutory financial statements and the summary IFRS consolidated financial statements do not reflect the events that occurred subsequent to the date of our report on the audited statutory financial statements.

The audited statutory financial statements and our auditor's report thereon
We expressed an unmodified audit opinion on the audited statutory financial statements in our report dated 11 February 2022. The report also includes:

- A section on our audit approach, including materiality and the scope of the group audit.
- The communication of key audit matters. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the audited financial statements of the current period.
- An 'Emphasis of matter – Uncertainties in the financial statements with respect to the conflict in Ukraine' paragraph that draws the attention to Note 2 of the consolidated financial statements which describes that the operations of the Group may be significantly impacted in case of a significant and adverse change regarding the conflict in Ukraine. The magnitude of such impact cannot be reasonably estimated.

Our opinion is not modified in respect of this matter.

RESPONSIBILITIES OF THE MANAGEMENT BOARD FOR THE SUMMARY IFRS CONSOLIDATED FINANCIAL STATEMENTS

The management board is responsible for the preparation of the summary IFRS consolidated financial statements in accordance with the basis described in note 1.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on whether the summary IFRS consolidated financial statements are consistent, in all material respects, with the audited statutory financial statements based on our procedures, which we conducted in accordance with Dutch Law, including the Dutch Standard 810 'Engagements to report on summary financial statements'.

Rotterdam, 11 February 2022
PricewaterhouseCoopers Accountants N.V.

Original has been signed by A.F. Westerman RA

SKX7DTST4RWE-851391706-29

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METINVEST B.V.

SUMMARY CONSOLIDATED BALANCE SHEET

All amounts in millions of US dollars

	Note	31 December 2021	31 December 2020
ASSETS			
Non-current assets			
Goodwill	7	745	630
Other intangible assets	8	1,324	121
Property, plant and equipment	9	6,578	5,289
Investments in associates and joint ventures	10	1,607	1,389
Deferred tax asset	24	90	110
Trade and other receivables	13	234	736
Total non-current assets		**10,578**	**8,275**
Current assets			
Inventories	12	1,543	937
Income tax prepaid		40	11
Trade and other receivables	13	2,653	3,405
Cash and cash equivalents	14	1,166	826
Total current assets		**5,402**	**5,179**
TOTAL ASSETS		**15,980**	**13,454**
EQUITY			
Share capital	15	0	0
Share premium	15	6,225	6,225
Other reserves	16	(9,045)	(8,957)
Retained earnings		10,761	9,186
Equity attributable to the owners of the Company		**7,941**	**6,454**
Non-controlling interest		29	42
TOTAL EQUITY		**7,970**	**6,496**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	17	2,070	2,427
Retirement benefit obligations	18	671	591
Deferred tax liability	24	345	184
Other non-current liabilities	19	110	201
Total non-current liabilities		**3,196**	**3,403**
Current liabilities			
Loans and borrowings	17	172	510
Income tax payable		169	69
Trade and other payables	20	4,473	2,976
Total current liabilities		**4,814**	**3,555**
TOTAL LIABILITIES		**8,010**	**6,958**
TOTAL LIABILITIES AND EQUITY		**15,980**	**13,454**

Signed and authorised for release on behalf of Metinvest B.V. on 11 February 2022:

Originally signed by Managing Director A, Yuriy Ryzhenkov

Originally signed by Managing Director B, Eliza Désirée den Aantrekker

The accompanying notes form an integral part of these summary consolidated financial statements

METINVEST B.V.

SUMMARY CONSOLIDATED INCOME STATEMENT

All amounts in millions of US dollars

	Note	Year ended 31 December 2021	Year ended 31 December 2020
Revenue	6	18,005	10,453
Net operating costs (excluding items shown separately)	21	(13,114)	(9,513)
Reversal of impairment / (impairment) of financial assets	13	42	(93)
Operating profit		**4,933**	**847**
Finance income	22	212	60
Finance costs	23	(280)	(566)
Share of result of associates and joint ventures	10	799	285
Profit before income tax		**5,664**	**626**
Income tax expense	24	(899)	(100)
Profit for the year		**4,765**	**526**
Profit is attributable to:			
Owners of the Company		4,718	519
Non-controlling interests		47	7
Profit for the year		**4,765**	**526**

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

All amounts in millions of US dollars

	Note	Year ended 31 December 2021	Year ended 31 December 2020
Profit for the year		**4,765**	**526**
Other comprehensive income / (loss)			
Items that will not be reclassified to profit or loss:			
Revaluation decreases that offset previous increases in the carrying amount of property, plant and equipment		(8)	(9)
Remeasurement of retirement benefit obligation	18	42	(34)
Share in other comprehensive income / (loss) of joint ventures and associates	10	42	49
Income tax related to items that will not be reclassified subsequently to profit or loss		(8)	7
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		190	(897)
Total other comprehensive income / (loss)		**258**	**(884)**
Total comprehensive income / (loss) for the period		**5,023**	**(358)**
Total comprehensive income / (loss) attributable to:			
Owners of the Company		4,972	(348)
Non-controlling interests		51	(10)
Total comprehensive income / (loss) for the period		**5,023**	**(358)**

The accompanying notes form an integral part of these summary consolidated financial statements

METINVEST B.V.

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

All amounts in millions of US dollars

	Note	Year ended 31 December 2021	Year ended 31 December 2020
Cash flows from operating activities			
Profit before income tax		**5,664**	**626**
Adjustments for:			
Depreciation of property, plant and equipment and amortisation of intangible assets	21	973	820
Impairment of property, plant and equipment and intangible assets	8,9	26	6
Gain on disposal of property, plant and equipment and intangible assets	21	(11)	(1)
Finance income	22	(212)	(60)
Finance costs	23	280	566
Foreign exchange losses less gains / (gains less losses), net	21	85	217
Net change in retirement benefit obligations, except for interest costs, remeasurements and currency translation	18	(14)	(14)
(Reversal) of impairment / impairment of financial assets	13	(42)	93
Share of result of associates and joint ventures	10	(799)	(285)
Write-down of inventories, net	12	5	(34)
Write-off of trade and other payables	21	(11)	(10)
Other non-cash operating expenses/ (income), net		80	(92)
Operating cash flows before working capital changes		**6,024**	**1,832**
(Increase) / decrease in inventories		(410)	217
Decrease / (increase) in trade and other accounts receivable		736	(347)
Increase in trade and other accounts payable		251	372
Cash generated from operations		**6,601**	**2,074**
Income taxes paid		(885)	(119)
Interest paid		(190)	(215)
Net cash from operating activities		**5,526**	**1,740**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(1,017)	(678)
Proceeds from sale of property, plant and equipment		6	1
Loans issued		-	(13)
Interest received		31	3
Proceeds from repayments of loans issued		37	10
Dividends received	10	446	-
Acquisition of an integral property complex	11	(341)	-
Principal payments under the guarantee	10	(455)	(77)
Other payments		(4)	(70)
Net cash used in investing activities		**(1,297)**	**(824)**
Cash flows from financing activities			
Payments for loans commission		-	(17)
Proceeds from loans and borrowings	17	47	514
Repayment of loans and borrowings	17	(1,135)	(573)
Net trade financing repayments	17	(178)	(130)
Acquisition of non-controlling interest		(34)	(51)
Dividends paid		(2,510)	(100)
Other finance costs		(31)	(3)
Net cash (used in) / from financing activities		**(3,841)**	**(360)**
Effect of exchange rate changes on cash and cash equivalents		(48)	(4)
Net increase in cash and cash equivalents		340	552
Cash and cash equivalents at the beginning of the year		**826**	**274**
Cash and cash equivalents at the end of the year	14	**1,166**	**826**

The accompanying notes form an integral part of these summary consolidated financial statements

METINVEST B.V.

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

All amounts in millions of US dollars

	Attributable to owners of the Company					Non-controlling interest (NCI)	Total equity
	Share capital	Share premium	Other reserves	Retained earnings	Total		
Balance at 1 January 2020	**0**	**6,225**	**(7,804)**	**8,411**	**6,832**	**98**	**6,930**
Revaluation of property, plant and equipment (Note 9)	**-**	**-**	(9)	-	**(9)**	-	**(9)**
Share in other comprehensive income of joint venture and associates (Note 10)	**-**	**-**	51	(2)	**49**	-	**49**
Remeasurement of retirement benefit obligation (Note 18)	**-**	**-**	-	(33)	**(33)**	(1)	**(34)**
Income tax relating to components of other comprehensive income (Note 24)	-	-	1	6	**7**	-	**7**
Currency translation differences	-	-	(881)	-	**(881)**	(16)	**(897)**
Other comprehensive income / (loss) for the period	**-**	**-**	**(838)**	**(29)**	**(867)**	**(17)**	**(884)**
Profit for the period	-	-	**-**	519	**519**	7	**526**
Total comprehensive income / (loss) for the period	**-**	**-**	**(838)**	**490**	**(348)**	**(10)**	**(358)**
Acquisition of subsidiaries	-	-	-	-	-	17	17
Acquisition of non-controlling interest in subsidiaries	-	-	-	(30)	(30)	(52)	(82)
Disposal of investment in associate		-	(3)	3	-	-	-
Realised revaluation reserve, net of tax	-	-	(312)	312	-	-	-
Dividends declared by non-wholly-owned subsidiaries	-	-	-	-	-	(11)	(11)
Balance at 31 December 2020	**0**	**6,225**	**(8,957)**	**9,186**	**6,454**	**42**	**6,496**
Revaluation of property, plant and equipment (Note 9)	**-**	**-**	(8)	-	(8)	-	**(8)**
Share in other comprehensive income of joint venture and associates (Note 10)	**-**	**-**	28	14	42	-	**42**
Remeasurement of retirement benefit obligation (Note 18)	**-**	**-**	-	40	40	2	**42**
Income tax relating to components of other comprehensive income (Note 24)	-	-	1	(9)	(8)	-	**(8)**
Currency translation differences	-	-	188	-	188	2	**190**
Other comprehensive income / (loss) for the period	**-**	**-**	**209**	**45**	**254**	**4**	**258**
Profit for the period	**-**	**-**	**-**	**4,718**	**4,718**	**47**	**4,765**
Total comprehensive income / (loss) for the period	**-**	**-**	**209**	**4,763**	**4,972**	**51**	**5,023**
Acquisition of subsidiaries	**-**	**-**	-	-	**-**	14	**14**
Acquisition of non-controlling interest in subsidiaries	**-**	**-**	-	5	**5**	(14)	**(9)**
Realised revaluation reserve, net of tax	**-**	**-**	(297)	297	**-**	-	**-**
Dividends declared	-	-	-	(3,490)	**(3,490)**	-	**(3,490)**
Dividends declared by non-wholly-owned subsidiaries	-	-	-	-	**-**	(64)	**(64)**
Balance at 31 December 2021	**0**	**6,225**	**(9,045)**	**10,761**	**7,941**	**29**	**7,970**

The accompanying notes form an integral part of these summary consolidated financial statements

METINVEST B.V.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2021

All tabular amounts in millions of US Dollars

1 METINVEST B.V. AND ITS OPERATIONS

Metinvest B.V. (the "Company" or "Metinvest"), is a private limited liability company registered in the Netherlands. The Company is beneficially owned by Mr. Rinat Akhmetov, through various entities commonly referred to as System Capital Management ("SCM"), and Mr. Vadym Novynskyi, through various entities commonly referred to as "SMART" or "Smart Group".

The Company and its subsidiaries (together referred to as the "Group" or "Metinvest Group") are an integrated steel producer, owning assets in each link of the production chain – from iron ore mining, coking coal mining and coke production, through to semi-finished and finished steel production. The steel products, iron ore and coke and coal are sold on both the Ukrainian and export markets.

As of 31 December 2021 and throughout the periods presented in these consolidated financial statements, Metinvest B.V. is owned 71.24% by SCM Limited (Cyprus) and 23.76% by companies of the Smart Group. The remaining 5% interest in the Company in the form of Class C shares has been acquired from the previous owners of Ilyich Group for the benefit of SCM and SMART. It is the intention of SCM and SMART to dispose of the said 5% interest in due course (after receipt of respective governmental approvals, if such will be necessary), and in such manner that the ultimate interest of SCM in the Company shall be 75% minus 1 share, and the ultimate interest of SMART in the Company shall be 25% plus 1 share, thus SCM remaining as the controlling shareholder.

The principal subsidiaries of Metinvest B.V. are presented below:

Name	Effective % interest as at 31 December 2021	Effective % interest as at 31 December 2020	Segment	Country of incorporation
Metinvest Holding LLC	100.0%	100.0%	Corporate	Ukraine
Metinvest Management B.V.	100.0%	100.0%	Corporate	Netherlands
PrJSC Azovstal Iron and Steel Works	100.0%	100.0%	Metallurgical	Ukraine
Ferriera Valsider S.p.A.	100.0%	100.0%	Metallurgical	Italy
Metinvest Trametal S.p.A.	100.0%	100.0%	Metallurgical	Italy
Spartan UK Limited	100.0%	100.0%	Metallurgical	UK
Metinvest International SA	100.0%	100.0%	Metallurgical	Switzerland
Metinvest Eurasia LLC	100.0%	100.0%	Metallurgical	Russia
Metinvest Service Metal Centres LLC	100.0%	100.0%	Metallurgical	Ukraine
JSC Promet Steel	100.0%	100.0%	Metallurgical	Bulgaria
PrJSC Ilyich Iron and Steel Works	100.0%	100.0%	Metallurgical	Ukraine
PrJSC Avdiivka Coke Plant	100.0%	100.0%	Metallurgical	Ukraine
PrJSC Zaporizhcoke	57.2%	57.2%	Metallurgical	Ukraine
PrJSC Dniprovskiy Coke Plant	100.0%	100.0%	Metallurgical	Ukraine
PrJSC Northern Iron Ore Enrichment Works	100.0%	100.0%	Mining	Ukraine
PrJSC Central Iron Ore Enrichment Works	100.0%	100.0%	Mining	Ukraine
PrJSC Ingulets Iron Ore Enrichment Works	100.0%	100.0%	Mining	Ukraine
United Coal Company LLC ("UCC")	100.0%	100.0%	Mining	USA
PrJSC Colliery Group "Pokrovs'ke" (Note 11)	100.0%	24.8%	Mining	Ukraine
Concentrating Factory "Sviato-Varvarynska" LLC (Note 11)	100.0%	24.8%	Mining	Ukraine

As at 31 December 2021, the Group employed approximately 87 thousand people (31 December 2020: 69 thousand). The increase in people employed is mainly attributable to the acquisition of PrJSC Colliery Group "Pokrovs'ke", Concentrating Factory "Sviato-Varvarynska" LLC and assets relating to the integral property complex of PJSC Dneprovsky Iron and Steel Integrated Works.

The Company's registered address is Gustav Mahlerplein 74B, 1082MA, Amsterdam. The company is registered with the commercial trade register under the number 24321697. The principal places of production facilities of the Group are in Ukraine, Italy, UK and the USA.

On May 17, 2021, ITPS (Netherlands) B.V. resigned as Managing Director B of the Company and on the next day Mrs. Eliza Désirée den Aantrekker was appointed in his place.

The consolidated financial statements of Metinvest B.V. for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Supervisory Board on February 9, 2022.

For better understanding of Metinvest's financial position and the results of operations, these summary financial statements should be read in conjunction with the Metinvest's audited financial statements as of and for the year ended 31 December 2020, which include all disclosures required by International Financial Reporting Standards as adopted by European Union and the statutory provisions of Part 9, Book 2, of the Dutch Civil Code.

The accompanying notes form an integral part of these summary consolidated financial statements

METINVEST B.V.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2021 (CONTINUED)

All tabular amounts in millions of US Dollars

2 OPERATING ENVIRONMENT OF THE GROUP

The Ukrainian economy demonstrated sustained growth for four straight years through the end of 2019, amid overall macroeconomics stabilisation supported by structural reforms, a rise in domestic investment, a revival in household consumption, an increase in industrial production and construction activity, as well as an improved environment on external markets. Starting from the first quarter of 2020, the Ukrainian economy has been contracting amid a decrease in industrial output and lockdown measures introduced in March 2020 to contain the spread of the COVID-19 pandemic. In the first half of 2021, the easing of restrictive anti-pandemic measures spurred the economy recovery and led to GDP growth.

The National Bank of Ukraine (NBU) follows an interest rate policy of inflation targeting and keeps the hryvnia floating. The December year-on-year inflation rate in Ukraine was 10.0% in 2021 (compared to 5.0% in 2020). An increase in inflation has led the NBU to begin monetary tightening and gradually increase its key policy rate from 6% effective from 12 June 2020 to 10% effective from 21 January 2022.

As of the date of this report, the official NBU exchange rate of Hryvnia against US dollar was UAH 27.88 per USD 1, compared to UAH 27.28 per USD 1 as at 31 December 2021 and 28.27 per USD 1 as at 31 December 2020.

The Group's financial performance is largely dependent on the global prices of and demand for steel, iron ore and coking coal products. The prices of steel products are influenced by many factors, including global economic conditions, demand for steel products, worldwide production capacity, capacity utilisation rates, raw material costs, currency exchange rates and improvements in steel making processes.

Compared with the average for 2020, the benchmark hot-rolled coil price (Metal Expert HRC CIS export FOB Black Sea) in 2021 increased by 84% to an average of USD 875 per tonne, the benchmark iron ore price (Platts 62% Fe CFR China) increased by 48% to an average of USD 160 per dry tonne, while the benchmark coking coal price (HCC LV, FOB Australia) increased by 79% to an average USD 224 per tonne. These price dynamics had a positive impact on the Group's gross margins and overall financial results during 2021 as compared to 2020.

The conflict in Eastern Ukraine had impacted the Group's steel, coke and coal operations since 2014. The conflict started in spring of 2014 and has not been resolved to date.

Two of the Group's largest steel plants, PrJSC Ilyich Iron and Steel Works and PrJSC Azovstal Iron and Steel Works as well as newly acquired subsidiaries of the Pokrovske coal business, are located near the conflict area in the Donetsk region. Iron ore production assets and property integral complex acquired in 2021 are located in the central part of Ukraine and have not been affected by the conflict.

Starting in December 2021, news surrounding the potential escalation of the conflict have emerged. As of the date of approval of these consolidated financial statements, no specific event has occurred, but political and diplomatic talks and negotiations to prevent further deterioration of the situation have intensified. Should the situation significantly and adversely change, it may have a significant negative impact on the Group and the environment the Group operates in; however, the magnitude of such impact cannot be reasonably estimated.

In March 2020, the outbreak of COVID-19 has led to quarantine and various types of movement restrictions imposed in many countries. This in turn has led to reduced activity in certain sectors of the economy, decrease in demand for certain goods and services and increased risks of slowing economic growth and recession in key economies around the world.

The effects of the COVID-19 outbreak have resulted in a volatility in the metallurgical segment's revenue in April 2020 mainly caused by the decrease in global steel prices and temporary closure of the European steel plants. In May 2020, the situation started to improve following the recovery of construction sector in China and expectations of increased demand in other sectors amid quarantine measures easing. This positive trend continued in second half of 2020 and 2021, supported by the price dynamics described above.

At the date of issuing these consolidated financial statements, the situation with the COVID-19 is still evolving and its consequences are currently uncertain; however, management believes that it is taking appropriate measures to support the stable operation of the Group, necessary in the current circumstances.

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation and statement of compliance. These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by European Union and the statutory provisions of Part 9, Book 2, of the Dutch Civil Code. The consolidated financial statements have been prepared under the historical cost convention unless stated otherwise. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

These consolidated financial statements are presented in millions of US dollars and all values are rounded off to the nearest million except where otherwise indicated.

The accompanying notes form an integral part of these summary consolidated financial statements

METINVEST B.V.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2021 (CONTINUED)

All tabular amounts in millions of US Dollars

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Critical accounting estimates and judgements in applying accounting policies. The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily available from other sources.

Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from these estimates. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the IFRS consolidated financial statements are disclosed in Note 4.

Principles of consolidation. Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of businesses. The cost of an acquisition is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed at the date of exchange. The date of exchange is the acquisition date where a business combination is achieved in a single transaction. Where a business combination is achieved in stages, the previously held interest in an acquired business is included into the cost of business combination at fair value as of the acquisition date with resulting gains recognised in consolidated income statement.

Costs directly related to acquisition of subsidiaries are recognised in the consolidated income statement in the period in which they incurred and the services are received.

Goodwill is measured by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and fair value of an interest in the acquiree held immediately before the acquisition date. Any negative amount ("negative goodwill") is recognised in profit or loss, after management reassesses whether it identified all the assets acquired and all liabilities and contingent liabilities assumed and reviews appropriateness of their measurement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies of the Group.

Non-controlling interest ("NCI") is that part of the net results and of the net assets of a subsidiary, including the fair value adjustments, which is attributable to interests which are not owned, directly or indirectly, by the Company. Non-controlling interest forms a separate component of equity.

Purchases of subsidiaries from parties under common control and merger reserve in equity. Purchases of subsidiaries from parties under common control are accounted under the predecessor values method. Under this method the financial statements of the entity are presented as if the businesses had been consolidated from the beginning of the earliest period presented (or the date that the entities were first under common control, if later). The assets and liabilities of the subsidiary transferred under common control are at the predecessor entity's book values. The difference between the consideration given and the aggregate book value of the assets and liabilities (as of the date of the transaction) of the acquired entity is recorded as an adjustment to equity. This is recorded as a merger reserve. No additional goodwill is created by such purchases.

Transactions with non-controlling interests. The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity. Non-controlling interest is measured on proportionate basis of net assets.

Investments in associates and joint ventures. Associates are entities over which the Group has significant influence, but not control, generally accompanying a shareholding of between 20 and 50 percent of the voting rights.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanonimous consent of the parties sharing control. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Those parties are called joint ventures.

The accompanying notes form an integral part of these summary consolidated financial statements

METINVEST B.V.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2021 (CONTINUED)

All tabular amounts in millions of US Dollars

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in associates and joint ventures are accounted for by the equity method of accounting and are initially recognised at cost. The carrying amount of associates and joint ventures includes goodwill identified on acquisition, and is reduced for accumulated impairment losses, if any. The Group's share of the post-acquisition profits or losses of associates and joint ventures is recorded in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate, including any other unsecured accounts receivable, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and their associates and joint ventures are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Segment reporting. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the General Director of the Group that makes strategic decisions.

Company reports separately information about an operating segment that meets any of the following quantitative thresholds unless aggregation criteria are met:

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10 per cent or more of the combined revenue, internal and external, of all operating segments.

(b) The absolute amount of its reported profit or loss is 10 per cent or more of the greater, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss.

(c) Its assets are 10 per cent or more of the combined assets of all operating segments.

Foreign currency translation. The functional currency of each of consolidated entities is the currency of the primary economic environment in which the entity operates. The functional currency for the majority of the consolidated entities is either Ukrainian hryvnia ("UAH") or US dollar ("USD").

Transactions denominated in currencies other than the relevant functional currency are translated into the functional currency using the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into each entity's functional currency at year-end official exchange rates are recognised in the consolidated income statement.

The principal rate of exchange used for translating foreign currency balances is as follows:

	31 December 2021	31 December 2020
1 USD to UAH	27.28	28.27
1 EUR to UAH	30.92	34.74

Monetary assets and liabilities are translated into functional currency at the official exchange rate at the respective balance sheet dates. Translation at year end does not apply to non-monetary items.

Translation from functional to presentation currency. The Group has selected the US dollar ("USD") as the presentation currency. The USD has been selected as the presentation currency for the Group as: (a) management of the Group manages business risks and exposures, and measures the performance of its businesses in the USD; (b) the USD is widely used as a presentation currency of companies engaged primarily in metallurgy; and (c) the USD is the most convenient presentation currency for non-Ukrainian users of these IFRS consolidated financial statements.

The results and financial position of each consolidated entity are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at monthly average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised through comprehensive income and they accumulate as a separate component of equity. All the components of consolidated equity at each balance sheet date are translated at the historical rate. The balancing figure goes to cumulative currency translation reserve in other reserves in equity. All the elements within equity are presented at the rates prevailing at the dates of such movements (or an average rate for the period when this approximates the transaction date exchange rate).

The accompanying notes form an integral part of these summary consolidated financial statements

METINVEST B.V.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2021 (CONTINUED)

All tabular amounts in millions of US Dollars

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

As follows from policy on translation from functional to presentation currency revaluation results, and reclassification from revaluation reserve to retained earnings are translated into USD using the exchange rates prevailing at the dates of transaction. Because of lower strength of UAH as compared to USD (and consequent depreciation against USD since the historical revaluations dates), the revaluation reserve in presentation currency is carried at rates lower than the closing UAH/USD rate, thus, differs from the revaluation balances recognised in the Group's property, plant and equipment. Upon disposal, sale or liquidation of assets or liabilities related to these equity components these differences are reclassified to retained earnings.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and at each balance sheet date are translated at the closing rate. When a subsidiary is disposed of through sale, liquidation, repayment of share capital or abandonment of all, or part of, that entity, the currency translation differences deferred in equity are reclassified to the consolidated income statement.

At present, the UAH is not a freely convertible currency outside of Ukraine.

Property, plant and equipment. Property, plant and equipment are stated using the revaluation model. Fair values are based on valuations by external independent valuers. The frequency of revaluation depends upon the movements in the fair values of the assets being revalued. Initial acquisitions and subsequent additions to property, plant and equipment are recognised at cost. Cost includes expenditure directly attributable to acquisition of the items. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads.

Increases in the carrying amount arising on revaluation are credited to other comprehensive income and accumulated in the other reserves in equity. When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Decreases that offset previous increases in the carrying amount of the same asset decrease the previously recognised revaluation reserve through other comprehensive income; all other decreases are charged to the income statement. The revaluation reserve in equity is transferred directly to retained earnings when the surplus is realised either on the retirement or disposal of the asset or as the asset is used by the Group; in the latter case, the amount of the surplus realised is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

Upon recognition, items of property, plant and equipment are divided into components, which represent items with a significant value that have different useful lives.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, is capitalised with the carrying amount of the replaced component being written off. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is recognised in the consolidated income statement as an expense when incurred.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from the continued use of the asset. Gains and losses on disposals determined by comparing proceeds with carrying amount of property, plant and equipment are recognised in the consolidated income statement.

Depreciation is charged to the consolidated income statement on a straight-line basis to allocate costs or revalued amounts of individual assets to their residual value over the estimated remaining useful lives. Depreciation commences at the moment when assets is ready for use. The estimated useful lives are as follows:

	Useful lives in years
Buildings and structures	from 2 to 60
Plant and machinery	from 2 to 35
Furniture, fittings and equipment	from 2 to 10

Estimates of remaining useful lives are made on a regular basis for all buildings, plant and machinery, with annual reassessments. Changes in estimates are accounted for prospectively.

The residual value of an asset is the estimated amount that the Group would currently obtain from disposal of the asset less the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of its useful life. The residual value of an asset is nil if the Group expects to use the asset until the end of its physical life. The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at each balance sheet date.

Construction in progress represents prepayments for property, plant and equipment, and the cost of property, plant and equipment, construction of which has not yet been completed. No depreciation is charged on such assets until they are ready for use.

The Company capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

The accompanying notes form an integral part of these summary consolidated financial statements

METINVEST B.V.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2021 (CONTINUED)

All tabular amounts in millions of US Dollars

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Asset retirement obligations. According to the Code on Mineral Resources, Land Code of Ukraine, Mining Law, Law on Protection of Land and other legislative documents of Ukraine and the US, the Group is responsible for site restoration and soil rehabilitation upon abandoning its mines. Estimated costs of dismantling and removing an item of property, plant and equipment are added to the cost of an item of property, plant and equipment when the item is acquired. Changes in the measurement of an existing asset retirement obligation that result from changes in the estimated timing or amount of the outflows, or from changes in the discount rate are recognised as an adjustment to the cost of the respective asset through the income statement or other reserves in equity to the extent of any revaluation balance existence in respect of the related asset. Provisions in respect of abandonment and site restoration are evaluated and re-estimated annually, and are included in these consolidated financial statements at each balance sheet date at their expected net present value, using discount rates which reflect the economic environment in which the Group operates and are specific to a liability.

Leased assets. The Group recognises assets and liabilities for all leases within term of more than 12 months, unless the underlying asset is of low value. A lessee recognises a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset (underlying asset) for a period of time in exchange for consideration. The Group determines the lease term as the non-cancellable period of a lease, together with periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

The right-of-use asset is initially recognised at the commencement date and measured at cost. The cost of right-of-use asset includes the amount of initial measurement of the lease liability and any lease payments made at or before the commencement date, less any lease incentive received. The lease liability is initially recognised at the commencement date and measured at present value of the lease payments that are not paid at that date.

The rights-of-use asset is subsequently measured at cost, less any accumulated depreciation and any accumulated impairment losses. The lease liability is subsequently measured using effective interest rate method. The carrying amount is remeasured to reflect any re-assessment or lease modifications, or to reflect revised in-substance fixed lease payments. A re-assessment of the lease liability takes place if the cash flows change based on the original terms and conditions of the lease. A lease modification is a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease. Described above changes to the lease liability amount should be adjusted in the right-of use asset amount. Any changes that are required by original lease agreement terms, including changes impacted by reviewed market lease payment or extension of lease period, should be treated rather as reassessment than modification. Effective date of changes is the date on which both parties agree to lease agreement changes.

The Group depreciates the right-of-use asset on the straight line basis from the lease commencement date to the earlier of the end of useful life of the right-of-use asset or the end of the lease term. Depreciation should be recognised separately from interest on lease liabilities in the income statement.

Goodwill. Goodwill on acquisitions of subsidiaries is presented separately in the consolidated balance sheet. It is carried at cost less accumulated impairment losses, if any. Gains and losses on the disposal of an entity or business unit include the carrying amount of goodwill relating to the entity or business unit disposed of.

Goodwill is allocated to cash generating units for the purposes of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the synergies of the business combination.

Other intangible assets. All of the Group's other intangible assets have definite useful lives and primarily include capitalised computer software and licences, mining licences, mining permits and coal reserves. Acquired computer software and other licences are capitalised on the basis of the costs incurred to acquire and bring them to use.

Other intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. If impaired, the carrying amount of intangible assets is written down to the higher of value in use and fair value less costs of disposal. Licences and coal reserves are amortised using the units-of-production method over all estimated proven and probable reserve assigned to the mines. Proven and probable reserves exclude non-recoverable coal and ore reserves and estimated processing losses. Amortisation rates are updated when revisions to coal reserve estimates are made.

Impairment of non-financial assets. Goodwill is tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment whenever events and changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value less cost to sell and value in use. For purposes of assessing impairment, assets are grouped to the lowest levels for which there are separately identifiable cash flows (cash generating unit). Non-financial assets, other than goodwill, that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The accompanying notes form an integral part of these summary consolidated financial statements

METINVEST B.V.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2021 (CONTINUED)

All tabular amounts in millions of US Dollars

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Initial recognition of financial instruments. At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus transaction costs that are directly attributable to the acquisition of the financial instruments if financial asset or financial liability are not accounted at fair value through profit or loss ("FVPL"). Transaction costs of financial assets or financial liabilities carried at FVPL are expensed in profit and loss in the consolidated income statement.

Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between the transaction price and the fair value, which can be evidenced by a quoted price in an active market for an identical asset or liability or is based on a valuation technique that uses only data from observable markets.

Classification and subsequent measurement of financial assets. The Group classifies its financial assets in the following measurement categories:

- those to be subsequently measured at fair value (either through other comprehensive income ("FVOCI"), or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

The business model reflects how the Group manages the assets in order to generate cash flows – whether the Group's objective is: (i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows",) or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither of (i) or (ii) is applicable, the financial assets are classified as part of "other" business model and measured at FVPL.

Business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the Group undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Factors considered by the Group in determining the business model include the purpose and composition of a portfolio, past experience on how the cash flows for the respective assets were collected, how risks are assessed and managed and how the assets' performance is assessed.

Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Group assesses whether the cash flows represent solely payments of principal and interest ("SPPI"). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for credit risk, time value of money, other basic lending risks and profit margin.

Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at FVPL. The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed.

Three measurement categories into which the Group classifies its debt financial assets are as follows:

1) Amortised cost: assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other operating income / (expenses). Impairment losses are presented in other operating income / (expenses) or as a separate line item in the consolidated income statement, if material.

2) Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. Interest income from these financial assets is included in profit or loss using the effective interest rate method. Impairment expenses are presented in other operating income / (expenses) or as a separate line item in the consolidated income statement, if material.

3) Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other operating income / (expenses) in the period in which it arises.

The Group subsequently measures all equity investments at fair value. Dividends from such investments continue to be recognised in profit or loss as other operating income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other operating income / (expenses) in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

The accompanying notes form an integral part of these summary consolidated financial statements

METINVEST B.V.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2021 (CONTINUED)

All tabular amounts in millions of US Dollars

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Financial assets impairment – expected credit loss allowance. After the initial recognition, an expected credit loss allowance ("ECL") is recognised for financial assets measured at amortised cost and at FVOCI, resulting in an immediate accounting loss in the consolidated income statement.

The measurement of expected credit losses reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Financial instruments measured at amortised cost and contract assets are presented in the consolidated balance sheet net of the allowance for expected credit losses.

Generally the impairment methodology is a three stage model applied dependent on whether there has been a significant increase in credit risk of a financial instrument since the initial recognition.

If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses (Stage 1 of ECL model) considering that the maximum period of credit risk exposure cannot exceed financial instrument term to maturity. At each reporting date, the Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition (Stage 2 of ECL model). If the Group determines that a financial asset is credit- impaired, the asset is transferred to Stage 3 and its ECL is measured as a lifetime ECL.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised at the time of the initial recognition of the receivables (Stage 2 of ECL model). For loans issued and bank accounts the Group applies general model for impairment based on changes in credit quality since initial recognition is applied. For loans that are repayable on demand, expected credit losses is equal to the effect of discounting the amount due on the loan.

As at reporting date the Group has three types of financial assets that are subject to expected credit loss model:

- cash and cash equivalents
- trade receivables for sales of goods and services
- loans issued

The Group uses different approaches for analysis of expected credit losses arisen on the financial assets from related parties, significant customers and other customers.

For all significant debtors and related parties, the calculation of expected credit losses is carried out on an individual basis taking into account agreement terms, expected repayment period, internally assessed credit risks for significant debtors based on the financial performance and taking into account external credit rating, if available. ECL rate is calculated based on credit spread implicit in the average yield on bonds of similar credit risk companies and adjusted for maturity, risk free rate and liquidity premium.

For individually insignificant debtors the Group calculates expected credit losses using a provision matrix by grouping customers by country of location. This matrix is based on the Group's historical default rates over the expected life of the financial receivables and is adjusted for forward-looking estimates.

The Group does not recognise the expected credit loss allowance on cash and cash equivalents if it was determined that the effect of such loss allowance is not material as at the reporting date.

Reclassification of financial assets. Financial instruments are reclassified only when the business model for managing the portfolio as a whole changes. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model. The Group did not change its business model during the current and comparative period and did not make any reclassifications.

Modification and derecognition of financial assets. The Group sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Group assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: change in contractual terms that substantially affects the risk profile of the asset, significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Group derecognises the original financial asset and recognises a new asset at its fair value. The date of modification is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether significant increase in credit risk has occurred. The Group also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss.

The accompanying notes form an integral part of these summary consolidated financial statements

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NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2021 (CONTINUED)

All tabular amounts in millions of US Dollars

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Group compares the original and revised expected cash flows to assess whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Group recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate, and recognises a modification gain or loss in profit or loss.

The Group derecognises financial assets when (i) the assets are redeemed or the rights to cash flows from the assets have otherwise expired or (ii) the Group has transferred substantially all the risks and rewards of ownership of the assets or (iii) the Group has neither transferred nor retained substantially all risks and rewards of ownership but has not retained control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

The Group enters into transactions in the normal course of business by which it transfers financial assets to third parties. Depending on the circumstances, these transfers may either result in these financial assets being derecognised or continuing to be recognised.

Full derecognition occurs when the Group transfers its contractual right to receive cash flows from the financial assets, or retains the right but assumes an obligation to pass on the cash flows from the asset, and transfers substantially all the risks and rewards of ownership. The risks include credit, interest rate, foreign currency, prepayment and other price risks.

Derecognition does not occur when the Group transfers its contractual right to receive cash flows from the financial assets, or retains the right but assumes an obligation to pass on the cash flows from the asset, but either:

- retains substantially all of the risks and rewards of ownership of the transferred asset; or
- neither retains nor transfers substantially all of the risks and rewards of ownership but has retained control of the financial asset. In this situation, the financial assets are recognised on the balance sheet to the extent of Group's continuing involvement.

The write-off of financial asset also represents a derecognition event. Financial assets are written-off, in whole or in part, when the Group has no reasonable expectations of recovering these assets.

Classification and subsequent measurement of financial liabilities.

All the financial liabilities are classified as subsequently measured at amortised cost, except for (i) derivatives, financial liabilities held for trading, contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition, which are measured at FVPL and (ii) financial guarantee contracts and loan commitments at a below-market interest rate.

Modification and derecognition of financial liabilities. Upon modification of financial liabilities the Group adjusts the amortised cost of a financial liability to reflect revised estimated contractual cash flows. For these purposes the Group recalculates the amortised cost of the financial liability as the present value of the estimated future contractual cash flows that are discounted at the financial instrument's original effective interest rate. Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners.

A substantial modification of the terms of an existing financial liability or a part of it is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment.

Upon determination of whether modification or an extinguishment have occurred the Group performs analysis in order to determine if there was a substantial modification of the terms quantitative in nature of an existing financial liability or a part of it. The quantitative analysis represents performance of a 10 per cent test. No qualitative factors are considered.

If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Financial guarantees. Financial guarantees require the Group to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight line basis over the life of the guarantee. At the end of each reporting period, the guarantees are measured at the higher of (i) the amount of the loss allowance for the guarantee exposure determined based on the expected loss model and (ii) the remaining unamortised balance of the amount at initial recognition. In addition, an expected credit loss allowance is recognised for fees receivable that are recognised in the consolidated balance sheet as an asset.

The accompanying notes form an integral part of these summary consolidated financial statements

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NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2021 (CONTINUED)

All tabular amounts in millions of US Dollars

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of most likely amounts expected to be paid to the tax authorities. The income tax charge is recognised in the consolidated income statement except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity.

Current tax is the amount expected to be paid to or recovered from the taxation authorities in respect of taxable profits or losses for the current and prior periods.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax liabilities are not recorded for temporary differences on initial recognition of goodwill and subsequently for goodwill which is not deductible for tax purposes. Deferred tax balances are measured at tax rates enacted or substantively enacted at the balance sheet date which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised. Deferred tax assets and liabilities are netted only within the individual companies of the Group. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

Deferred income tax is provided on post-acquisition retained earnings and other post-acquisition movements in reserves of subsidiaries, except where the Group controls the subsidiary's dividend policy and it is probable that the difference will not reverse through dividends or otherwise in the foreseeable future.

Inventories. Inventories are recorded at the lower of cost and net realisable value. Cost of inventory is determined on the weighted average principle. The cost of finished goods and work in progress comprises raw material, direct labour, other direct costs and related production overheads based on normal operating capacity but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

Prepayments. Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group. Other prepayments are charged to the income statement when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in the income statement.

Cash and cash equivalents. Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Restricted balances are excluded from cash and cash equivalents for the purposes of the cash flow statement. Balances restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date are included in other non-current assets.

Share capital. Ordinary shares issued are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is presented as a share premium.

Dividends. Dividends are recognised as a liability and deducted from equity at the balance sheet date only if they are declared before or on the balance sheet date. Dividends are disclosed when they are proposed before the balance sheet date or proposed or declared after the balance sheet date but before the financial statements are authorised for issue. If settlement of a dividend liability exceeds twelve months from the balance sheet date it is included within long-term liabilities and measured at the present value of the future cash flows required to settle the liability using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Loans and borrowings. Loans and borrowings are recognised initially at fair value, net of transaction costs incurred and subsequently carried at amortised cost using the effective interest method.

Cash flows related to receipt and repayment of trade finance borrowings are presented within the statement of cash flows on a net basis.

Transaction fees paid related to debt restructuring (such as legal and consulting expenses) are presented within the financing activities of the consolidated statement of cash flows.

The accompanying notes form an integral part of these summary consolidated financial statements

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NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2021 (CONTINUED)

All tabular amounts in millions of US Dollars

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Trade and other financial payables. Trade payables are accrued when the counterparty performs its obligations under the contract and are recognised initially at fair value and subsequently carried at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any transaction costs and any discount or premium on settlement.

Prepayments received. Prepayments are carried at amounts originally received, net of VAT.

Provisions for liabilities and charges. Provisions for liabilities and charges are non-financial liabilities recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small if it is probable that some outflow of resources will be needed to settle the class of obligations as a whole.

Where the Group expects a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Contingent assets and liabilities. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable. When the realisation of income is virtually certain, then the related asset is not a contingent asset and the Group recognises such assets.

Contingent liabilities are not recognised in the financial statements unless it is probable that an outflow of economic resources will be required to settle the obligation and it can be reasonably estimated. Contingent liabilities are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Employee benefits. Defined benefit plan. Certain Ukrainian entities within the Group participate in a mandatory State defined retirement benefit plan, which provides for early pension benefits for employees working in certain workplaces with hazardous and unhealthy working conditions. Certain Ukrainian entities also provide lump sum benefits upon retirement subject to certain conditions, as well as some other long-term employee benefits. The liability recognised in the balance sheet in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date. The defined benefit obligation is calculated annually by professional actuaries using the Projected Unit Credit Method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds (if there is no deep market for high quality corporate bonds) that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. Past service costs are recognised immediately in profit or loss.

Revenue recognition. Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax and discounts and after eliminating sales within the Group.

The Group recognises revenue when (or as) the Group satisfies a performance obligation by transferring a promised good or service to a customer and the customer obtains ability to direct the use of and substantially all of the remaining benefits from the asset. For each performance obligation identified, the Group determines at contract inception whether it satisfies the performance obligation over time or at a point in time.

For each performance obligation satisfied over time, the Group recognises revenue over time by measuring the progress towards complete satisfaction of that performance obligation proportionally to the services provision period. If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time at which a customer obtains control of a promised asset.

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (acting as a principal) or to arrange for those goods or services to be provided by the other party (acting as an agent). When the Group satisfies a performance obligation as a principal, revenue is recognised in the gross amount of consideration to which it expects to be entitled in exchange for the specified good or service transferred, when as an agent – the Group recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

The accompanying notes form an integral part of these summary consolidated financial statements

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NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2021 (CONTINUED)

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3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Sale of goods, by-products and merchandise

The Group manufactures and sells a range of steel products to large, medium and small size customers. By-products and merchandise are sold to the same range of customers. Revenues from sales of goods, by-products and merchandise are recognised at the point of transfer of control over the goods, normally when the goods are shipped. The Group normally uses standardised Incoterms such as cost-and-freight (CFR), free-carrier (FCA), cost-insurance-freight (CIF), free-on-board (FOB) and ex-works (EXW) which define the point of control transfer. Revenue is recorded on an accrual basis as earned.

Sales are recorded based on the price indicated in the specifications to the sales contracts. The sales price is established separately for each specification.

The Group also engages in sale and purchase transactions the objective of which is to manage cash flows and/or to sell the products of its joint ventures through the Group's sales channels and where the Group acts as an agent. Such sales are not treated as gross revenue generated by the Group and accordingly such sales and purchases are presented on a net basis with any gain or loss presented in revenue. Accounts receivable and payable from such transactions are presented gross.

(b) Sale of services

Sales of services are recognised in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

The Group provides freight services to the customers as part of standard products sales contract. Management considers that freight services should be treated as separate performance obligations and should be recognised over the transportation period.

(c) Commission income

The Group acts as an agent for sales transactions on behalf of the third parties. The commission income received by the Group as a fee for facilitating such transactions is recognised at the point of transfer of risks and rewards of ownership of the goods to the customers of the third parties. Such income is reported as part of revenue.

Interest income. Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Dividend income. Dividend income is recognised when the right to receive payment is established.

Value added tax. VAT in Ukraine where the majority of the Group operations are concentrated is levied at two rates: 20% on domestic sales and imports of goods, works and services and 0% on export of goods. Export of services is exempt from VAT. A taxpayer's VAT liability equals the total amount of VAT collected within a reporting period, and for domestic operations arises on the earlier of the date of shipping goods to a customer or the date of receiving payment from the customer; for export operations arises on the date of customs clearance of exported goods. A VAT credit is the amount that a taxpayer is entitled to offset against his VAT liability in a reporting period. For domestic and export operations rights to VAT credit arise when a VAT invoice is received, which is issued on the earlier of the date of payment to the supplier or the date goods are received. Where provision has been made for impairment of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT. VAT assets recoverable in cash from the State are included into Group's assets. All other VAT assets and liabilities are netted only within the individual companies of the Group.

Recognition of expenses. Expenses are accounted for on an accrual basis.

Finance income and costs. Finance income and costs comprise interest expense on borrowings, pension obligations, losses on early repayment of loans, interest income on funds invested, income on origination of financial instruments and foreign exchange gains and losses.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the IFRS consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Impairment of property, plant and equipment, goodwill and other intangible assets. The Group and its subsidiaries are required to perform impairment tests for their assets or cash-generating units when there is indication that an asset or a cash-generating unit ("CGU") may be impaired.

The accompanying notes form an integral part of these summary consolidated financial statements

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NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2021 (CONTINUED)

All tabular amounts in millions of US Dollars

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

One of the determining factors in identifying a cash-generating unit is the ability to measure independent cash flows for that unit. Within the Group's identified cash-generating units a significant proportion of their output is input to another cash-generating unit. Therefore, judgement is needed in determining a cash-generating unit.

Annually the Group assesses whether goodwill is impaired. This requires estimation of the value in use / fair value less costs of disposal of the cash-generating units or groups of cash-generating units to which goodwill is allocated.

Allocation of goodwill to groups of cash generating units requires significant judgement related to expected synergies. Estimating value in use / fair value less costs of disposal requires the Group to make an estimate of expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Precision of future cash flows is dependent, inter alia, on quality of management's forecasts of benchmark price levels for key commodities, production volumes and production costs, and necessary capital expenditure levels.

The most recent detailed calculations for Metallurgical and Mining segments were performed as of 31 December 2020 and 31 December 2019, respectively, as disclosed in Note 7. Apart from goodwill arisen on the acquisition of Pokrovske coal business, which was tested for impairment as of 31 December 2021, management has carried forward these calculations in 2021, having considered that since then:

(a) the assets and liabilities making up these segments have not changed significantly;

(b) the recoverable amount calculations performed last time resulted in the amounts that exceeded the carrying amounts of both segments by substantial margins; and

(c) the likelihood that a current recoverable amount determination as of 31 December 2021 would be less than the current carrying amount of the unit is remote, based on the management's analysis of events that have occurred and circumstances that have changed, including:

- increased production and sales volumes of steel products as compared to the estimates made in 2020 and iron ore products as compared to the estimates in 2019 impairment tests;
- Metallurgical segment increased gross margins in 2021 as compared to the estimates made in 2020 impairment tests, mainly due to increase in steel prices, partially offset by effect from increase in iron ore prices and other factors, as disclosed in Note 2, based on which the expected gross margins for 2022 and further periods have improved from the estimates made in impairment test for 2020;
- Mining segment increased gross margins in 2021 as compared to the estimates made in 2019 impairment test, mainly due to increase in iron ore prices, partially offset by effect from other factors, based on which the expected gross margins for 2022 and further periods have improved from the estimates made in impairment test for 2019.

Revaluation of property, plant and equipment. On an annual basis management of the Group carries out an analysis to assess whether carrying amounts of items of property, plant and equipment differ materially from that which would be determined using fair value at the end of the reporting period. The analysis is based on price indices, developments in technology, movements in exchange rates since the date of latest revaluation, profitability of underlying businesses and other relevant factors. Where the analysis indicates that the fair values of items of property plan and equipment differ materially from the carrying amounts, further revaluation is performed involving independent valuers.

As most of the Group's property, plant and equipment is of specialised nature, its fair value is determined using depreciated replacement cost (Level 3) or, where it is available, the market value (Level 2).

The majority of the structures, plant and machinery are specialised in nature and are rarely sold in the open market in Ukraine other than as part of a continuing business. The market for similar property, plant and equipment is not active in Ukraine and does not provide a sufficient number of sales of comparable assets to allow for using a market-based approach for determining fair value. Consequently, the fair value of structures, plant and machinery was primarily determined using depreciated replacement cost. This method considers the cost to reproduce or replace the property, plant and equipment, adjusted for physical, functional or economic depreciation, and obsolescence. The depreciated replacement cost was estimated based on internal sources and analysis of Ukrainian and international markets for similar property, plant and equipment. Various market data was collected from published information, catalogues, statistical data etc., and industry experts and suppliers.

The accompanying notes form an integral part of these summary consolidated financial statements

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NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2021 (CONTINUED)

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4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

When performing valuation using these methods, the key estimates and judgments applied by the independent valuers, in discussion with the Group's internal valuation team and technicians, are as follows:

- choice of information sources for construction costs analysis (actual costs recently incurred by the Group, specialised reference materials and handbooks, estimates for cost of construction of various equipment etc.);
- determination of similar items for replacement cost of certain equipment, as well as corresponding adjustments required to take into account differences in technical characteristics and condition of new and existing equipment;
- selection of market data when determining market value where it is available as well as corresponding adjustments required to take into account differences in technical characteristics and the condition of new and existing equipment;
- determination of applicable cumulative price indices which would most reliably reflect the change in fair value of assets revalued using indexation of carrying amounts;
- use of directories of per-unit replacement cost for buildings and constructions, assuming that all buildings and constructions of similar type and nature within industry have similar replacement costs; and
- liquidation value for items, which are expected to be realised, less cost to sell.

The fair values obtained using depreciated replacement cost and indexation of carrying amounts are validated using discounted cash flow models (income approach, Level 3), and are adjusted if the values obtained using income approach are lower than those obtained using depreciated replacement cost or indexation of carrying amounts (i.e. there is economic obsolescence). Key inputs into discounted cash flow models are consistent with the assumptions used for goodwill impairment testing (Note 7), except for discount rates which are specific to each of the Group's subsidiaries.

Changes in the above estimates and judgments could have a material effect on the fair value of property, plant and equipment, which, however, is impracticable to quantify due to wide variety of assumptions and assets being valued.

Remaining useful lives of property, plant and equipment. The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the technical characteristics, physical conditions, management's expectations on use of the respective assets and other factors. This affects depreciation charge and revaluation results.

Related party transactions. In the normal course of business the Group enters into transactions with related parties. Judgement is applied in determining if transactions are priced at market or non-market terms, where there is no active market for such transactions, and also in estimating the timing of settlement of the balances due from related parties, where there is a history of prolongations. Financial instruments are recorded at origination at fair value using the effective interest method. The Group's accounting policy is to record gains and losses on related party transactions, other than business combination or equity investments, in the income statement. The basis for judgement is pricing for similar types of transactions with unrelated parties and an effective interest rate analysis.

Further, estimation of timing of settlement and recoverability of balances due from related parties requires judgement. Ability of shareholders and parties under their control to repay the amounts due to the Group is dependent to large extent on cash flows from the Group. Such cash flows in the current circumstances may be limited (Note 18). The expected credit loss allowance was recognised in respect of balances due from related parties as disclosed in Note 13 of these consolidated financial statements.

Post-employment and other long-term employee benefits obligations. Management assesses post-employment and other long-term employee benefit obligations using the Projected Unit Credit Method based on actuarial assumptions which represent management's best estimates of the variables that will determine the ultimate cost of providing post-employment and other employee benefits. Since the plan is administered by the State of Ukraine, the Group may not have full access to information and therefore assumptions regarding when, or if, an employee takes early retirement, whether the Group would need to fund pensions for ex-employees depending on whether that ex-employee continues working in hazardous conditions could all have a significant impact on the pension obligation.

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The major assumptions used in determining the net cost (income) for pensions include the discount rate and future salary and benefits increase rate. Any changes in these assumptions will impact the carrying amount of pension obligations as disclosed in sensitivity analysis in Note 18.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on the current market conditions. Additional information is disclosed in Note 18.

Tax legislation. Ukrainian tax, currency and customs legislation continues to evolve. Conflicting regulations are subject to varying interpretations. Management believes its interpretations are appropriate and sustainable, but no guarantee can be provided against a challenge from the tax authorities (Note 26).

The accompanying notes form an integral part of these summary consolidated financial statements

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4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

Functional currency. Judgement was applied in determining the functional currency of Metinvest B.V., which is a holding company for operations of the Group in Ukraine, Italy, the United States of America and other countries. The functional currency of Metinvest B.V. was determined on the basis that (i) in management's opinion Metinvest B.V. is not an extension of and is not integral to the Ukrainian operations; (ii) the primary economic exposures are to a number of countries; and (iii) Metinvest B.V. retains cash and obtains majority of financing in US Dollars. Management therefore determined the US Dollar as the functional currency of Metinvest B.V.

Loss of control over the assets located on the temporarily non-controlled territory

In March 2017, the Group lost control over the assets located on the temporarily non-controlled territory. The Group accounted for this event as impairment of related property, plant, and equipment and inventories. Also, the Group has determined that the operations located on the temporarily non-controlled territories over which control was lost do not represent a disposal of foreign operations.

(i) Control over the legal entities whose operations on the temporarily non-controlled territory were lost. The Group retains a legal ownership over the entities whose physical assets and production activities are located on the temporarily non-controlled territories. Management determined that it retains control over these entities as they are registered on the controlled territory of Ukraine and the Group continues to perform transactions in accordance with Ukrainian legislation. Thus, the Group continues to consolidate the remaining assets (largely trade and other receivables) and liabilities of those entities and accounted for the loss of control of tangible assets as their impairment.

Would the position be adopted that control over the legal entities is lost as at 15 March 2017, the net assets of the entities in the amount of USD 13 million (before the impairment) would be deconsolidated and the fair value of accounts payable due to the entities and accounts receivable due from the entities would be recognised. Additionally, a reclassification of USD 601 million of accumulated net negative Currency Translation Reserve ("CTR") from other comprehensive Income to profit and loss in the income statement would have been required.

(ii) Currency translation reserve related to entities located on the temporarily non-controlled territory. The lost operations have not been consolidated directly but only together with the remaining operations of each of the legal entity, which continue to exist and be controlled by the Group. Operations and management were structured in such a way that each legal entity in its entirety was considered to be one entity and, therefore, the lost part of an entity does not represent a branch or a business. Thus the management determined that these operations do not represent a disposal of foreign operations and therefore no accumulated CTR on those entities is reclassified to profit and loss (which would be the case if it is determined that operations lost represent a disposal of foreign operations).

If all the net assets of the entities located on the temporarily non-controlled territory were derecognised, the negative charge of CTR in income statement would have been USD 601 million, as stated above; the exact amount of the charge would depend on whether only part or all the assets and liabilities of these entities were derecognised.

(iii) Impairment of property, plant and equipment located on the temporarily non-controlled territory. The Group still holds the legal title over assets located on the temporarily non-controlled territory as their seizure is illegal and might be temporary. Moreover, the Group may still be able to claim some compensation for the assets through international courts. Therefore, management has determined that the loss of control over the physical assets does not require the derecognition of these assets.

As such, management of the Group has performed an impairment assessment of the respective property, plant and equipment and determined that the recoverable amount of these assets is zero, thus recognising USD 205 million as decrease of previously recognised revaluation in Other Comprehensive Income and USD 228 million as impairment charge in profit and loss for the year ended 31 December 2017. Would the judgement be made that the assets are derecognised, the whole amount of USD 433 million of decrease of carrying value of property, plant and equipment would need to be charged as loss on disposal in profit and loss. Additionally, the remaining revaluation reserve related to these assets in the amount of USD 330 million (remained upon translation to presentation currency) would need to be transferred to retained earnings.

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5 NEW ACCOUNTING PRONOUNCEMENTS

The following new standards, amendments to standards and interpretations became effective for the Group on 1 January 2021 or after:

- ***Interest rate benchmark (IBOR) reform – phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16*** (issued on 27 August 2020 and effective for annual periods beginning on or after 1 January 2021).

The following new standards, amendments to standards and interpretations have been issued and endorsed by EU and will be effective since 1 January 2022 or after:

- ***Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41*** (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022);
- ***Covid-19-Related Rent Concessions beyond 30 June 2021 – Amendment to IFRS 16*** (issued on 28 May 2020 and effective for annual reporting periods beginning on or after 1 April 2021);
- ***Covid-19-Related Rent Concessions – Amendments to IFRS 16*** (issued on 31 March 2021 and effective or annual periods beginning on or after 1 April 2021).

These standards, amendments to standards and interpretations did not have a material impact on these consolidated financial statements.

The following amendments to standards, which are relevant to the Group, have been issued, but have not yet been endorsed by the European Union:

- ***Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28*** (issued on 11 September 2014 and effective for annual periods beginning on or after the date to be determined by the IASB);
- ***Classification of liabilities as current or non-current – Amendments to IAS 1*** (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2023);
- ***Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting*** policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023);
- ***Amendments to IAS 8: Definition of Accounting Estimates*** (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023);
- ***Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12*** (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023).

These amendments to standards will have no material impact on the Group.

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NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2021 (CONTINUED)

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6 SEGMENT INFORMATION

The Group's business is organised on the basis of the following main reportable segments:

- Metallurgical – comprising the production and sale of coke, semi-finished and finished steel products;
- Mining – comprising the production, enrichment and sale of iron ore and coal by the Group's Ukrainian operations and UCC, the Group's US coal operations. Output of the Group's mining business covers iron ore and coking coal needs of the Group's steelmaking business with surplus of iron ore sold to third parties. While management reviews financial information of UCC separately from other mining operations, UCC operating segment has been aggregated with the Group's Ukrainian mining operations into the Mining reportable segment. The two operating segments were aggregated into one reportable segment as they have similar nature of products (mineral commodities used in metallurgy) and production processes (underground and open-pit mining with further enrichment), and sell products to customers in metallurgical industry and commodity traders. Prices for their products depend on global benchmark prices for hard coking coal and iron ore; as such their margins and growth rates show comparable dynamics over longer term.

As the Group entities are present in various jurisdictions, there are some differences in regulatory environment; however, they have no significant impact on segments' operating and financing activities. Segmentation presented in these consolidated financial statements is consistent with the structure of financial information regularly reviewed by the Group's management, including Chief Operating Decision Maker (CODM).

Operating segments' performance is assessed based on a measure of adjusted EBITDA. This measurement basis excludes dividend income, impairment of goodwill, other intangible assets and property, plant and equipment, the effects of non-recurring expenditures from the operating segments and foreign exchange gains / losses. Revenues and expenses for internal reporting purposes have been accounted for using IFRS principles. Certain adjustments are applied by management to contractual prices for intersegment sales.

Segment information for the year ended 31 December 2021 was as follows:

2021	Metallurgical	Mining	Corporate	Eliminations	Total
Sales – external	14,518	3,487	-	-	**18,005**
Sales to other segments	114	2,788	-	(2,902)	**-**
Total of the reportable segments' revenue	**14,632**	**6,275**	**-**	**(2,902)**	**18,005**
Timing of revenue recognition					
At a point in time	13,767	3,173	-	-	**16,940**
Over time	751	314	-	-	**1,065**
Total of the reportable segments' external revenue	**14,518**	**3,487**	**-**	**-**	**18,005**
Adjusted EBITDA	**2,903**	**3,564**	**(226)**	**(201)**	**6,040**
Share in EBITDA of joint ventures	354	650	-	-	**1,004**
Adjusted EBITDA including share in EBITDA of joint ventures	**3,257**	**4,214**	**(226)**	**(201)**	**7,044**
Reconciling items:					
Depreciation and amortisation	(449)	(488)	(36)	-	**(973)**
Impairment of PPE and other intangible assets	(3)	(7)	(16)	-	**(26)**
Share of result of associates and depreciation, amortisation, tax and finance income and costs in joint ventures					**(205)**
Finance income					**212**
Finance costs					**(280)**
Operating foreign exchange losses less gains, net					**(85)**
Loss from change in fair value of financial instruments and option					**(89)**
Gain from revaluation of share in associate					**61**
Other					**5**
Profit before income tax					**5,664**

	Metallurgical	Mining	Corporate	Total
Capital expenditure	689	530	61	**1,280**
Significant non-cash items included into adjusted EBITDA:				
- reversal of impairment / (impairment) of financial assets	98	7	(63)	**42**
- write-off of trade and other payables	(11)	-	-	**(11)**

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6 SEGMENT INFORMATION (CONTINUED)

Segment information for the year ended 31 December 2020 was as follows:

2020	Metallurgical	Mining	Corporate	Eliminations	Total
Sales – external	8,200	2,253	-	-	**10,453**
Sales to other segments	70	902	-	(972)	**-**
Total of the reportable segments' revenue	**8,270**	**3,155**	**-**	**(972)**	**10,453**
Timing of revenue recognition					
At a point in time	7,579	1,797	-	-	**9,376**
Over time	621	456	-	-	**1,077**
Total of the reportable segments' external revenue	**8,200**	**2,253**	**-**	**-**	**10,453**
Adjusted EBITDA	**884**	**1,065**	**(92)**	**(42)**	**1,815**
Share in EBITDA of joint ventures	6	383	-	**-**	**389**
Adjusted EBITDA including share in EBITDA of joint ventures	**890**	**1,448**	**(92)**	**(42)**	**2,204**
Reconciling items:					
Depreciation and amortisation	(435)	(355)	(30)	-	**(820)**
Impairment of PPE and other intangible assets	(2)	(4)	-	-	**(6)**
Share of result of associates and depreciation, amortisation, tax and finance income and costs in joint ventures					**(104)**
Finance income					**60**
Finance costs					**(566)**
Operating foreign exchange losses less gains, net					**(217)**
Gain from change in fair value of financial instruments and option					**74**
Other					**1**
Profit before income tax					**626**

	Metallurgical	Mining	Corporate	Total
Capital expenditure	332	313	18	**663**
Significant non-cash items included into adjusted EBITDA:				
- impairment of trade and other receivables	74	9	10	**93**
- write-off of trade and other payables	(7)	(3)	-	**(10)**

Analysis of revenue by category:

2021	Metallurgical	Mining	Total
Sales of own products	**9,856**	**3,317**	**13,173**
- Steel products	8,881	-	**8,881**
- Iron ore products	-	2,993	**2,993**
- Coal and coke	628	304	**932**
- Other	347	20	**367**
Resale of purchased goods	**4,662**	**170**	**4,832**
- Steel products	4,377	-	**4,377**
- Coal and coke	145	151	**296**
- Other	140	19	**159**
Total	**14,518**	**3,487**	**18,005**

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NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2021 (CONTINUED)

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6 SEGMENT INFORMATION (CONTINUED)

Analysis of revenue by category:

2020	Metallurgical	Mining	Total
Sales of own products	**5,178**	**2,157**	**7,335**
- Steel products	4,507	-	**4,507**
- Iron ore products	-	2,045	**2,045**
- Coal and coke	485	98	**583**
- Other	186	14	**200**
Resale of purchased goods	**3,022**	**96**	**3,118**
- Steel products	2,808	-	**2,808**
- Coal and coke	61	57	**118**
- Other	153	39	**192**
Total	**8,200**	**2,253**	**10,453**

The Group's two reportable segments operate in six main geographical areas. Revenue by location of customers is presented below:

2021	Metallurgical	Mining	Total
Ukraine	3,527	1,208	**4,735**
Rest of Europe	5,535	960	**6,495**
Middle East and Northern Africa	2,735	270	**3,005**
Rest of Asia	169	999	**1,168**
Commonwealth of Independent States ("CIS")	1,169	1	**1,170**
North America	890	29	**919**
Other countries	493	20	**513**
Total	**14,518**	**3,487**	**18,005**

2020	Metallurgical	Mining	Total
Ukraine	2,165	774	**2,939**
Rest of Europe	2,428	423	**2,851**
Middle East and Northern Africa	1,750	50	**1,800**
Rest of Asia	475	992	**1,467**
Commonwealth of Independent States ("CIS")	635	-	**635**
North America	555	14	**569**
Other countries	192	-	**192**
Total	**8,200**	**2,253**	**10,453**

As at 31 December 2021, 96% of the Group's non-current assets, other than financial instruments and deferred tax assets, were located in Ukraine (31 December 2020: 95%).

In 2021, average number of employees attributable to Metallurgical segment amounted to 49 thousand, Mining segment – 27 thousand (2020: Metallurgical segment – 46 thousand, Mining segment – 17 thousand). 5 employees are hired in the Netherlands (2020: 2 employees).

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7 GOODWILL

The movements of goodwill were as follows:

	2021	2020
As at 1 January		
Original amount	1,358	1,278
Accumulated impairment	(728)	(677)
Net carrying amount	**630**	**601**
Acquisition of subsidiary	144	-
Currency translation differences	(29)	29
As at 31 December		
Original amount	1,430	1,358
Accumulated impairment	(685)	(728)
Net carrying amount	**745**	**630**

Management allocates and monitors goodwill at the following groups of cash generating units ("CGUs") which represent reportable segments:

	31 December 2021	31 December 2020
Metallurgical	553	583
Mining	192	47
Total	**745**	**630**

As described in Note 4, management has analysed the events that have occurred and circumstances that have changed since the last time goodwill impairment testing performed and concluded that the likelihood that a current recoverable amount determination of the Metallurgical segment and Mining segment as of 31 December 2021 would be less than the current carrying amount of the unit is remote. As such, the relevant goodwill impairment testing details have been carried forward from the preceding periods for each of the segments. Newly arisen goodwill on the acquisition of Pokrovske coal business was tested for impairment as of 31 December 2021.

To ensure that the impairment testing model fully reflects the anticipated long-term changes in cash flows, for the impairment test the Group used cash flow projections for 10 years which are consistent with the Group's strategy approved by senior management; the first year of forecast is based on the Group's approved business plan for the year.

The valuation method used for determination of each CGU fair value is mostly based on unobservable market data, which is within Level 3 of the fair value hierarchy.

Metallurgical segment. The following table and further paragraphs summarise key assumptions on which management has based its cash flow projections to undertake the impairment testing of goodwill in metallurgical segment:

	31 December 2020
Metallurgical	
Post-tax discount rate (USD)	12.21%
EBITDA margins (based on FCA prices)	2021-2022: 15%, further – from 16% to 18%
Growth rate in perpetual period	3%

The values assigned to the key assumptions represent management's assessment of future trends in the business and are based on both external and internal sources.

Discount rate reflects the market assessment of the time value of money and risks specific to the Group. The cost of equity has been determined using the Capital Asset Pricing Model based on observable inputs, inputs from third party financial analysts and Group-specific inputs.

Forecasted benchmark iron ore prices for Fe 62% fines (CFR North China) are USD 98 per tonne in 2021, USD 75 per tonne in 2022, USD 70 per tonne in 2023 and recover at 2% p.a. to USD 80 per tonne in 2030. Forecasted prices for other iron ore products and prices at other markets were determined based on respective discounts or premiums for Fe content, pelletizing premiums, applicable transportation costs and historic discounts or premiums usual for those markets.

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7 GOODWILL (CONTINUED)

Forecasted coal prices used in the impairment test for low volatile hard coking coal (FOB Queensland) are USD 134 per tonne in 2021, USD 150 per tonne in 2022 and grow at 2% p.a. on average thereafter. Forecasted prices for other types of coal and prices at other markets were determined based on respective historic discounts for differences in quality of each particular coal type and estimated transportation costs.

Forecasted prices for hot-rolled coils at Ukrainian ports used in the impairment test were estimated based on the benchmark (Metal Expert HRC CIS export FOB Black Sea). Forecasted prices are expected to reach USD 471 per tonne in 2021 with average increase by 3% in the period from 2022 to 2025 and further by 2% to USD 574 per tonne in 2030. Forecasted prices for other steel products are based on historic discounts or premiums to prices for hot-rolled coils.

Management assumed that forecasted production volumes of metallurgical plants will remain at the current level of 9.1 million tonnes.

Forecasts from industry experts and other external reputable sources, as well as internal analysis were used by management to determine price levels used in the impairment test.

An exchange rate of 27.8 UAH for 1 USD in 2021 with gradual increase to 37.1 UAH for 1 USD in 2030 was used in the impairment test as of 31 December 2021.

As at 31 December 2020, the Metallurgical segment's recoverable amount, determined based on fair value less cost to sell estimations, is USD 6,150 million and exceeds its total carrying amount by USD 1,568 million. The table below summarises the impact of changes in main assumptions with all other variables held constant to the impairment of goodwill (and subsequently to property, plant and equipment and intangible assets) related to the Metallurgical segment:

	31 December 2020
Volumes of production/sales	
Decrease in all the periods by 10.0%	Recoverable amount equals carrying amount
Decrease in all the periods by 11.0%	Impairment of USD 157 million required
Steel prices	
Decrease in all the periods by 2.6%	Recoverable amount equals carrying amount
Decrease in all the periods by 4.0%	Impairment of USD 851 million required
Iron ore prices	
Increase in all the periods by 19.9%	Recoverable amount equals carrying amount
Increase in all the periods by 22.0%	Impairment of USD 169 million required
Coal prices	
Increase in all the periods by 18.8%	Recoverable amount equals carrying amount
Increase in all the periods by 21.0%	Impairment of USD 182 million required
UAH/USD exchange rates	
Increase in all the periods by UAH 1	Recoverable amount increases by USD 435 million
Discount rates	
Increase in all the periods by 6.4 pp	Recoverable amount equals carrying amount
Increase in all the periods by 7.0 pp	Impairment of USD 119 million required
Growth rate in perpetual period	No reasonable changes would lead to impairment

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7 GOODWILL (CONTINUED)

Mining segment. The following table and further paragraphs summarise key assumptions on which management has based its cash flow projections to undertake the impairment testing of goodwill in mining segment in 2019:

	31 December 2019
Mining	
Post-tax discount rate (USD)	12.57%
EBITDA margins (based on FCA prices)	2020: 38%, 2021: 29%, further – from 32% to 34%
Growth rate in perpetual period	3%

As at 31 December 2019, the recoverable amount of the Mining segment, determined based on fair value less cost to sell estimations, was USD 3,832 million and exceeded its total carrying amount by USD 1,297 million. The table below summarises the impact of changes in main assumptions with all other variables held constant to the impairment of goodwill related to this group of CGUs:

	31 December 2019
Iron ore prices	
Decrease in all the periods by 7.2%	Recoverable amount equals carrying amount
Decrease in all the periods by 10.0%	Impairment of USD 494 million required
UAH/USD exchange rates	
Increase in all the periods by UAH 1	Recoverable amount increases by USD 165 million
Discount rates	
Increase in all the periods by 6.5 pp	Recoverable amount equals carrying amount
Increase in all the periods by 7.5 pp	Impairment of USD 121 million required
Growth rate in perpetual period	No reasonable changes would lead to impairment

UCC. No goodwill has been allocated to UCC. An impairment test was carried out in respect of property, plant and equipment. As at 31 December 2021, the recoverable amount of UCC is USD 154 million (31 December 2020: USD 162 million), approximating its carrying amount. The recoverable amount has been determined based on fair value less cost to sell estimations.

No additional net impairment or reversal of previous impairment was recognised in 2021.

The discount rate used for the impairment testing of UCC was 8.51% (31 December 2020: 8.64%).

The table below summarises the impact of changes in main assumptions with all other variables held constant to the impairment of property, plant and equipment of UCC:

	31 December 2021	31 December 2020
Coal prices		
Decrease in all the periods by 3.0%	Impairment of USD 132 million required	Impairment of USD 135 million required
Cash costs		
Increase in all the periods by 3.0%	Impairment of USD 143 million required	Impairment of USD 135 million required
Discount rates		
Increase in all the periods by 1 pp	Impairment of USD 13 million required	Impairment of USD 37 million required

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7 GOODWILL (CONTINUED)

Pokrovske coal business. On March 2, 2021, the Group obtained control over nine legal entities of Pokrovske coal business. Goodwill in the amount of USD 143 million was recognised upon acquisition (Note 11). As of 31 December 2021, goodwill was tested for impairment. The following table summarise key assumptions on which management has based its cash flow projections to undertake the impairment testing:

	31 December 2021
Post-tax discount rate (USD)	11.77%
Growth rate in perpetual period	3%
Coal prices forecast	USD 245 per tonne in 2022, USD 168 – 182 in 2023-2025, starting from 2026 prices are adjusted for the level of inflation in the USA

As at 31 December 2021, the recoverable amount exceeded its total carrying amount by USD 385 million. The table below summarises the impact of changes in main assumptions with all other variables held constant to the impairment of goodwill:

	31 December 2021
Coal prices	
Decrease in all the periods by 7.0%	Impairment of USD 47 million required
Discount rates	
Increase in all the periods by 2 pp	Impairment of USD 23 million required

8 OTHER INTANGIBLE ASSETS

The movements of other intangible assets were as follows:

	Coal reserves	Licenses and mining permits	Other intangible assets	Total
As at 1 January 2020				
Cost	418	260	258	**936**
Accumulated amortisation and impairment	(418)	(164)	(214)	**(796)**
Net carrying amount	**-**	**96**	**44**	**140**
Additions	-	-	21	21
Currency translation differences	-	(15)	(7)	**(22)**
Amortisation	-	(3)	(15)	**(18)**
As at 31 December 2020				
Cost	418	219	263	**900**
Accumulated amortisation and impairment	(418)	(141)	(220)	**(779)**
Net carrying amount	**-**	**78**	**43**	**121**
Acquisition of subsidiary	-	1,219	-	**1,219**
Additions	-	-	29	**29**
Currency translation differences	-	21	1	**22**
Impairment	-	-	(16)	**(16)**
Amortisation	-	(29)	(22)	**(51)**
As at 31 December 2021				
Cost	418	1,557	295	**2,270**
Accumulated amortisation and impairment	(418)	(268)	(260)	**(946)**
Net carrying amount	**-**	**1,289**	**35**	**1,324**

The mining license acquired as part of the acquisition of the Pokrovske coal business (Note 11) is being amortised using units-of-production method over its useful life of approximately 45 years.

The coal reserves were acquired as part of the acquisition of UCC in 2009. As at 31 December 2021 and 31 December 2020, these reserves were fully impaired.

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9 PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant and equipment were as follows:

	Land	Buildings and structures	Plant and machinery	Furniture, fittings and equipment	Construction in progress	Total
Cost or valuation						
As at 1 January 2020	**62**	**2,225**	**4,556**	**99**	**1,118**	**8,060**
Additions	-	-	-	-	642	**642**
Transfers	(4)	246	528	26	(796)	**-**
Disposals	-	(9)	(58)	-	(1)	**(68)**
Acquisition of subsidiary	-	24	94	5	8	**131**
Reclassification to inventory	-	-	-	-	(18)	**(18)**
Currency translation differences	5	(326)	(653)	(14)	(163)	**(1,151)**
As at 31 December 2020	**63**	**2,160**	**4,467**	**116**	**790**	**7,596**
Additions	-	-	-	-	1,135	**1,135**
Transfers	-	226	507	63	(796)	**-**
Disposals	-	(17)	(141)	(31)	(10)	**(199)**
Acquisition of subsidiary	-	471	199	9	213	**892**
Acquisition of integral property complex	-	37	77	2	-	**116**
Reclassification to inventory	-	-	-	-	(23)	**(23)**
Currency translation differences	(4)	73	131	9	26	**235**
As at 31 December 2021	**59**	**2,950**	**5,240**	**168**	**1,335**	**9,752**
Accumulated depreciation and impairment						
As at 1 January 2020	**-**	**(566)**	**(956)**	**(47)**	**(137)**	**(1,706)**
Depreciation charge for the year	-	(195)	(611)	(14)	-	**(820)**
Disposals	-	7	56	-	-	**63**
Transfers	-	1	3	(4)	-	**-**
Acquisition of subsidiary	-	(6)	(32)	(3)	-	**(41)**
Impairment	-	(2)	(9)	(1)	(3)	**(15)**
Currency translation differences	-	82	103	6	21	**212**
As at 31 December 2020	**-**	**(679)**	**(1,446)**	**(63)**	**(119)**	**(2,307)**
Depreciation charge for the year	-	(244)	(673)	(27)	-	**(944)**
Disposals	-	15	135	3	9	**162**
Transfers	-	-	-	-	-	**-**
Impairment	-	(2)	(6)	(3)	(7)	**(18)**
Currency translation differences	-	(21)	(33)	(7)	(6)	**(67)**
As at 31 December 2021	**-**	**(931)**	**(2,023)**	**(97)**	**(123)**	**(3,174)**
Net book value as at						
31 December 2020	**63**	**1,481**	**3,021**	**53**	**671**	**5,289**
31 December 2021	**59**	**2,019**	**3,217**	**71**	**1,212**	**6,578**

As at 31 December 2021 and 2020, construction in progress balance includes prepayments for property, plant and equipment of USD 77 million and USD 41 million, respectively.

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9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

As at 31 December 2021, the Group has recognised right-of-use asset in the amount of USD 53 million within Property, plant and equipment, mainly attributable to plant and machinery (as at 31 December 2020: USD 43 million).

Management concluded that the carrying value of property, plant and equipment is not materially different from its fair value as at 31 December 2021 and 2020. During 2021, USD 21 million of borrowing costs were capitalised as part of property, plant and equipment, capitalisation rate was 8% (2020: USD 32 million, capitalisation rate was 8%).

As at 31 December 2021, USD 149 million of property, plant and equipment were pledged as collateral for loans and borrowings (31 December 2020: USD 207 million).

10 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The Group's investment in joint ventures and associates were as follows as at 31 December 2021 and 2020:

			2021		2020	
Name	**Type of relationship**	**Segment**	**% of ownership**	**Carrying value**	**% of ownership**	**Carrying value**
Zaporizhstal Group	Joint venture	Metallurgical	49.99%	1,001	49.99%	647
Southern Iron Ore Enrichment Works Group	Joint venture	Mining	45.87%	570	45.87%	531
Pokrovske coal business	Associate	Mining	-	-	24.77%	203
PrJSC Yuzkoks	Associate	Metallurgical	23.71%	36	23.71%	8
Total				**1,607**		**1,389**

All Group's associates and joint ventures are accounted for using the equity method.

None of the joint ventures and associates are traded on active markets and there are no reliable market prices available.

Southern Iron Ore Enrichment Works Group

Southern Iron Ore Enrichment Works Group is a large Ukrainian iron ore mining plant, which produces iron ore concentrate and sinter. Its products are used by the Group's integrated steel plants and are also sold to the third parties (mostly in China, Ukraine and Europe) primarily through the Group's trading companies.

During the year ended 31 December 2021, Southern Iron Ore Enrichment Works Group has declared dividends of USD 446 million attributable to the Group.

Zaporizhstal Group

The investment in the Zaporizhstal Group is represented by the number of interests in the steel and mining businesses, the most significant being:

- 49.99% effective interest in JSC Zaporizhstal Integrated Iron & Steel Works ("Zaporizhstal"), a large Ukrainian integrated steel plant which sources majority of its iron ore and coke consumption from the Group and sells majority of its finished products through the Group's trading companies;
- 24.27% effective interest in PrJSC Zaporizhya Iron Ore Plant, large iron ore mining enterprise in Ukraine which sells part of its iron ore output to Zaporizhstal; and
- 42.77% effective interest in PrJSC Zaporizhcoke and a 49.21% effective interest in PrJSC Zaporizhvohnetryv which are Group's subsidiaries.

As at 31 December 2021 and 2020, Metinvest's investments in Zaporizhstal Group and Southern Iron Ore Enrichment Works Group were classified as joint ventures due to the fact that decisions on the key relevant activities require participation of and unanimous consents both from Metinvest and from the other shareholders of the Zaporizhstal Group and Southern Iron Ore Enrichment Works Group.

Pokrovske coal business

In March 2021, the Group has obtained control over majority of the entities of Pokrovske coal business by exercising an option. As a result, entities previously reported as the Group's associates as at 31 December 2020 became the Group's subsidiaries (Note 11).

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10 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

A reconciliation of movements in the fair value of the option for the year ended 31 December 2020 and to the date it was exercised is as follows:

	2021	2020
Fair value at 1 January	**146**	**122**
Gains / (losses) recognised in profit or loss for the year	(35)	24
Derecognition of an option upon exercise	(111)	-
Fair value at 31 December	**-**	**146**

As part of the transaction, the Group settled the guarantee issued in exchange for the option obtained to purchase the remaining 75.22% in Pokrovske coal business. Income from the derecognition of the guarantee issued in the amount of USD 77 million was recognised in income statement as part of other finance income.

Movements in the carrying amount of the Group investments in associates and joint ventures are presented below:

	2021		2020	
	Joint ventures	Associates	Joint ventures	Associates
Carrying amount at 1 January	**1,178**	**211**	**1,083**	**218**
Share of after tax results of joint ventures and associates	778	21	233	52
Share of other comprehensive income of joint ventures and associates	42	-	49	-
Acquisition of controlling interest in PrJSC Dniprovskiy Coke Plant and PrJSC Zaporizhvohnetryv	-	-	-	(32)
Acquisition of controlling interest in Pokrovske coal business (Note 11)	-	(198)	-	-
Dividends declared	(446)	-	-	-
Disposal of associate	-	-	-	(5)
Currency translation difference	19	2	(187)	(22)
Carrying amount at 31 December	**1,571**	**36**	**1,178**	**211**

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10 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

The summarised financial information of the Group's material joint ventures and associates is presented below.

	Zaporizhstal Group		Southern Iron Ore Enrichment Works Group		Pokrovske coal business	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	2 March 2021	31 December 2020
Balance sheet:						
Non-current assets	**1,186**	**1,120**	**716**	**619**	**1,747**	**1,601**
Cash and cash equivalents	11	15	26	12	14	7
Other current assets	1,878	1,266	750	803	113	72
Total current assets	**1,889**	**1,281**	**776**	**815**	**127**	**79**
Other non-current liabilities	95	111	138	142	263	262
Other non-current financial liabilities	56	14	-	-	502	500
Total non-current liabilities	**151**	**125**	**138**	**142**	**765**	**762**
Trade and other payables and provisions	997	1,027	114	134	626	418
Other current financial liabilities	98	123	-	-	63	61
Total current liabilities	**1,095**	**1,150**	**114**	**134**	**689**	**479**
Net assets	**1,829**	**1,126**	**1,240**	**1,158**	**420**	**439**

As at 31 December 2021, the temporary differences associated with interests in joint ventures for which deferred tax liabilities have not been recognised amounted to 34 million (2020: USD 19 million).

	Zaporizhstal Group		Southern Iron Ore Enrichment Works Group		Pokrovske coal business	
	For the year ended 31 December 2021	For the year ended 31 December 2020	For the year ended 31 December 2021	For the year ended 31 December 2020	For the period from 1 January 2021 to 1 March 2021	For the year ended 31 December 2020
Profit or loss for the year ended (selected items):						
Revenue	3,261	1,729	1,891	1,248	57	385
Depreciation and amortisation	(102)	(99)	(85)	(68)	(17)	(115)
Finance income	6	1	3	1	-	975
Finance costs	(22)	(50)	(9)	(7)	(5)	(529)
Income tax expense	(128)	26	(287)	(179)	28	36
Profit or loss	624	(116)	1,022	647	(24)	138
Statement of comprehensive income for the year ended:						
Other comprehensive income	79	32	32	73	5	4
Total comprehensive income	703	(84)	1,054	720	(19)	142
Dividends received by the Group during the year ended	-	-	446	-	-	-

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10 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

The information above reflects the amounts presented in the financial statements of the joint ventures and associates and the impact of fair value adjustments made on acquisition of these joint ventures and associates, if any.

As at 31 December 2020, the holding company of Pokrovske Coal business pledged 44.16% of shares of PJSC "Colliery Pokrovske" as a collateral for amounts to be paid for acquisition of Pokrovske coal. PJSC "Colliery Pokrovske" further owns 55% of shares of "Enrichment Factory "Svyato-Varvarinskaya" LLC. As at 31 December 2021, the pledge has been lifted.

The reconciliation of the net assets of the Group's principal joint ventures and associate presented above to the carrying amounts of the respective investments is presented below:

	Zaporizhstal Group		Southern Iron Ore Enrichment Works Group		Pokrovske coal business	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	2 March 2021	31 December 2020
Net assets	**1,829**	**1,126**	**1,240**	**1,158**	**420**	**439**
Group's ownership	49.99%	49.99%	45.87%	45.87%	24.77%	24.77%
Group's interest in net assets	927	563	570	531	103	109
Goodwill	87	84	-	-	95	94
Carrying value	**1,001**	**647**	**570**	**531**	**198**	**203**

11 BUSINESS COMBINATION

Pokrovske coal business

On March 2, 2021, the Group obtained control over nine legal entities of the Pokrovske coal business by exercising an option (Note 10). As of 31 December 2021, the effective interest in PrJSC Colliery Group "Pokrovs'ke" and Concentrating Factory "Sviato-Varvarynska" LLC, being the two major legal entities acquired, amounted to 100.0%. As a result of consolidating the acquired businesses into the Group, Metinvest expects to become fully self-sufficient in coking coal for its hot metal production.

Despite the acquisition being legally carried out through a series of separate transactions, management treated the transaction as part of one deal with one total consideration and accounted for respectively, as these separate transactions took place within the short timeframe.

The total purchase consideration comprised of USD 670 million was partly offset with the receivables due from sellers of the Pokrovske coal business in the amount of USD 645 million, originated from payments under the guarantee issued by the Group.

The business combination effectively settled the accounts receivable of USD 400 million due from Pokrovske coal business to the Group. As the settlement of the trade receivables is accounted for separately from the business combination, the consideration transferred was adjusted for the fair value of the settlement amount to determine goodwill.

The investment in the acquiree held prior to the acquisition was remeasured to its fair value at the acquisition date of USD 259 million and a gain of USD 61 million was recognised as gains on disposal of associate within net operating costs.

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11 BUSINESS COMBINATION (CONTINUED)

The following table summarises fair values of the net assets acquired at the date of acquisition. The fair values for property, plant and equipment and intangibles were determined by professional advisers. Fair values of all other assets and liabilities were determined by management.

	Fair value
Cash and cash equivalents	7
Property, plant and equipment	892
Intangible assets	1,219
Trade and other receivables	126
Gross trade and other receivables	*685*
Contractual cash flows in respect of trade and other receivables, which are not expected to be collected	*(559)*
Other assets	49
Borrowings	(543)
Retirement benefit obligations	(53)
Deferred tax liability	(215)
Trade and other payables	(163)
Other liabilities	(9)
Fair value of identifiable net assets of subsidiary	**1,310**
Less non-controlling interest	(14)
Share of net assets acquired	**1,296**
Fair value of the total purchase consideration	(670)
Derecognition of an option upon exercise	(111)
Fair value of previously held equity interest at acquisition date	(259)
Settlement of pre-existing relationships	(400)
Goodwill arising as a result of acquisition of subsidiaries	**144**
Cash flows on acquisition of subsidiaries	
Cash and cash equivalents of subsidiaries acquired	7
Consideration paid for the acquisition of subsidiaries	-
Net cash inflow of cash and cash equivalents on acquisition	**7**

Identified goodwill on the acquisition of Pokrovske coal business is primarily attributed to the expected synergies from integration of the acquired operations with other operations of the Group. Goodwill acquired in the business combination is non-deductible for tax purposes.

There were no contingent liabilities recognised as a result of the acquisition. The amount of the acquisition related costs was not significant.

The acquired subsidiaries contributed external revenue of USD 76 million and net income of USD 171 million to the Group for the period from the date of acquisition to 31 December 2021. If the acquisition had occurred on 1 January 2021, the amount of external revenue contributed to the Group in 2021 would have been USD 84 million, and net income in 2021 would have been USD 197 million.

Integral property complex of PJSC Dneprovsky Iron and Steel Integrated Works

In August 2021, the Group has acquired assets relating to the integral property complex of PJSC Dneprovsky Iron and Steel Integrated Works for USD 341 million cash consideration, consisting of the acquisition of USD 121 million of property, plant and equipment and intangible assets, USD 123 million of inventory and USD 97 million of trade and other receivables. The transaction was technically accounted for as business combination based on IFRS 3 "Business combinations" requirements.

The purchase of PJSC Dneprovsky Iron and Steel Integrated Works integral property complex will allow Metinvest to expand its product mix and provide JSC Promet Steel, the Group's rolling mill in Bulgaria, with square billets for processing. The purchase gives Metinvest additional synergies throughout the entire production chain.

The fair value of the acquired assets is provisional pending receipt of the valuations for those assets from the independent appraiser.

There were no contingent liabilities recognised as a result of the acquisition. Acquisition related transaction costs of USD 7 million were expensed as net operating costs.

No preliminary identified goodwill or gain from a bargain purchase was recognised as a result of the acquisition.

Acquisition did not significantly impact revenues and profits of the Group.

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12 INVENTORIES

	31 December 2021	31 December 2020
Finished goods and work in progress	773	429
Raw materials	542	334
Ancillary materials, spare parts and consumables	184	132
Goods for resale	44	42
Total inventories	**1,543**	**937**

In 2021, the Group recognised net reversal write-downs of inventories to net realisable value amounted to USD 5 million (2020: write-downs amounted to USD 34 million).

As at 31 December 2021, inventories totalling USD 84 million (31 December 2020: USD 135 million) have been pledged as collateral for borrowings (Note 17).

13 TRADE AND OTHER RECEIVABLES

	31 December 2021	31 December 2020
Non-current trade and other receivables		
Trade receivables	2	71
Loans issued to SCM (USD denominated, 9% effective interest rate)	185	183
Loans issued to SMART (USD denominated, 9% effective interest rate)	-	101
Loans issued to associates (USD denominated, 10% effective interest rate)	-	33
Option for acquisition of interest in Pokrovske coal business (Note 10)	-	146
Other non-current financial assets	30	186
Other non-current non-financial assets	17	16
Total non-current trade and other receivables	**234**	**736**
Current financial assets		
Trade receivables and receivables on commission sales	1,586	2,588
Loans issued to SCM and SMART (UAH denominated)	45	43
Loans issued to joint venture (USD denominated, 11% effective interest rate, mature in 2022, renegotiated in 2021)	96	108
Other receivables	83	63
Total current financial assets	**1,810**	**2,802**
Current non-financial assets		
Recoverable value added tax	436	172
Prepayments made	205	217
Covered letters of credit related to inventory purchases and restricted cash	23	72
Prepaid expenses and other non-financial receivables	179	142
Total current non-financial assets	**843**	**603**
Total current assets	**2,653**	**3,405**
Total trade and other receivables (including non-current assets)	**2,887**	**4,141**

Recoverable VAT mainly relates to Ukrainian subsidiaries of the Group. During 2021, VAT refunds of USD 479 million were received by the Group (2020: USD 531 million).

The Group has legal right to request settlement of the current loans issued to related parties within a twelve month period after the reporting date. The decision on whether to call for repayment or extend the term of the loan is subject to future developments and yet to be done.

In addition, the Group has extended the settlement dates for some of its customers for the period less than one year with no material losses recognised on the renegotiated terms.

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13 TRADE AND OTHER RECEIVABLES (CONTINUED)

Analysis by credit quality of financial trade and other receivables and expected credit loss allowance as at 31 December 2021 is as follows:

	Loss rate	Gross carrying amount	Lifetime ECL	Carrying amount	Basis
Loans issue to related parties	10.25%	407	(81)	326	Adjusted yield to maturity on corporate bonds
Total loans issued		**407**	**(81)**	**326**	
Trade and other receivables from key customers including credit impaired		631	(556)	75	
Trade and other receivables from related parties including credit impaired		1,014	(22)	992	
Total trade and other receivables for which individual approach for ECL is used		**1,645**	**(578)**	**1,067**	
Ukraine – less than 30 days overdue	0.50%	102	-	102	Historical payment discipline
Ukraine – overdue more than 30 days	13%	3	-	3	Historical payment discipline
Ukraine – credit impaired	100%	41	(41)	-	
Other countries – less than 30 days overdue	0.09%	526	-	526	Historical payment discipline
Other countries – overdue more than 30 days	8%	3	-	3	Historical payment discipline
Other countries – credit impaired	100%	4	(4)	-	
Total trade and other receivables for which provision matrix is used		**679**	**(45)**	**634**	
Total		**2,731**	**(704)**	**2,027**	

In 2021, reversal of impairment of financial receivables amounted to USD 42 million, and mainly relates to settlement of previously impaired debts from one of its key customers. In 2020, impairment in the amount of USD 93 million related to the deterioration of creditworthiness of the certain Group's customers.

Loss rate for trade and other receivables from key customers approximated 10.25% and determined based on adjusted yield to maturity on corporate bonds, for credit impaired balances from key customers loss rate is within the range 10%-100%.

Loss rate for trade and other receivables from related parties approximated 10.25% and determined based on adjusted yield to maturity on corporate bonds, for credit impaired balances from key customers loss rate is within the range 10%-100%.

The loss rates presented in the table above for unimpaired receivables are 12-month loss rates, which are adjusted to reflect the maturity of individual balances.

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13 TRADE AND OTHER RECEIVABLES (CONTINUED)

Analysis by credit quality of financial trade and other receivables as at 31 December 2020 is as follows:

	Loss rate	Gross carrying amount	Lifetime ECL	Carrying amount	Basis
Loans issue to related parties	3.8%	483	(15)	468	Adjusted yield to maturity on corporate bonds
Total loans issued		**483**	**(15)**	**468**	
Trade and other receivables from key customers including credit impaired		1,319	(533)	786	
Trade and other receivables from related parties including credit impaired		1,534	(214)	1,320	
Total trade and other receivables for which individual approach for ECL is used		**2,853**	**(747)**	**2,106**	
Ukraine – less than 30 days overdue	0.50%	48	-	48	Historical payment discipline
Ukraine – overdue more than 30 days	13%	2	-	2	Historical payment discipline
Ukraine – credit impaired	100%	44	(44)	-	
Other countries – less than 30 days overdue	0.09%	748	-	748	Historical payment discipline
Other countries – overdue more than 30 days	8%	4	-	4	Historical payment discipline
Other countries – credit impaired	100%	12	(12)	-	
Total trade and other receivables for which provision matrix is used		**858**	**(56)**	**802**	
Total		**4,194**	**(818)**	**3,376**	

The following table explains the changes in the credit loss allowance for trade and other receivables under simplified ECL model between the beginning and the end of the annual period:

	Trade and other receivables	Loans issued	Trade and other receivables – credit impaired	Total
Balance at 31 December 2019	**11**	**8**	**804**	**823**
Net new originated/(derecognised) during the period	5	3	20	**28**
Changes in estimates and assumptions	3	4	58	**65**
Write-offs	-	-	(30)	**(30)**
Forex movements	(3)	-	(65)	**(68)**
Balance at 31 December 2020	**16**	**15**	**787**	**818**
Net new originated/(derecognised) during the period	9	50	(190)	**(131)**
Changes in estimates and assumptions	(15)	16	88	**89**
Write-offs	-	-	(94)	**(94)**
Forex movements	1	-	21	**22**
Balance at 31 December 2021	**11**	**82**	**611**	**704**

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13 TRADE AND OTHER RECEIVABLES (CONTINUED)

As at 31 December 2021, amount of sold trade receivables which were still unsettled to the third party was USD 490 million (31 December 2020: USD 260 million). The carrying amount of the assets and liabilities that represent the entity's continuing involvement in the derecognised assets is USD 10 million (31 December 2020: USD 9 million). The fair value of the assets and liabilities that represent the entity's continuing involvement in the derecognised assets approximates the carrying value. The maximum exposure to loss from such receivables relates to customer default only and is pre-agreed with the third party purchasing the receivables as the percentage of their nominal amount sold. Such percentage is determined with reference to the historical loss ratio and the statistical model of the respective markets of the Group.

The Group's subsidiaries entered into factoring transactions for trade receivables through securitization vehicles. The Group receives up to 85% of the face value of the receivable less a premium that covers the cost of financing. The Group maintains the customer relationship and collects the amounts due from customers on behalf of parties of the contract. The Group continues to recognise the receivables to the extent of its continuing involvement. USD 512 million (2020: USD 39 million) of trade receivables were sold through securitization vehicle, as at 31 December 2021 outstanding balance of related unsettled receivables was USD 102 million (31 December 2020: USD 23 million).

As at 31 December 2021, trade and other receivables totalling USD 83 million (31 December 2020: USD 233 million) have been pledged as collateral for borrowings (Note 17).

As at 31 December 2021, the Group's deposit amounting to USD 0 million was pledged for obligation of the Group's related party (31 December 2020: USD 1 million).

14 CASH AND CASH EQUIVALENTS

	31 December 2021	31 December 2020
Current accounts	1,122	769
Cash in transit	2	-
Bank deposits up to 3 months	42	57
Total cash and cash equivalents	**1,166**	**826**

The bank balances and term deposits are neither past due nor impaired. Analysis by credit quality of bank balances and term deposits is as follows:

	31 December 2021	31 December 2020
As rated by Moody's:		
- Aa3	33	189
- A1	218	47
- A2	477	-
- A3	-	181
- Baa1	71	37
- Baa2	4	9
- Ba2	96	66
- B2	8	-
- B3	85	96
- Caa1	2	8
Not rated – FUIB	114	69
Not rated – US and European banks	44	72
Not rated – Other Ukrainian banks	12	52
Cash in transit (in various banks)	2	-
Total cash and cash equivalents	**1,166**	**826**

As at 31 December 2021 and 2020, amounts in category "Not rated – FUIB" relate to First Ukrainian International Bank (a related party which is under common control of SCM).

As at 31 December 2021, included into line "Not rated – US and European banks" USD 43 million of cash and cash equivalents placed in European banks (31 December 2020: USD 72 million). As of reporting date, these banks display no signs of insolvency.

As at 31 December 2021 and 2020, amounts in category "Not rated – Other Ukrainian banks" relate to balances held in state Ukrainian bank.

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14 CASH AND CASH EQUIVALENTS (CONTINUED)

As at 31 December 2021, included in Ba2 rating are USD 66 million related to a balance in the Switzerland subsidiary of an international bank (2020: included in Ba2 rating are USD 13 million), which does not have its own credit rating and for which rating was based on its parents' rating.

As at 31 December 2021, cash and cash equivalents totalling USD 15 million (31 December 2020: USD 24 million) have been pledged as collateral for borrowings (Note 17).

15 SHARE CAPITAL AND SHARE PREMIUM

	Number of outstanding shares			Total par value of shares	Share premium	Total
	Class A	Class B	Class C			
At 31 December 2021	**6,750**	**2,251**	**474**	**0**	**6,225**	**6,225**
At 31 December 2020	**6,750**	**2,251**	**474**	**0**	**6,225**	**6,225**

As at 31 December 2021 and 2020, the issued share capital comprised 6,750 ordinary Class A shares, 2,251 ordinary Class B shares and 474 ordinary Class C shares with a par value of EUR 10. Each ordinary share carries one vote and is fully paid.

In 2014, the Company changed its Articles of Association and created three classes of shares (A, B and C). Ownership interests of SCM Limited were transferred to new Class A shares. Ownership interests of SMART were transferred to new Class B shares. Ownership interests of the previous Class B shares were transferred to new Class C shares. Additional rights of these new classes of shares were established, the most significant of which were:

- Class C shareholders have the right to a portion of net assets of the Company and are represented at shareholders' meetings;
- the establishment of a Supervisory Board of ten members, where seven are appointed by the majority of Class A and Class C shareholders and three are appointed by the Class B shareholder;
- a number of decisions with respect to acquisitions and financing decisions above a specified amount require effectively consent of Class A and B shareholder; and
- Class C shares are not entitled to receive dividends.

16 OTHER RESERVES

	Share in other comprehensive income of joint venture and associates	Revaluation of property, plant and equipment and share in revaluation reserve of PPE of JVs and associates	Merger reserve	Cumulative currency translation reserve	Total
Balance as at 1 January 2020	**77**	**4,854**	**(3,038)**	**(9,697)**	**(7,804)**
Total comprehensive income/ (loss) for the period	48	(8)	-	(881)	**(841)**
Depreciation transfer, net of tax	-	(312)	-	-	**(312)**
Balance as at 31 December 2020	**125**	**4,534**	**(3,038)**	**(10,578)**	**(8,957)**
Total comprehensive income / (loss) for the period	28	(7)	-	188	**209**
Depreciation transfer, net of tax	-	(297)	-	-	**(297)**
Balance as at 31 December 2021	**153**	**4,230**	**(3,038)**	**(10,390)**	**(9,045)**

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16 OTHER RESERVES (CONTINUED)

Revaluation reserve for property, plant and equipment is transferred to retained earnings when realised through depreciation, sale or other disposal. This is a legal reserve according to art. 2:363.3 DCC, and it is non-distributable.

Currency translation reserve is transferred to profit or loss when realised through disposal of a subsidiary by sale, liquidation, repayment of share capital or abandonment of all, or part of, that subsidiary.

Retained earnings of the Group represent the earnings of the Group entities from the date they have been established or acquired by the entities under common control. The Group's subsidiaries distribute profits as dividends or transfer them to reserves on the basis of their statutory financial statements prepared in accordance with local GAAP or IFRS as appropriate. Ukrainian legislation identifies the basis of distribution as retained earnings only, however this legislation and other statutory laws and regulations are open to legal interpretation.

The ability of the Group to pay dividends has been limited by the terms and conditions of the Group's agreements with its lenders and bondholders (Note 17).

17 LOANS AND BORROWINGS

	31 December 2021	31 December 2020
Non-current		
Bonds issued	1,836	2,135
Bank loans	175	271
Lease liability	59	21
Total non-current loans and borrowings	**2,070**	**2,427**
Current		
Bonds issued	22	25
Bank loans	25	196
Trade finance	95	276
Lease liability	12	13
Non – bank borrowings	18	-
Total current loans and borrowings	**172**	**510**
Total loans and borrowings	**2,242**	**2,937**

During 2021, the Group has fully repaid its pre-export finance (PXF) facility (outstanding as of 31 December 2020: USD 230 million). In addition, during the reporting period, USD 116 million of 2023 bonds and USD 142 million of 2026 bonds were repurchased as a result of tender offer exercises and another USD 19 million of 2023 bonds were repurchased via open market purchases. All of the purchased bonds were cancelled promptly afterwards. Transactions were accounted for as an extinguishment of the financial liabilities. The loss on extinguishment amounted to USD 3 million and was recognised in income statement as part of finance costs.

All outstanding bonds benefit from guarantees typical for such instruments and suretyships granted by six entities, including PrJSC Azovstal Iron and Steel Works, PrJSC Ilyich Iron and Steel Works, PrJSC Avdiivka Coke Plant, PrJSC Ingulets Iron Ore Enrichment Works, PrJSC Central Iron Ore Enrichment Works and PrJSC Northern Iron Ore Enrichment Works. The PXF facility benefits from suretyships granted by four entities, including PrJSC Ilyich Iron and Steel Works, PrJSC Ingulets Iron Ore Enrichment Works, PrJSC Central Iron Ore Enrichment Works and Metinvest Management B.V., security assignments of rights under certain export, commission and offtake contracts, as well as pledges of certain bank accounts and rights under certain commission contracts.

Certain restrictive covenants are imposed on the Group, including limitation to pay dividends, make certain restricted payments, engage in certain transactions with related parties, incur new debt, as well as certain financial covenants (interest cover ratio, debt cover ratio, tangible net worth and gearing).

As of 31 December 2021, the Group's bonds were traded on open markets. Fair value of bonds and discount / premium are as follows:

	31 December 2021		31 December 2020	
	Fair value	Premium /(Discount)	Fair value	Premium /(Discount)
Bonds due in 2023	185	1.8%	342	6.9%
Bonds due in 2025	339	(0.6%)	386	4.4%
Bonds due in 2026	537	4.6%	742	12.7%
Bonds due in 2027	342	0.1%	373	10.0%
Bonds due in 2029	503	(0.3%)	555	9.9%
Total	**1,906**		**2,398**	

As of 31 December 2021 and 31 December 2020, the carrying value of bank loans approximates the fair value.

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17 LOANS AND BORROWINGS (CONTINUED)

The majority of the Group's Bank loans and trade finance have floating interest rates, which are mainly linked to EURIBOR. The weighted average effective interest rates and currency denomination of loans and borrowings as at the balance sheet dates are as follows:

	31 December 2021				31 December 2020		
In % per annum	USD	EUR	GBP	UAH	USD	EUR	GBP
Bank loans	4%	5%	-	-	6%	5%	-
Bonds issued	9%	6%	-	-	9%	6%	-
Trade finance	3%	1%	-	-	3%	4%	-
Lease liability	5%	4%	5%	10%	7%	5%	5%
Reported amount	**1,690**	**523**	**1**	**10**	**2,290**	**646**	**1**

The Group defines net debt as the sum of bank loans, bonds, trade finance, lease liability and non-bank borrowings less cash and cash equivalents.

Movements in the Groups' net debt are presented below:

	Cash in banks	Deposits up to 3 months	Bank borrowings	Bonds issued	Trade finance	Lease liability	Total
Net debt as at 1 January 2020	**243**	**31**	**(491)**	**(2,099)**	**(399)**	**(43)**	**(2,758)**
Interest paid / (received)	(2)	-	24	164	16	2	**204**
Other cash flows	529	27	64	(19)	130	14	**745**
Interest accrued (Note 23, 9)	2	-	(23)	(173)	(14)	(3)	**(211)**
Legal and consulting fees capitalised	-	-	-	3	-	-	**3**
Commissions capitalised	-	-	6	-	-	-	**6**
Effect of refinancing	-	-	-	(6)	-	-	**(6)**
Currency translation differences	(4)	(1)	(19)	(30)	(9)	1	**(62)**
Equipment received as lease asset	-	-	-	-	-	(5)	**(5)**
Acquisition of subsidiary	1	-	(28)	-	-	-	**(27)**
Net debt as of 31 December 2020	**769**	**57**	**(467)**	**(2,160)**	**(276)**	**(34)**	**(2,111)**

	Cash in banks	Deposits up to 3 months	Bank borrowings	Bonds issued	Trade finance	Lease liability	Non-bank borrowings	Total
Net debt as of 1 January 2021	**769**	**57**	**(467)**	**(2,160)**	**(276)**	**(34)**	**-**	**(2,111)**
Interest paid / (received)	(4)	(1)	9	157	7	3	-	**171**
Other cash flows	288	(24)	306	277	178	23	482	**1,530**
Interest accrued (Note 23, 9)	4	1	(9)	(158)	(7)	(3)	(10)	**(182)**
Legal and consulting fees capitalised	-	-	-	-	-	-	-	**-**
Commissions capitalised	-	-	-	-	-	-	-	**-**
Effect of refinancing	-	-	-	(3)	-	-	-	**(3)**
Currency translation differences	67	2	15	29	3	1	(2)	**115**
Equipment received as lease asset	-	-	-	-	-	(61)	-	**(61)**
Acquisition of subsidiaries	-	7	(54)	-	-	-	(488)	**(535)**
Net debt as of 31 December 2021	**1,124**	**42**	**(200)**	**(1,858)**	**(95)**	**(71)**	**(18)**	**(1,076)**

The accompanying notes form an integral part of these summary consolidated financial statements

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18 RETIREMENT BENEFIT OBLIGATIONS

The Group's defined benefit obligations relate to:

	31 December 2021	31 December 2020
State-defined early pensions for employees working in hazardous and unhealthy working conditions	630	561
Long-term employee benefits under collective bargaining agreements	41	30
Total defined benefit obligations	**671**	**591**

Nature and the risks and uncertainties associated with the Group's defined benefit obligations are further disclosed in the Note 4.

Changes in the present value of the defined benefit obligation were as follows:

	2021	2020
Defined benefit obligation as at 1 January	**591**	**597**
Acquisition of subsidiary	53	17
Current service cost	25	18
Remeasurements of the defined benefit liability resulting from:		
- changes in financial assumptions	(56)	33
- changes in demographic assumptions	(1)	4
- experience adjustments	15	(3)
Past service cost	2	-
Interest cost	62	54
Benefits paid	(41)	(32)
Currency translation difference	21	(97)
Defined benefit obligation as at 31 December	**671**	**591**

The amounts recognised in the consolidated income statement were as follows:

	2021	2020
Current service cost	25	18
Past service cost	2	-
Interest cost	62	54
Total	**89**	**72**

The principal actuarial assumptions used were as follows:

	31 December 2021	31 December 2020
Nominal discount rate	11.63%	9.84%
Nominal salary increase	5.00% – 5.23%	5.00% – 5.11%
Nominal pension entitlement increase (indexation)	6.85%	6.19%
Long-term inflation	5.23%	5.11%

Assumptions about mortality are based on the publicly available mortality tables for city population of the respective regions of Ukraine (depending on the location of the Group's subsidiaries) for 2021 and are consistent with the prior year.

The sensitivity of the defined benefit obligation to changes in the principal assumptions is presented below:

	2021	2020
Nominal discount rate increase / decrease by 1 pp	(54) / 62	(50) / 58
Nominal salary increase / decrease by 1 pp	30 / (28)	28 / (26)
Inflation increase / decrease by 1 pp	4 / (6)	4 / (5)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The methods and types of assumptions used in preparing the sensitivity analysis did not change significantly compared to the previous period.

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18 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

As at 31 December 2021, the weighted average maturity of the Group's defined benefit obligations is 8.6 years and it varies across different Group's subsidiaries from 5.4 to 13.5 years (31 December 2020: 9.2 years, varying from 8.2 to 14.4 years). Payments in respect of defined benefit obligations expected to be made during the year ending 31 December 2022 are USD 43 million (2021: USD 34 million).

19 OTHER NON-CURRENT LIABILITIES

	31 December 2021	31 December 2020
Asset retirement obligations	69	72
Tax liabilities under moratorium (Note 26)	7	7
Other non-current liabilities	34	50
Guarantee issued (Note 10)	-	72
Total other non-current liabilities	**110**	**201**

20 TRADE AND OTHER PAYABLES

	31 December 2021	31 December 2020
Trade payables and payables on sales made on commission	2,208	2,113
Dividends payable to shareholders of Metinvest B.V.	1,186	204
Dividends payable to non-controlling shareholders of Company's subsidiaries	78	16
Payables for acquired property, plant and equipment and other intangible assets	189	118
Other financial liabilities	71	98
Total financial liabilities	**3,732**	**2,549**
Prepayments received	285	163
Accruals for employees' unused vacations and other payments to employees	171	104
Other taxes payable, including VAT	213	98
Wages and salaries payable	40	28
Guarantee issued (Note 10)	-	5
Other allowances and provisions	32	29
Total trade and other payables	**4,473**	**2,976**

21 NET OPERATING COSTS (EXCLUDING ITEMS SHOWN SEPARATELY)

	2021	2020
Raw materials including change in finished goods and work in progress	2,860	2,446
Goods and services for resale, excluding related transportation	4,433	2,780
Energy materials including gas, electricity and fuel	1,646	885
Wages and salaries	973	753
Transportation services	962	847
Repairs and maintenance expenses	237	202
Pension and social security costs	179	144
Pension costs – defined benefit obligations (Note 18)	27	18
Depreciation and amortisation	973	820
Taxes and duties	160	120
Services and other costs	489	359
Charity and expenses on social activities	31	15
Maintenance of social infrastructure	37	30
VAT on sales below cost and VAT write-off	9	6
Operating foreign exchange losses, net	85	217
Gain on disposal of property, plant and equipment, net	(11)	(1)
Write-off of trade and other payables	(11)	(10)
Impairment of property, plant and equipment and intangible assets	26	6
Change in fair value of financial instruments and option	89	(74)
Gain from revaluation of share in associate	(61)	-
Other operating income	(19)	(50)
Total net operating expenses (excluding items shown separately)	**13,114**	**9,513**

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21 NET OPERATING COSTS (EXCLUDING ITEMS SHOWN SEPARATELY) (CONTINUED)

Raw materials include externally purchased coke and coal, iron ore, scrap metal, ferroalloys, ancillary and other materials and cost of their transportation.

Auditor's fees. The following fees were expensed in the consolidated income statement in the reporting period:

	2021	2020
Audit of the financial statements (including audit fee of PricewaterhouseCoopers Accountants N.V. of USD 0.2 million in 2021 and USD 0.2 million in 2020)	2	2
Total	**2**	**2**

During 2021, tax and other non-audit services expensed in the consolidated income statement amounted to USD 0.2 million and USD 1.6 million, respectively (2020: USD 0.2 million and USD 0.5 million), including USD 0.2 million of other non-audit services fees of signing firm during 2021 (USD 0.2 million during 2020).

22 FINANCE INCOME

Finance income for the year ended 31 December was as follows:

	2021	2020
Net foreign exchange gain	97	-
Interest income:		
- loans issued	31	31
- bank deposits	5	4
Other finance income	79	25
Total finance income	**212**	**60**

Net foreign exchange gains arise on intragroup loans and dividends payable between the entities with different functional currencies. During 2021, the Group has settled the guarantee issued, income from derecognition of guarantee issued in the amount of USD 77 million was recognised in income statement as part of other finance income (Note 10,11).

23 FINANCE COSTS

Finance costs for the year ended 31 December were as follows:

	2021	2020
Net foreign exchange loss	-	300
Interest expense on:		
- borrowings	25	22
- bonds	140	156
Interest cost on retirement benefit obligations	62	54
Refinance fees	31	11
Loss on modification and extinguishment	3	6
Other finance costs	19	17
Total finance costs	**280**	**566**

During 2021 and 2020, other finance costs mainly include factoring fees, letter of credit fees and discounting of the financial instruments.

24 INCOME TAX

Income tax for the year ended 31 December was as follows:

	2021	2020
Current tax	949	171
Deferred tax	(50)	(71)
Income tax expense	**899**	**100**

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24 INCOME TAX (CONTINUED)

The Group is subject to taxation in several tax jurisdictions, depending on the residence of its subsidiaries. In 2021 and 2020, Ukrainian corporate income tax was levied on taxable income less allowable expenses at the rate of 18%.The tax rate for Swiss operations was 14% and for European companies tax rate varied from 10% to 28%. The tax rate for the US operations was 21%.

Reconciliation between the expected and the actual taxation charge is provided below.

	2021	2020
IFRS profit before tax	**5,664**	**626**
Tax calculated at domestic tax rates applicable to profits in the respective countries	1,028	106
Tax effect of items not deductible or assessable for taxation purposes:		
- other non-deductible expenses	11	68
- non-taxable income	(167)	(80)
Tax benefits	1	(4)
Under/(over) provision of current tax in prior years	1	(1)
Write-down / (reversal of write-down) of deferred tax assets, net	25	11
Income tax expense	**899**	**100**

Other non-deductible expenses include mainly the expenses incurred by Metinvest B.V. and other subholdings where no sufficient taxable profits are expected to utilise them.

The weighted average applicable tax rate was 18% in 2021 (2020: 17%).

Differences between IFRS and Ukrainian and other countries' statutory taxation regulations give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases.

	1 January 2021	Credited/ (charged) to income statement	Credited/ (charged) to other comprehensive income	Acquisition of subsidiaries	Currency translation difference	31 December 2021
Tax effect of deductible temporary differences						
Property, plant and equipment and intangible assets	2	4	-	3	-	**9**
Long-term receivables	3	(3)	-	-	-	**-**
Inventory valuation	9	35	-	-	-	**44**
Trade and other accounts receivable	61	(26)	-	73	3	**111**
Accrued expenses	7	(4)	-	-	-	**3**
Tax losses carried forward	22	(15)	-	-	2	**9**
Retirement benefit obligations	93	10	(8)	9	3	**107**
Other	50	(2)	-	-	-	**48**
Gross deferred tax asset	**247**	**(1)**	**(8)**	**85**	**8**	**331**
Less offsetting with deferred tax liabilities	(137)	(97)	8	(12)	(3)	**(241)**
Recognised deferred tax asset	**110**	**(98)**	**-**	**73**	**5**	**90**
Tax effect of taxable temporary differences						
Property, plant and equipment and intangible assets	(309)	61	-	(300)	(16)	**(564)**
Inventory tax differences	(6)	(8)	-	-	-	**(14)**
Other	(6)	(2)	-	-	-	**(8)**
Gross deferred tax liability	**(321)**	**51**	**-**	**(300)**	**(16)**	**(586)**
Less offsetting with deferred tax assets	137	97	(8)	12	3	**241**
Recognised deferred tax liability	**(184)**	**148**	**(8)**	**(288)**	**(13)**	**(345)**

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24 INCOME TAX (CONTINUED)

Deferred tax asset on unused tax losses not recognised by Ukrainian subsidiaries as at 31 December 2021 comprised USD 82 million (31 December 2020: USD 80 million) and mainly relates to the entities whose physical assets are located on the non-controlled territory of Ukraine. The Group does not recognise this deferred tax asset as it does not expect profits to be generated by these entities in the foreseeable future. There are no expiry dates on tax losses carried forward in Ukraine and Italy. Starting from 2021, there are no expiry dates on the tax losses carried forward in the Netherlands. Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable; future taxable profits are estimated using the cash flow forecasts consistent with those used for impairment testing of non-current assets.

	1 January 2021	Credited/ (charged) to income statement	Credited/ (charged) to other comprehensive income	Acquisition of subsidiaries	Currency translation difference	31 December 2021
Tax effect of deductible temporary differences						
Property, plant and equipment and intangible assets	2	-	-	-	-	2
Long-term receivables	3	-	-	-	-	3
Inventory valuation	1	8	-	-	-	9
Trade and other accounts receivable	54	12	-	2	(7)	61
Accrued expenses	2	6	-	-	(1)	7
Tax losses carried forward	74	(41)	-	1	(12)	22
Retirement benefit obligations	94	5	6	3	(15)	93
Other	47	3	-	2	(2)	50
Gross deferred tax asset	**277**	**(7)**	**6**	**8**	**(37)**	**247**
Less offsetting with deferred tax liabilities	(192)	29	-	(5)	31	(137)
Recognised deferred tax asset	**85**	**22**	**6**	**3**	**(6)**	**110**
Tax effect of taxable temporary differences						
Property, plant and equipment and intangible assets	(454)	79	1	(6)	71	(309)
Inventory tax differences	(8)	2	-	-	-	(6)
Other	(3)	(3)	-	(1)	1	(6)
Gross deferred tax liability	**(465)**	**78**	**1**	**(7)**	**72**	**(321)**
Less offsetting with deferred tax assets	192	(29)	-	5	(31)	137
Recognised deferred tax liability	**(273)**	**49**	**1**	**(2)**	**41**	**(184)**

The tax charge relating to components of other comprehensive income is as follows:

	2021			2020		
	Before tax	Deferred tax charge	After tax	Before tax	Deferred tax charge	After tax
Revaluation decreases that offset previous increases in the carrying amount of property, plant and equipment	(8)	-	(8)	(9)	1	(8)
Remeasurement of retirement benefit obligation	42	(8)	34	(34)	6	(28)
Other comprehensive income	**34**	**(8)**	**26**	**(43)**	**7**	**(36)**

In the context of the Group's current structure, tax losses and current tax assets of different Group companies may not be offset against current tax liabilities and taxable profits of other Group companies and, accordingly, taxes may accrue even where there is a consolidated tax loss. Deferred tax assets and liabilities are offset only when they relate to the same taxable entity and the entity has a legally enforceable right to set off current tax assets against current tax liabilities.

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25 BALANCES AND TRANSACTIONS WITH RELATED PARTIES

For the purposes of these consolidated financial statements, parties are considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

As at 31 December 2021 and 2020, significant balances outstanding with related parties are detailed below:

	31 December 2021					31 December 2020				
	SCM Limited (Cyprus)	Associates	Joint ventures	Entities related to SCM	SMART Group	SCM Limited (Cyprus)	Associates	Joint ventures	Entities related to SCM	SMART Group
ASSETS										
Non-current trade and other receivables, including:	**-**	**-**	**-**	**187**	**-**	**-**	**104**	**-**	**183**	**101**
Long-term loans issued	-	-	-	185	-	-	33	-	183	101
Trade receivables and receivables on commission sales	-	-	-	2	-	-	71	-	-	-
Current trade and other receivables, including:	**4**	**142**	**840**	**289**	**19**	**4**	**394**	**982**	**204**	**20**
Trade receivables and receivables on commission sales	-	121	742	110	-	-	269	871	93	2
Prepayments made	-	21	-	137	-	-	106	-	70	-
Loans issued	-	-	96	26	19	-	18	108	25	18
Other financial receivables (short-term, non-interest bearing)	4	-	2	16	-	4	1	3	16	-
Cash and cash equivalents	**-**	**-**	**-**	**113**	**-**	**-**	**-**	**-**	**69**	**-**

	31 December 2021					31 December 2020				
	SCM Limited (Cyprus)	Associates	Joint ventures	Entities related to SCM	SMART Group	SCM Limited (Cyprus)	Associates	Joint ventures	Entities related to SCM	SMART Group
LIABILITIES										
Trade and other payables, including:	**927**	**146**	**1,385**	**131**	**261**	**195**	**51**	**1,019**	**133**	**11**
Dividends payable to shareholders of Metinvest B.V.	926	-	-	-	260	194	-	-	-	10
Dividends payable to non-controlling shareholders of Company's subsidiaries	-	-	63	12	-	-	-	1	12	-
Trade payables and payables on sales made on commission	-	115	1,310	114	-	-	33	1,016	93	-
Prepayments received	-	26	1	-	1	-	18	-	-	1
Other financial liabilities	1	5	11	5	-	1	-	2	28	-

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25 BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

In 2021, dividends paid disclosed in the consolidated statement of cash flows include USD 622 million of dividends paid by the Company to its Class B shareholder (SMART), USD 1,886 million of dividends paid by the Company to its Class A shareholders (SCM Limited (Cyprus)).

Significant transactions (excluding purchases) with related parties during 2021 and 2020 are detailed below:

2021	Associates	Joint ventures	Entities related to SCM	SMART Group	Total
Sales, including:	**140**	**1,644**	**96**	**2**	**1,882**
Steel	6	67	65	2	**140**
Scrap metal	-	37	-	-	**37**
Coke and coking coal	131	757	-	-	**888**
Iron ore	-	637	1	-	**638**
Other	3	146	30	-	**179**
Other operating income / (expenses), net	-	-	(4)	-	**(4)**
Expected credit losses charge	88	10	(14)	(37)	**47**
Finance income / (expenses), including:	**-**	**11**	**17**	**5**	**33**
Interest income – bank deposits	-	-	2	-	**2**
Interest income – loans issued	-	11	15	5	**31**

2020	Associates	Joint ventures	Entities related to SCM	SMART Group	Total
Sales, including:	**112**	**981**	**72**	**2**	**1,167**
Steel	28	31	55	2	**116**
Scrap metal	-	30	-	-	**30**
Coke and coking coal	78	457	-	-	**535**
Iron ore	-	402	1	-	**403**
Other	6	61	16	-	**83**
Other operating income/ (expenses), net	1	(1)	(3)	-	**(3)**
Expected credit losses charge	(91)	(6)	(4)	(1)	**(102)**
Finance income / (expenses), including:	**-**	**11**	**16**	**6**	**33**
Interest income – bank deposits	-	-	1	-	**1**
Interest income – loans issued	-	11	15	6	**32**

The accompanying notes form an integral part of these summary consolidated financial statements

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NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2021 (CONTINUED)

All tabular amounts in millions of US Dollars

25 BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

The following is a summary of purchases from related parties in 2021 and 2020:

2021	Associates	Joint ventures	Entities related to SCM	SMART Group	Total
Purchases, including:	**127**	**3,159**	**1,760**	**-**	**5,046**
Metal products	-	3,042	9	-	**3,051**
Coke and coking coal	123	13	48	-	**184**
Raw materials and spare parts	1	62	184	-	**247**
Electricity	-	-	670	-	**670**
Gas	-	-	545	-	**545**
Fuel	-	-	3	-	**3**
Services	1	11	254	-	**266**
Other	2	31	47	-	**80**

2020	Associates	Joint ventures	Entities related to SCM	SMART Group	Total
Purchases, including:	**380**	**1,691**	**1,285**	**-**	**3,356**
Metal products	9	1,600	10	-	**1,619**
Coke and coking coal	345	-	29	-	**374**
Raw materials and spare parts	18	54	121	-	**193**
Electricity	-	-	463	-	**463**
Gas	-	-	156	-	**156**
Fuel	-	-	46	-	**46**
Services	1	9	429	-	**439**
Other	7	28	31	-	**66**

Not included in the tables above are the Group’s transactions on purchase and further re-sale of iron ore, coal and steel products from or to joint ventures where the Group is acting as an agent and not as principal. Income and costs related to such transactions are presented net within revenue. The Group’s net gain on such transactions was USD 10 million in 2021 (2020: USD 15 million).

In 2021, the remuneration of key management personnel of the Group comprised current salaries and related bonuses paid totalling USD 59.3 million (in 2020: USD 14.6 million).

As at 31 December 2021 and 2020, key management held the Group’s bonds in the total amount of less than USD 1 million. Rights of these bondholders are not different from the rights of other bondholders.

26 CONTINGENCIES, COMMITMENTS AND OPERATING RISKS

Tax legislation. Ukrainian tax, currency and customs legislation is subject to varying interpretations and changes, which can occur frequently. As a result, there is significant uncertainty as to the implementation or interpretation of the new legislation and unclear or non-existent implementing regulations. Management’s interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant regional and State authorities. It is possible that transactions and activities that have not been challenged in the past may be challenged. As a result, significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

The Group’s operations are vertically integrated and a significant portion of the Group’s iron ore, coke and coal production is used in the subsequent production operations. Because of non-explicit requirements of the applicable tax legislation, intercompany transactions may be assessed by the Ukrainian tax authorities as non-market. Such transactions could be challenged by the tax authorities.

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26 CONTINGENCIES, COMMITMENTS AND OPERATING RISKS (CONTINUED)

The tax legislation had been expanded with the new transfer pricing rules in Ukraine effective from 1 September 2013 that are much more detailed than previous legislation and, to a certain extent, better aligned with the international transfer pricing principles. The new legislation allows the tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of controlled transactions (transactions with related parties and some types of transactions with unrelated parties), if the transaction price is not arm's length and is not supported by relevant documentation. Since 1 January 2015, the transfer pricing rules were amended so that transactions between Ukrainian companies (irrespective whether they are related parties or not) ceased to be treated as controlled transactions.

Management believes it is taking appropriate measures to ensure compliance with the new transfer pricing legislation.

Bankruptcy proceedings. During 2006, bankruptcy proceedings were initiated against the Group's subsidiary PrJSC Krasnodonugol. The majority of the creditors' claims summarised by the external manager relate to the Group thus are eliminated on consolidation. As at 31 December 2021, the amount of financial and tax liabilities related to the bankruptcy proceedings recorded in these consolidated financial statements is USD 10 million (31 December 2020: USD 10 million), out of which USD 7 million (31 December 2020: USD 7 million) are presented as non-current tax liabilities under moratorium (Note 19).

In July 2019, the bankruptcy proceedings were initiated in respect of one of the Group's subsidiaries, PrJSC Yenakiieve Iron and Steel Works. Creditor's claims were assessed by the court-appointed manager and the Group's subsidiaries formed majority in the creditor's committee in January 2020. Management of the Group does not expect that the bankruptcy proceedings will result in liquidation of the entity.

Legal proceedings. From time to time and in the normal course of business, claims against the Group are received. On the basis of its own estimates and both internal and external professional advice management is of the opinion that no material losses will be incurred in respect of claims in excess of provisions that have been made in these consolidated financial statements.

On 26 February 2019, a pre-judgment conservation order under Dutch law (the "Order") was issued by the court with respect to Metinvest B.V.'s shareholdings in its two subsidiaries registered and existing under the laws of the Netherlands (the "Dutch Subsidiaries). The Order was issued on the basis of a claim for damages for the amount of USD 47 million allegedly caused by Metinvest B.V. Except that the Group may not dispose of its shareholdings in the Dutch Subsidiaries, the Order does not affect the legal capacity of any Group entities to incur debt, create security or give guarantees, enter into commercial and trade contracts or otherwise affect in any way the ordinary course of business and operational activities of the Group. If Metinvest B.V. were to give sufficient security for the asserted claim, this would be a ground for lifting the Order. The Group continues to challenge the main claim.

Environmental matters. The enforcement of environmental regulation in Ukraine and globally is evolving and the enforcement posture of government authorities is continually being reconsidered. The Group periodically evaluates its obligations (including asset retirement obligations) under environmental regulations of the countries it operates in. As obligations are determined, they are recognised immediately. Potential liabilities, which might arise as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated, but could be material. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental damage.

Capital expenditure commitments. As at 31 December 2021, the Group has contractual capital expenditure commitments in respect of property, plant and equipment totalling USD 608 million (31 December 2020: USD 316 million). The Group has already allocated the necessary resources in respect of these commitments. Management of the Group believes that future net income and funding will be sufficient to cover these and any similar commitments.

Compliance with covenants. The Group is subject to certain covenants related primarily to its borrowings. Non-compliance with such covenants may result in negative consequences for the Group including increase in the cost of borrowings and declaration of default. As at 31 December 2021 and 2020 and for the years then ended, the Group was in compliance with the covenants.

Insurance. Metinvest maintains mandatory insurance policies against certain types of risk in accordance with Ukrainian law, including life and health insurance; third party liability insurance on hazardous industrial assets and in respect of cargo and motor vehicles; voluntary insurance cover for most of its production facilities and in respect of cargo and motor vehicles; "All Risk" insurance to cover property damage and provide business interruption coverage including "inter-dependency" coverage for its key production facilities in Ukraine; property damage and business interruption policies in respect of its European and US assets.

27 FINANCIAL RISK MANAGEMENT

The Group activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Reference is made to Note 2 describing the most recent developments in the operating environment of the Group, which might have an impact on the Group's financial risks.

The accompanying notes form an integral part of these summary consolidated financial statements

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NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2021 (CONTINUED)

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27 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk management is carried out jointly by the internal control and risk management department and the central treasury department. These departments identify, evaluate and mitigate financial risks in close co-operation with the Group's operating units.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed through (i) borrowings denominated in the relevant foreign currencies; (ii) different treasury operations like forward, swap and other.

At 31 December 2021, if the UAH had strengthened / weakened by 25% against the US dollar with all other variables held constant, post-tax profit for the year would have been USD 76 million lower / higher (2020: if the UAH had strengthened / weakened by 25% against the US dollar with all other variables held constant, post-tax profit for the year would have been USD 146 million lower / higher), mainly as a result of foreign exchange losses/gains on translation of US dollar denominated trade receivables and foreign exchange gains/losses on translation of US dollar denominated intragroup borrowings and dividends payable.

(ii) Price risk

The Group's revenue is exposed to the market risk from price fluctuations related to the sale of its steel and iron ore products. The prices of the steel and iron ore products sold both within Ukraine and abroad are generally determined by market forces. These prices may be influenced by factors such as supply and demand, production costs (including the costs of raw material inputs) and global economic growth. The prices of the products that the Group sells to third parties are also affected by supply/demand and global/Ukrainian economic growth. Adverse changes in respect of any of these factors may reduce the revenue that the Group receives from the sale of its steel or mined products.

The Group's exposure to commodity price risk associated with the purchases is limited as the Group is vertically integrated and is self-sufficient for iron ore and certain portion of coking coal requirements.

No financial instruments are exposed to price risk.

(iii) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are dependent on changes in market interest rates.

The Group's interest rate risk arises from long-term and short-term borrowings. Borrowings attracted at floating rates expose the Group to cash flow interest rate risk. Borrowings attracted at fixed rates expose the Group to fair value interest rate risk. The Group's policy is to maintain a balanced borrowings portfolio of fixed and floating rate instruments. As at 31 December 2021, 89% of the total borrowings were provided to the Group at fixed rates (31 December 2020: 79%). During 2021 and 2020, the Group's borrowings at floating rate were denominated in USD, EUR and GBP.

Management does not have a formal policy of determining how much of the Group's exposure should be to fixed or floating rates. However, at the time of attracting new debt management uses its judgment to decide whether it believes that a fixed or floating rate would be more favourable to the Group over the expected period until maturity.

Refer to Note 13, 17 and below for information about maturity dates and effective interest rates of financial instruments.

At 31 December 2021, if interest rates on USD, EUR and GBP denominated floating rate borrowings had been by 1 pp higher / lower (2020: 1 pp) with all other variables held constant, post-tax profit for the year would have been USD 2 million lower / higher (2020: USD 5 million).

(b) Credit risk

Credit risk is managed centrally by the Group management. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions and financial guarantees issued. When wholesale customers are independently rated, these ratings are used for credit quality assessment. Otherwise, if there is no independent rating, the Group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

Financial assets, which potentially subject the Group to credit risk, consist principally of cash, loans, trade and other accounts receivable. Cash is placed with major Ukrainian and international reputable financial institutions, which are considered at time of deposit to have minimal risk of default.

The accompanying notes form an integral part of these summary consolidated financial statements

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27 FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group has policies in place to ensure that provision of loans and sales of products/services are made to customers with an appropriate credit history. The Group's credit risk exposure is monitored and analysed on a case-by-case basis. Credit evaluations are performed for all customers requiring credit over a certain amount. The carrying amount of loans, trade and other accounts receivable, net of provision for impairment, represents the maximum amount exposed to credit risk. Concentration of credit risk mainly relates to CIS and European countries where the major customers are located.

The maximum exposure to credit risk as at 31 December 2021 is USD 3,193 million (2020: USD 4,738 million) being the carrying value of long and short-term loans issued, receivables, cash and the amount of the commitment in respect of the financial guarantees issued. In order to reduce credit risk on receivables, the Group uses letters of credit, guarantees and trade insurance. The Group does not hold any collateral as security. Management believes that credit risk is appropriately reflected in impairment allowances recognised against assets, and management does not expect any significant losses from non-performance by these counterparties.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The Group treasury analyses the ageing of Group's assets and the maturity of Group's liabilities and plans their liquidity depending on the expected repayment of various instruments. In case of insufficient or excessive liquidity in individual entities, the Group relocates resources and funds among the entities of the Group to achieve optimal financing of the business needs of each entity.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Cash flows from borrowings were calculated using spot foreign exchange rates.

At 31 December 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Bank loans	29	39	105	56
Trade finance	95	-	-	-
Bonds issued	167	311	1,174	974
Lease liability	15	14	31	23
Non – bank borrowings	18	-	-	-
Financial trade and other payables	3,738	20	4	11
Total	**4,062**	**384**	**1,314**	**1,064**

At 31 December 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Bank loans	211	123	120	59
Trade finance	276	-	-	-
Bonds issued	195	164	1,096	1,690
Guarantee	155	156	225	-
Lease liability	15	12	8	1
Financial trade and other payables	2,549	36	14	10
Total	**3,401**	**491**	**1,463**	**1,760**

28 CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group monitors capital on the basis of a gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total loans and borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

The Group has yet to determine its optimum gearing ratio. Presently, the majority of debt is due over 5 years and the Group is actively pursuing mechanisms to extend the credit terms to match its long-term investment strategy.

The accompanying notes form an integral part of these summary consolidated financial statements

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28 CAPITAL RISK MANAGEMENT (CONTINUED)

	31 December 2021	31 December 2020
Total loans and borrowings (Note 17)	2,242	2,937
Less: cash and cash equivalents (Note 14)	(1,166)	(826)
Net debt	**1,076**	**2,111**
Total equity	7,970	6,496
Total capital	**9,046**	**8,607**
Gearing ratio	**12%**	**25%**

29 FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date, which is Level 1 of fair valuation hierarchy. The quoted market price used for financial assets held by the Group is the current bid price. This valuation technique is used for fair value disclosures of bonds issued.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Estimated discounted cash flows, are used to determine fair value for seller's notes. Calculation is based on current interest rates for new instruments with similar credit risk, currency and remaining maturity; such estimation represents Level 3 of fair value hierarchy.

The carrying values less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The estimated fair values of financial instruments have been determined by the Group using available market information, where it exists, and appropriate valuation methodologies. However, judgement is required to interpret market data to determine the estimated fair value. Ukraine continues to display some characteristics of an emerging market and economic conditions continue to limit the volume of activity in the financial markets. Market quotations may be outdated or reflect distress sale transactions and therefore not represent fair values of financial instruments. Management has used all available market information in estimating the fair value of financial instruments.

Financial assets carried at amortised cost. The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on credit risk of the counterparty. Carrying amounts of financial assets carried at amortised cost approximate their fair values.

Financial liabilities carried at amortised cost. The fair value is based on quoted market prices, if available. Except as discussed in the Note 17, the estimated fair value of fixed interest rate instruments with stated maturity, for which a quoted market price is not available, was estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity. The fair value of liabilities repayable on demand or after a notice period ("demandable liabilities") is estimated as the amount payable on demand, discounted from the first date that the amount could be required to be paid (Note 17).

30 RECONCILIATION OF CLASSES OF FINANCIAL INSTRUMENTS WITH MEASUREMENT CATEGORIES

All of the Group's financial assets and financial liabilities are carried at amortised cost, except for investments in associates and joint ventures which are accounted for by the equity method of accounting, trade receivables subject to factoring and the option carried at fair value through profit or loss. As at 31 December 2021, the carrying amount of the balances subject to factoring amounted to USD 68 million (31 December 2020: USD 87 million).

31 EVENTS AFTER THE BALANCE SHEET DATE

There were no events after the balance sheet date other than those already disclosed in these consolidated financial statements.

The accompanying notes form an integral part of these summary consolidated financial statements

ANNEXES

The Annexes provide a reference guide to understanding Metinvest's Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) disclosures. They also contain other materials supplementing the report.

ANNEX 1 – INDEX OF STANDARD DISCLOSURES

GLOBAL REPORTING INITIATIVE (GRI) DISCLOSURE

Disclosure	Description	Where to find	Disclosure status and comments
GRI 102: General disclosures 2016. Organisational profile	102-1. Name of the organisation	Annex 3 – Parent Company and Principal Subsidiaries, p. 149	Full
	102-2. Activities, brands, products and services	Operational Review, pp. 15, 17, 18	Full
	102-3. Location of headquarters	Annex 3 – Parent Company and Principal Subsidiaries, p. 149	Full
	102-4. Location of operations	Operational Review, pp. 18, 20	Full
	102-5. Ownership and legal form	About the Report, p. 4	Full
	102-6. Markets served	Operational Review, p. 18 Financial Review, p. 22	Full
	102-7. Scale of the organisation	Highlights of 2021, p. 9 Operational Review, pp. 15, 17 Financial Review, p. 21 People, p. 40	Full
	102-8. Information on employees and other workers	People, p. 40 Annex 2 – Additional Information on Standard Disclosures, p. 144	Full
	102-9. Responsible supply chain management	Supply Chain Management, p. 66	Full
	102-10. Significant changes to the organisation and its supply chain	Supply Chain Management, p. 66	Full
	102-11. Precautionary principle or approach	Sustainable Development, p. 32	Full
	102-12. External initiatives	Sustainable Development, pp. 31, 33	Full

Disclosure	Description	Where to find	Disclosure status and comments
	102-13. Membership of associations	Annex 1 – Index of Standard Disclosures, p. 128	Full As of the end of 2021, Metinvest was a member of: Association of the Dutch Metallurgical Industry (Metaal Nederland), Centre for Corporate Social Responsibility in Ukraine, European Business Association, European Steel Association, International Chamber of Commerce in Ukraine, Ukrainian Business and Trade Association, Ukrainian Chamber of Commerce and Industry, Ukrainian Federation of Metallurgists, Ukrainian Coke Producers' Association, Ukrmetalurgprom Association of Enterprises, UN Global Compact and the World Steel Association.
GRI 102: General disclosures 2016. Strategy	102-14. Statement from senior decision maker	Chairperson's Statement, p. 7 CEO's Statement, p. 8	Full
	102-15. Key impacts, risks and opportunities	Sustainable Development, p. 32	Full
GRI 102: General disclosures 2016. Ethics and integrity	102-16. Values, principles, standards and norms of behaviour	Values and Strategy, p. 10 Business Ethics and Compliance, p. 63	Full
	102-17. Mechanisms for advice and concerns about ethics	People, p. 41 Business Ethics and Compliance, p. 64	Full
GRI 102: General disclosures 2016. Governance	102-18. Governance structure	Corporate Governance, p. 56	Full
	102-19. Delegating authority	Sustainable Development, p. 31 Corporate Governance, p. 57	Full
	102-20. Executive-level responsibility for economic, environmental and social topics	Sustainable Development, p. 31	Full
	102-22. Composition of the highest governance body and its committees	Corporate Governance, pp. 58, 60	Full
	102-24. Nominating and selecting the highest governance body	Corporate Governance, p. 57	Full
	102-25. Conflicts of interest	Business Ethics and Compliance, p. 64	Full
	102-26. Role of highest governance body in setting purpose, values and strategy	Corporate Governance, p. 57	Full
	102-27. Collective knowledge of highest governance body	Corporate Governance, p. 57	Full

Disclosure	Description	Where to find	Disclosure status and comments
	102-28. Evaluating the highest governance body's performance	Corporate Governance, p. 59	Partial
	102-29. Role of highest governance body in identifying and managing economic, environmental and social impacts	Corporate Governance, p. 57	Full
	102-30. Effectiveness of risk management processes	Risk Management, p. 68	Full
	102-31. Review of economic, environmental and social topics	About the Report, p. 4	Full
	102-32. Highest governance body's role in sustainability reporting	About the Report, p. 4	Full
	102-33. Highest governance body's procedure for communicating critical concerns	Business Ethics and Compliance, p. 65	Full
	102-35. Remuneration policies	Corporate Governance, p. 59	Partial
GRI 102: General disclosures 2016. Stakeholder engagement	102-40. List of stakeholder groups	Stakeholder Engagement, p. 34	Full
	102-41. Collective bargaining agreements	People, p. 41	Full
	102-42. Identifying and selecting stakeholders	Stakeholder Engagement, p. 34	Full
	102-43. Approach to stakeholder engagement	Stakeholder Engagement, p. 34	Full
	102-44. Key topics and concerns raised	About the Report, p. 5 Stakeholder Engagement, p. 34	Full
GRI 102: General disclosures 2016. Reporting practice	102-45. Entities included in the consolidated financial statements	About the Report, p. 4	Full
	102-46. Defining report content and topic boundaries	About the Report, p. 5	Full
	102-47. List of material topics	About the Report, p. 5	Full
	102-48. Restatements of information	Annex 1 – Index of Standard Disclosures, p. 129	Full The following information is restated: - number of reports submitted through Trust Line in 2020 - age and gender diversity for executive team in 2019-2020 - average salary of men and women in 2020 - direct CO_2 emissions intensity in 2019-2020 - air emissions in 2019-2020

Disclosure	Description	Where to find	Disclosure status and comments
	102-49. Changes in reporting	Annex 1 – Index of Standard Disclosures, p. 130	Full There were no changes in the list of material topics and topic boundaries compared with the previous sustainability report.
	102-50. Reporting period	About the Report, p. 4	Full
	102-51. Date of most recent report	About the Report, p. 4	Full
	102-52. Reporting cycle	About the Report, p. 4	Full
	102-53. Contact point for questions regarding the report	Annex 1 – Index of Standard Disclosures, p. 130	Full ir@metinvestholding.com csr@metinvestholding.com
	102-54. Claims of reporting in accordance with the GRI Standards	About the Report, p. 4	Full
	102-55. GRI content index	Annex 1 – Index of Standard Disclosures, pp. 127-137	Full
	102-56. External assurance	About the Report, p. 4 Internal and External Audit, p. 70	Full
GRI 103: Management approach 2016	103-1. Explanation of the material topic and its boundary	About the Report, p. 5	Full
	103-2. The management approach and its components	Relevant sections of this report Annex 1 – Index of Standard Disclosures, p. 130	Full Information about how Metinvest manages each of the material topics and evaluates the management approach is presented in the relevant sections of the report.
	103-3. Evaluation of the management approach	Relevant sections of this report Annex 1 – Index of Standard Disclosures, p. 130	Full Information about how Metinvest manages each of the material topics and evaluates the management approach is presented in relevant sections of the report.
GRI 201: Economic performance 2016	201-4. Financial assistance received from government	Annex 1 – Index of Standard Disclosures, p. 130	Full Entities of the Group did not receive financial assistance from any government in the reporting period.

Disclosure	Description	Where to find	Disclosure status and comments
GRI 202: Market presence 2016	202-1. Ratios of standard entry level wage by gender compared with local minimum wage	Annex 2 – Additional Information on Standard Disclosures, p. 145	Partial Figures are reported for Ukraine, which is the location of significant operations of Metinvest.
GRI 203: Indirect economic impacts 2016	203-1. Infrastructure investments and services supported	Communities, p. 51	Full
	203-2. Significant indirect economic impacts	Environment, p. 49 Communities, pp. 51, 52 Annex 1 – Index of Standard Disclosures, p. 131	Full Metinvest acknowledges the risks associated with its activities' impact on the environment and well-being of the local population.
GRI 204: Procurement practices 2016	204-1. Proportion of spending on local suppliers	Supply Chain Management, p. 66	Full
GRI 205: Anti-corruption 2016	205-1. Operations assessed for risks related to corruption	Business Ethics and Compliance, p. 65	Full
	205-2. Communication and training about anti-corruption policies and procedures	Business Ethics and Compliance, p. 65 Supply Chain Management, p. 66	Partial
	205-3. Confirmed incidents of corruption and actions taken	Business Ethics and Compliance, p. 65	Full
GRI 206: Anti-competitive behaviour 2016	206-1. Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	Business Ethics and Compliance, p. 65 Annex 1 – Index of Standard Disclosures, p. 131	Full Metinvest was not a participant in legal actions pending or completed during the reporting period pertaining to anti-competitive behaviour or violations of antitrust and monopoly legislation.
GRI 207: Tax 2019	207-1. Approach to tax	Business Ethics and Compliance, p. 64	Full
	207-2. Tax governance, control and risk management	Business Ethics and Compliance, p. 64	Full
GRI 302: Energy 2016	302-1. Energy consumption within the organisation	Environment, p. 48 Annex 2 – Additional Information on Standard Disclosures, p. 146	Full
	302-3. Energy intensity	Annex 2 – Additional Information on Standard Disclosures, p. 146	Full
	302-4. Reduction of energy consumption	Environment, p. 48 Annex 2 – Additional Information on Standard Disclosures, p. 146	Full

Disclosure	Description	Where to find	Disclosure status and comments
GRI 303: Water and effluents 2018	303-1. Interactions with water as a shared resource	Environment, p. 50 Annex 1 – Index of Standard Disclosures, p. 132 Annex 2 – Additional Information on Standard Disclosures, p. 148	Partial The report does not provide information about Metinvest's interactions with suppliers or consumers that have a significant impact on water resources or about the process of setting water-use targets.
	303-2. Management of water discharge-related impacts	Environment, p. 50 Annex 1 – Index of Standard Disclosures, p. 132	Full Metinvest conducts laboratory studies of consumed water and wastewater quality to comply with statutory regulations and environmental standards.
	303-3. Water withdrawal	Environment, p. 50 Annex 2 – Additional Information on Standard Disclosures, p. 147	Full
	303-4. Water discharge	Environment, p. 50 Annex 1 – Index of Standard Disclosures, p. 132 Annex 2 – Additional Information on Standard Disclosures, p. 147	Partial Metinvest does not publish data on water discharge by category.
	303-5. Water consumption	Environment, p. 50 Annex 2 – Additional Information on Standard Disclosures, p. 147	Full
GRI 304: Biodiversity 2016	304-1. Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Environment, p. 50	Full
	304-2. Significant impacts of activities, products and services on biodiversity	Environment, p. 50 Annex 1 – Index of Standard Disclosures, p. 132	Partial The report does not provide information about significant direct and indirect impacts on biodiversity with reference to species affected, extent of areas impacted, duration of impacts and reversibility or irreversibility of impacts.
	304-3. Habitats protected or restored	Environment, p. 50 Annex 1 – Index of Standard Disclosures, p. 132	Partial Land restoration activities are carried out in accordance with the terms of approved projects, as well as government standards and methodologies.
	304-4. IUCN Red List species and national conservation list species with habitats in areas affected by operations	Environment, p. 50	Full

Disclosure	Description	Where to find	Disclosure status and comments
GRI 305: Emissions 2016	305-1. Direct (Scope 1) GHG emissions	Environment, p. 47 Annex 2 – Additional Information on Standard Disclosures, p. 145	Full
	305-2. Energy indirect (Scope 2) GHG emissions	Environment, p. 47	Full
	305-4. GHG emissions intensity	Environment, p. 47	Full
	305-6. Emissions of ozone-depleting substances (ODS)	Annex 1 – Index of Standard Disclosures, p. 133	Full The Group did not generate emissions of ozone-depleting substances in 2019-2021.
	305-7. Nitrogen oxides (NO_x), sulphur oxides (SO_x) and other significant air emissions	Environment, p. 48 Annex 2 – Additional Information on Standard Disclosures, p. 147	Full
GRI 306: Waste 2020	306-1. Waste generation and significant waste-related impacts	Environment, p. 49	Partial
	306-2. Management of significant waste-related impacts	Environment, p. 49 Annex 1 – Index of Standard Disclosures, p. 133	Partial Waste-related data is retrieved from statistical and internal reporting forms maintained in accordance with respective legislation on waste management.
	306-3. Waste generated	Environment, p. 49 Annex 2 – Additional Information on Standard Disclosures, p. 148	Full
	306-4. Waste diverted from disposal	Environment, p. 49 Annex 2 – Additional Information on Standard Disclosures, p. 148	Partial
	306-5. Waste directed to disposal	Annex 2 – Additional Information on Standard Disclosures, p. 148	Partial
GRI 307: Environmental compliance 2016	307-1. Non-compliance with environmental laws and regulations	Annex 1 – Index of Standard Disclosures, p. 134	Full During the reporting period, the Group was not subject to significant fines or penalties for non-compliance with environmental laws and regulations.

Disclosure	Description	Where to find	Disclosure status and comments
GRI 308: Supplier environmental assessment 2016	308-1. New suppliers that were screened using environmental criteria	Supply Chain Management, p. 67	Full
	308-2. Negative environmental impacts in the supply chain and actions taken	Supply Chain Management, p. 67	Partial
GRI 401: Employment 2016	401-1. New employee hires and employee turnover	Annex 2 – Additional Information on Standard Disclosures, pp. 144, 145	Full
	401-2. Benefits provided to full-time employees that are not provided to temporary or part-time employees	People, p. 42	Partial
	401-3. Parental leave	Annex 1 – Index of Standard Disclosures, p. 134	Partial In 2021, 16 men and 722 women took childcare leave.
GRI 402: Labour/management relations 2016	402-1. Minimum notice periods regarding operational changes	Annex 1 – Index of Standard Disclosures, p. 134	Full In the event of significant changes in working conditions, in 2021, Metinvest provided employees of its Ukrainian entities with two months' notice before changes became effective, which was consistent with the requirements of the Labour Code of Ukraine. For entities in Bulgaria, Italy and the UK, employees were notified of significant changes from seven days to four months in advance, depending on their length of work and professional level. For the entity in the US, this must take place at least 60 days in advance.
GRI 403: Occupational health and safety 2018	403-1. Occupational health and safety management system	Health and Safety, p. 36	Full
	403-2. Hazard identification, risk assessment and incident investigation	Health and Safety, pp. 36, 38 Business Ethics and Compliance, p. 65	Partial
	403-3. Occupational health services	Health and Safety, p. 39	Full
	403-4. Worker participation, consultation and communication on occupational health and safety	Health and Safety, p. 37	Full
	403-5. Worker training on occupational health and safety	Health and Safety, p. 39	Full
	403-6. Promotion of worker health	Health and Safety, p. 39	Full

Disclosure	Description	Where to find	Disclosure status and comments
	403-7. Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health and Safety, p. 37	Full
	403-8. Workers covered by an occupational health and safety management system	Annex 1 – Index of Standard Disclosures, p. 135	Partial Metinvest acknowledges its responsibility for the safety of contractor staff when they perform work for the Group as set out in contractual obligations. Contractor staff are subject to the same occupational health and safety rules as Metinvest employees.
	403-9. Work-related injuries	Health and Safety, p. 38 Annex 1 – Index of Standard Disclosures, p. 135 Annex 2 – Additional Information on Standard Disclosures, p. 143	Partial Number of hours worked by employees in 2021: 134,820,351; and by contractors: 35,865,975 (this excludes information on 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).
	403-10. Work-related ill health	Health and Safety, p. 39 Annex 1 – Index of Standard Disclosures, p. 135	Partial Metinvest does not calculate occupational illness figures for contractor staff, as this falls under the responsibility of contractor organisations.
GRI 404: Training and education 2016	404-1. Average hours of training per year per employee	People, p. 43 Annex 2 – Additional Information on Standard Disclosures, p. 145	Full
	404-2. Programmes for upgrading employee skills and transition assistance programmes	People, pp. 43, 44, 45	Partial
GRI 405: Diversity and equal opportunity 2016	405-1. Diversity of governance bodies and employees	People, p. 41 Annex 2 – Additional Information on Standard Disclosures, p. 143	Full
	405-2. Ratio of basic salary and remuneration of women to men	Annex 2 – Additional Information on Standard Disclosures, p. 145	Partial
GRI 406: Non-discrimination 2016	406-1. Incidents of discrimination and corrective actions taken	Annex 1 – Index of Standard Disclosures, p. 135	Full Metinvest did not identify any incidents of discrimination during the reporting period.

Disclosure	Description	Where to find	Disclosure status and comments
GRI 407: Freedom of association and collective bargaining 2016	407-1. Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	People, p. 41 Annex 1 – Index of Standard Disclosures, p. 136	Partial There were no cases recorded in the reporting period in which the right of employees or suppliers to exercise freedom of association or collective bargaining was violated or at risk.
GRI 408: Child labour 2016	408-1. Operations and suppliers at significant risk for incidents of child labour	Annex 1 – Index of Standard Disclosures, p. 136	Partial Metinvest did not identify any operations or suppliers at significant risk for incidents of child labour in the reporting period.
GRI 409: Forced or compulsory labour 2016	409-1. Operations and suppliers at significant risk for incidents of forced or compulsory labour	Annex 1 – Index of Standard Disclosures, p. 136	Partial Metinvest did not identify any operations or suppliers at significant risk for incidents of forced or compulsory labour in the reporting period.
GRI 410: Security practices 2016	410-1. Security personnel trained in human rights policies or procedures	People, p. 41	Partial
GRI 412: Human rights assessment 2016	412-1. Operations that have been subject to human rights reviews or impact assessments	People, p. 41 Annex 1 – Index of Standard Disclosures, p. 136	Full The Group's approach to ensuring the protection of human rights applies to all of its entities.
	412-2. Employee training on human rights policies or procedures	People, p. 41	Full
GRI 413: Local communities 2016	413-1. Operations with local community engagement, impact assessments and development programmes	Communities, p. 51	Full
	413-2. Operations with significant actual and potential negative impacts on local communities	Annex 1 – Index of Standard Disclosures, p. 136	Full Metinvest acknowledges the risks of its operations regarding the environment and local community well-being.
GRI 414: Supplier social assessment 2016	414-1. New suppliers that were screened using social criteria	Supply Chain Management, p. 67	Full
	414-2. Negative social impacts in the supply chain and actions taken	Supply Chain Management, p. 67	Partial

Disclosure	Description	Where to find	Disclosure status and comments
GRI 416: Customer health and safety 2016	416-1. Assessment of the health and safety impacts of product and service categories	Operational Review, p. 16 Annex 1 – Index of Standard Disclosures, p. 137	Full In 2021, there were no incidents reported of Metinvest's products having negative health and safety impacts that can affect customers.
	416-2. Incidents of non-compliance concerning the health and safety impacts of products and services	Annex 1 – Index of Standard Disclosures, p. 137	Full In the reporting period, Metinvest did not receive any complaints or claims regarding any negative impacts of its products on consumers' health and safety, nor was the Group fined for non-compliance with legal provisions concerning product safety for customers.
GRI 417: Marketing and labelling 2016	417-1. Requirements for product and service information and labelling	Operational Review, p. 16	Full
	417-2. Incidents of non-compliance concerning product and service information and labelling	Annex 1 – Index of Standard Disclosures, p. 137	Full In 2021, Metinvest did not identify incidents of non-compliance with regulations concerning product information and labelling.
	417-3. Incidents of non-compliance concerning marketing communications	Annex 1 – Index of Standard Disclosures, p. 137	Full In 2021, Metinvest did not identify incidents of non-compliance with regulations concerning marketing communications.
GRI 418: Customer privacy 2018	418-1. Substantiated complaints concerning breaches of customer privacy and losses of customer data	Annex 1 – Index of Standard Disclosures, p. 137	Full Metinvest did not identify any substantiated complaints concerning breaches of customer privacy in the reporting period.
GRI 419: Socioeconomic compliance	419-1. Non-compliance with laws and regulations in the social and economic area	Annex 1 – Index of Standard Disclosures, p. 137	Full No significant fines or non-financial sanctions for violation of social legislation were imposed on the Group in the reporting period.

SASB IRON AND STEEL 2018, SASB METALS AND MINING 2021

Disclosure	Code and accounting metric	Where to find	Disclosure status and comments
Greenhouse gas emissions	EM-IS-110a.1, EM-MM-110a.1 Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations. Metric tonnes (t) CO2-e, Percentage (%)	Environment, p. 47 Annex 1 – Index of Standard Disclosures, p. 138	Partial Metinvest does not report the percentage of emissions that are covered under emissions-limiting regulations.
	EM-IS-110a.2, EM-MM-110a.2 Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Environment, p. 48 Annex 1 – Index of Standard Disclosures, p. 138	Partial In 2021, Metinvest was developing a long-term decarbonisation roadmap, backed by systematic action to support its relevant goals.
Air quality	EM-IS-120a.1, EM-MM-120a.1 Air emissions of the following pollutants: CO, NO_x (excluding N_2O), SO_x, particulate matter (PM10), mercury (Hg), manganese (Mn), lead (Pb), volatile organic compounds (VOCs) and polycyclic aromatic hydrocarbons (PAHs). Metric tonnes (t)	Environment, p. 48 Annex 1 – Index of Standard Disclosures, p. 138 Annex 2 – Additional Information on Standard Disclosures, p. 147	Full Metinvest monitors emissions of pollutants and regularly submits the appropriate reports to state authorities. In 2021, the Group's air emissions of pollutants were as follows: - lead – 11.5 tonnes - mercury – 0.5 tonnes - manganese – 29.8 tonnes - polycyclic aromatic hydrocarbons – 0.4 tonnes - volatile organic compounds – 13,077 tonnes
Energy management	EM-IS-130a.1, EM-MM-130a.1 (1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable. Terajoules (TJ), Percentage (%)	Environment, p. 48 Annex 1 – Index of Standard Disclosures, p. 138	Full Percentage of electricity in total energy consumed in 2021 was 14%.
	EM-IS-130a.2 (1) Total fuel consumed, (2) percentage coal, (3) percentage natural gas, (4) percentage renewable. Terajoules (TJ), Percentage (%)	Environment, p. 48 Annex 1 – Index of Standard Disclosures, p. 138	Full Percentage of metallurgical coal in total fuel consumed in 2021 was 21%. Percentage of natural gas in total fuel consumed in 2021 was 21%.

Disclosure	Code and accounting metric	Where to find	Disclosure status and comments
Water management	EM-IS-140a.1, EM-MM-140a.1 1) Total fresh water withdrawn, (2) total fresh water consumed, (3) percentage of each in regions with High or Extremely High Baseline Water Stress. Million cubic metres (mcm), Percentage (%)	Annex 1 – Index of Standard Disclosures, p. 139 Annex 2 – Additional Information on Standard Disclosures, p. 147	Full Total fresh water withdrawn in 2021 was 166 mcm, which is 25% of the total water withdrawn. Total fresh water consumed in 2021 was 151 mcm, which is 24% of the total water consumed. Metinvest does not operate in regions with High or Extremely High Baseline Water Stress.
	EM-MM-140a.2 Number of incidents of non-compliance associated with water quality permits, standards and regulations	Annex 1 – Index of Standard Disclosures, p. 139	Full In 2021, Metinvest did not have incidents of non-compliance associated with water quality permits, standards and regulations.
Waste and hazardous materials management	EM-IS-150a.1 Amount of waste generated, percentage hazardous, percentage recycled. Metric tonnes (t), Percentage (%)	Environment, p. 49 Annex 2 – Additional Information on Standard Disclosures, p. 148	Full
	EM-MM-150a.4 Total weight of non-mineral waste generated. Metric tonnes (t)	Annex 1 – Index of Standard Disclosures, p. 139	Full Total weight of non-mineral waste generated in 2021 was 20 million tonnes.
	EM-MM-150a.5 Total weight of tailings produced. Metric tonnes (t)	Annex 1 – Index of Standard Disclosures, p. 139	Full Total weight of tailings produced in 2021 was 44 million tonnes.
	EM-MM-150a.6 Total weight of waste rock generated. Metric tonnes (t)	Annex 1 – Index of Standard Disclosures, p. 139	Full Total weight of waste rock generated in 2021 was 206 million tonnes.
	EM-MM-150a.7 Total weight of hazardous waste generated. Metric tonnes (t)	Environment, p. 49 Annex 1 – Index of Standard Disclosures, p. 139 Annex 2 – Additional Information on Standard Disclosures, p. 148	Full Total weight of hazardous waste generated in 2021 was 4 million tonnes.
	EM-MM-150a.8 Total weight of hazardous waste recycled. Metric tonnes (t)	Annex 1 – Index of Standard Disclosures, p. 139	Full Total weight of hazardous waste recycled in 2021 was 1.4 million tonnes.
	EM-MM-150a.9 Number of significant incidents associated with hazardous materials and waste management	Annex 1 – Index of Standard Disclosures, p. 139	Full In 2021, there were no incidents at the Group's assets associated with hazardous materials and waste management.

Disclosure	Code and accounting metric	Where to find	Disclosure status and comments
	EM-MM-150a.10 Description of waste and hazardous materials management policies and procedures for active and inactive operations	Environment, p. 49	Partial
Biodiversity impacts	EM-MM-160a.1 Description of environmental management policies and practices for active sites	Environment, p. 50	Partial
	EM-MM-160a.2 Percentage of mine sites where acid rock drainage is: (1) predicted to occur, (2) actively mitigated, and (3) under treatment or remediation	Annex 1 – Index of Standard Disclosures, p. 140	Full In 2021, Metinvest did not have any identified cases of acid rock drainage.
	EM-MM-160a.3 Percentage of (1) proved and (2) probable reserves in or near sites with protected conservation status or endangered species habitat. Percentage (%)	Annex 1 – Index of Standard Disclosures, p. 140	Full Metinvest does not operate in any protected natural areas or in areas of very high biodiversity value. The Group's activities do not affect the habitats of species on the International Union for Conservation of Nature (IUCN) Red List or national conservation list.
Security, human rights and rights of indigenous peoples	EM-MM-210a.2 Percentage of (1) proved and (2) probable reserves in or near indigenous land. Percentage (%)	Annex 1 – Index of Standard Disclosures, p. 140	Full Metinvest does not have production operations or proved or probable reserves in or near indigenous lands.
	EM-MM-210a.3 Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights and operation in areas of conflict	People, p. 41 Annex 1 – Index of Standard Disclosures, p. 140	Partial Metinvest does not have production operations or proved or probable reserves in or near indigenous lands.
Community relations	EM-MM-210b.1 Discussion of process to manage risks and opportunities associated with community rights and interests	People, pp. 40-45 Environment, pp. 46-50 Communities, pp. 51-54	Full
	EM-MM-210b.2 Number and duration of non-technical delays	Annex 1 – Index of Standard Disclosures, p. 140	Full There were no non-technical delays in the reporting period.

Disclosure	Code and accounting metric	Where to find	Disclosure status and comments
Labour relations	EM-MM-310a.1 Percentage of active workforce covered under collective bargaining agreements. Percentage (%)	People, p. 41	Full
	EM-MM-310a.2 Number and duration of strikes and lockouts.	Annex 1 – Index of Standard Disclosures, p. 141	Full There were no strikes and lockouts in the reporting period.
Workforce health and safety	EM-IS-320a.1, EM-MM-320a.1 (1) MSHA all-incidence rate, (2) fatality rate, (3) near miss frequency rate (NMFR) and (4) average hours of health, safety and emergency response training for (a) full-time employees and (b) contract employees.	Health and Safety, pp. 38, 39	Partial
Business ethics and transparency	EM-MM-510a.1 Description of the management system for prevention of corruption and bribery throughout the value chain	Business Ethics and Compliance, pp. 63, 64, 65	Full
	EM-MM-510a.2 Production in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index.	Annex 1 – Index of Standard Disclosures, p. 141	Full Metinvest does not have production operations in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index.
Tailings storage facilities management	EM-MM-540a.1 Tailings storage facility inventory table: (1) facility name, (2) location, (3) ownership status, (4) operational status, (5) construction method, (6) maximum permitted storage capacity, (7) current amount of tailings stored, (8) consequence classification, (9) date of most recent independent technical review, (10) material findings, (11) mitigation measures, (12) site-specific EPRP.	Environment, p. 49 Annex 2 – Additional Information on Standard Disclosures, p. 148	Partial
Supply chain management	EM-IS-430a.1 Discussion of the process for managing iron ore and/or coking coal sourcing risks arising from environmental and social issues.	Supply Chain Management, pp. 66, 67	Partial

Disclosure	Code and accounting metric	Where to find	Disclosure status and comments
Activity metrics	EM-IS-000.A Raw steel production, percentage from: (1) basic oxygen furnace processes, (2) electric arc furnace processes. Metric tonnes (t), Percentage (%)	Annex 1 – Index of Standard Disclosures, p. 142	Full In 2021, Metinvest produced 100% of its steel products through the BOF processes.
	EM-IS-000.B Total iron ore production. Metric tonnes (t)	Operational Review, pp. 15, 16	Full
	EM-IS-000.C Total coking coal production. Metric tonnes (t)	Operational Review, p. 16	Full
	EM-MM-000.A Production of (1) metal ores and (2) finished metal products. Metric tonnes (t) saleable	Operational Review, pp. 17-19	Full
	EM-MM-000.B Total number of employees, percentage contractors. Percentage (%)	People, p. 40 Annex 2 – Additional Information on Standard Disclosures, pp. 143-145	Partial

ANNEX 2 – ADDITIONAL INFORMATION ON STANDARD DISCLOSURES

HEALTH AND SAFETY

Lost-time injury incidents
GRI 403-9

	2019	2020	2021
Metinvest	83	54	99
Contractors	12	10	10

Fatal incidents
GRI 403-9

	2019	2020	2021
Metinvest	6	5	8
Contractors	3	4	6

PEOPLE

Employee, executive team and Supervisory Board gender diversity[1]
GRI 405-1

	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Employees	68%	32%	66,565	69%	31%	69,383	68%	32%	86,955
Executive team	73%	27%	11	75%	25%	12	75%	25%	12
Supervisory Board	90%	10%	10	90%	10%	10	90%	10%	10

Employee, executive team, and Supervisory Board age diversity[1]
GRI 405-1

	2019			2020			2021		
	< 30 years	30-50 years	> 50 years	< 30 years	30-50 years	> 50 years	< 30 years	30-50 years	> 50 years
Employees	16%	62%	22%	14%	62%	24%	13%	62%	25%
Executive team	-	82%	18%	-	83%	17%	-	83%	17%
Supervisory Board	-	50%	50%	-	50%	50%	-	50%	50%

Employee gender diversity by business area[1, 2]
GRI 405-1

	2020		2021	
	Men	Women	Men	Women
Mining	70%	30%	72%	28%
Metallurgical	67%	33%	66%	34%
Sales	60%	40%	60%	40%
Administrative	42%	58%	39%	61%
Social sphere	54%	46%	54%	46%
Repair	78%	22%	79%	21%
Logistics	59%	41%	58%	42%

[1] As at year end.
[2] The Group began to disclose employee gender diversity by business in 2020, so the comparable information is presented for two years only.

Employees by employment type and gender[1]
GRI 102-8

	2019	2020	2021
Full-time employees	**65,956**	**68,829**	**86,077**
Men	45,281	47,399	59,115
Women	20,675	21,430	26,962
Part-time employees	**609**	**554**	**878**
Men	270	241	378
Women	339	313	500

Employees by employment contract type and gender[1]
GRI 102-8

	2019	2020	2021
Employees with a permanent employment contract	**64,784**	**67,789**	**85,135**
Men	44,666	46,824	58,581
Women	20,118	20,965	26,554
Employees with a temporary employment contract	**1,781**	**1,594**	**1,820**
Men	885	816	912
Women	896	778	908

Employees by employment contract type (permanent and temporary) and region[1]
GRI 102-8

	2019	2020	2021
Employees with a permanent employment contract	**64,784**	**67,789**	**85,135**
Ukraine	62,223	65,607	82,852
Other Europe	1,163	1,148	1,148
US and other	1,398	1,034	1,135
Employees with a temporary employment contract	**1,781**	**1,594**	**1,820**
Ukraine	1,746	1,534	1,754
Other Europe	12	17	29
US and other	23	43	37

New employee hires by age, gender and region[3]
GRI 401-1

	2019	2020	2021
Age group	**10,880**	**7,876**	**9,936**
Under 30 years	3,854	2,429	3,075
30-50 years	5,773	4,644	5,713
Over 50 years	1,253	803	1,148
Gender	**10,880**	**7,876**	**9,936**
Male	7,849	6,087	6,938
Female	3,031	1,789	2,998
Region	**10,880**	**7,876**	**9,936**
Ukraine	10,382	7,609	9,353
Other Europe	101	115	133
US and other	397	152	450

[3] Excluding effect of M&A and including intragroup movements.

Employee turnover and employees who left the Group
GRI 401-1

	2019	2020	2021
Number of employees who left the Group[4]	7,293	7,264	11,120
Employee turnover rate[5]	6%	5%	7%
General staff turnover rate	14%	11%	14%

Average monthly salary at the Group's Ukrainian entities versus the national industry average, US$
GRI 202-1

	2019	2020	2021
Metinvest	731	737	801
Industry	518	522	576
% of the national industry average	141%	141%	139%

Comparison of average monthly salary for women and men, US$
GRI 405-2

	2020	2021
Men	1,082	1,140
Women	686	673

Average hours of training hours in 2021[6]
GRI 404-1

By gender		By employee category	
Men	Women	Production personnel	Administrative and managerial personnel
77	37	78	28

ENVIRONMENT

Direct GHG emissions, mt of CO_2e[7]
GRI 305-1

	2019	2020	2021
Carbon dioxide (CO_2), including:	22.5	23.2	24.8
stationary emissions[8]	22.0	22.7	24.3
mobile emissions[9]	0.5	0.5	0.5
Methane (CH_4)	0.3	0.2	1.8
Total	**22.9**	**23.5**	**26.6**

[4] Excluding intragroup movements.
[5] Calculated under a methodology based on guidelines from the Ukrainian Ministry of Justice (No. 286 of 28 September 2005).
[6] First year of disclosure, no comparable data for 2019-2020 is available.
[7] Emissions of nitrous oxide (N_2O) are less than 0.04 mt of CO_2e for 2021, less than 0.03 mt of CO_2e for each of the years 2019 and 2020 and are excluded from the presentation. They are presented as the part of the total line.
Note on calculation methodology and conversion factors: CO_2 equivalent = VGHG x KGWP, where: VGHG – volume of greenhouse gases, tonnes; KGWP – global warming potential (GWP) rate. KGWP of greenhouse gases: Carbon dioxide (CO_2): 1; Methane (CH_4): 21; Nitrous oxide (N_2O): 310.
[8] Scope 1 stationary CO_2 emissions for the Group's assets are calculated based on the applicable national methodologies. This data cannot be used for the purposes of taxation or other withholdings.
[9] Scope 1 mobile CO_2 emissions are calculated in accordance with the Greenhouse Gas Protocol. This data cannot be used for the purposes of taxation or other withholdings.

Energy intensity ratio
GRI 302-3

Iron ore concentrate output (electricity), GJ per tonne

	2019	2020	2021
Northern GOK	0.381	0.379	0.363
Central GOK	0.403	0.390	0.373
Ingulets GOK	0.554	0.540	0.543

Pellet output (electricity and natural gas), GJ per tonne

	2019	2020	2021
Northern GOK	0.887	0.893	0.751
Central GOK	0.414	0.423	0.373

Steel production (electricity, natural gas, coal, pulverised coal, coke), GJ per tonne[10]

	2019	2020	2021
Azovstal	21.315	20.597	20.133
Ilyich Steel	22.879	21.705	21.387

Total energy saved as a result of energy efficiency measures, terajoules (TJ)
GRI 302-4

	2019	2020	2021
Fuel	3,408	3,762	4,319
Electric power	1,089	1,141	803
Heat energy	150	54	57
Total	**4,647**	**4,957**	**5,179**

Energy saved as a result of energy efficiency measures (fuel only), TJ
GRI 302-4

	2019	2020	2021
Natural gas	1,501	563	1,794
Metallurgical coal	54	370	1,468
Coke	1,853	2,830	1,057
Total	**3,408**	**3,763**	**4,319**

Direct energy use, TJ[11]
GRI 302-1; SASB EM-MM-130a.1; EM-IS-130a.1; EM-IS-130a.2

	2019	2020	2021
Coke	93,196	91,801	110,794
Metallurgical coal	37,658	42,444	43,650
Natural gas	36,922	38,656	42,746
Electricity	30,308	29,509	33,093
Diesel fuel	6,534	6,640	6,207
Petrol	61	47	57
Heating oil	0	14	0
Total (fuel)	**174,371**	**179,602**	**203,454**
Total	**204,679**	**209,111**	**236,547**

[10] Data on energy intensity ratio for steelmaking assets is presented excluding Kamet Steel as it joined the Group in August 2021. The calculation for other steelmaking assets is presented on an annual basis.
[11] For 2021, this indicator excludes some non-material data of Mariupol-based assets that could not be retrieved when preparing the reporting because of the impact of the war in 2022. Only purchased (or extracted) fuel was factored into calculations. The coefficient used for conversion from TOE to TJ is 1 TOE = 0.0293076 TJ. Metinvest does not use higher heating values (HHV), also known as gross calorific values (GCV), in its calculations of energy consumption from fuel.

Air emissions (excluding GHG emissions), kt[12]
GRI 305-7
EM-IS-120a.1; EM-MM-120a.1

	2019	2020	2021
Carbon monoxide (CO)	288	299	317
Dust	26	23	29
Sulphur oxides (SO_2)	18	18	21
Nitrogen oxides (NO_2)	15	15	16
Other	4	4	5
Total	**351**	**359**	**388**

Water intake by source, mcm
GRI 303-3

	2019	2020	2021
Surface water	557	534	580
Ground water	3	4	4
Utilities	44	42	43
Other sources	24	23	28
Total	**628**	**603**	**655**

Water consumption by source, mcm
GRI 303-5

	2019	2020	2021
Surface water	555	533	578
Ground water	3	4	3
Utilities	44	41	43
Other sources	12	7	15
Total	**614**	**585**	**639**

Water discharge by area, mcm
GRI 303-4

	2019	2020	2021
Surface water	535	516	528
Ground water	-	-	-
Third party water	10	12	4
Total	**545**	**528**	**532**

Freshwater utilisation
GRI 303-3
EM-IS-140a.1; EM-MM-140a.1

	2019	2020	2021
Share of intake	22%	22%	25%
Share of consumption	20%	19%	24%

[12] The air emissions indicators were restated for 2019-2020 because of a revised approach that excludes N_2O and CH_4 generated by Ukrainian assets from the calculation of the total, as they are included in GHG emissions.

Water sources used in 2021
GRI 303-1

	Mining segment	Metallurgical segment
Surface water sources	Karachunivske Reservoir	Dnipro River, Sea of Azov, Kalmius River
Underground water sources	Wells	Wells
Public utilities and other entities	Public Utility Kryvbasvodokanal; LLC State Industrial Enterprise Kryvbaspromvodopostachannia	Public Utility Voda Donbasa; Public Utility Vodokanal of the City of Zaporizhzhia; Novhorodsky Utility Plant; LLC State Industrial Enterprise Kryvbaspromvodopostachannia; Public Utility Mariupol Production Department for Water Supply and Sewage; JSC Ukrainian Railways
Other sources	Open-pit mine, mine and other wastewater LLC State Industrial Enterprise Kryvbaspromvodopostachannia (mine water from Svystunov Ravine)	Own and communal wastewater Drainage water

Waste generated by type, mt
GRI 306-3
EM-IS-150a.1; EM-MM-150a.7

	2019	2020	2021
Non-hazardous	220	247	266
Hazardous	14	8	4
Total weight of generated waste	**234**	**255**	**270**

Waste by disposal method, mt[13]
GRI 306-4; 306-5

	2019	2020	2021
Landfill waste	166	193	194
Waste transferred to third parties	3	3	12
Recycled waste	66	60	69
Total weight of generated waste	**235**	**256**	**275**

Tailings storage facilities management as of 31 December 2021
SASB EM-MM-540a.1

Indicators	TSF 1	TSF 2	TSF 3
Asset name	Central GOK	Northern GOK	Ingulets GOK
Location		Kryvyi Rih, Dnipropetrovsk Region, Ukraine	
Operational status		In operation	
Construction method		Upstream	
Maximum permitted storage	430 mcm	609 mcm	716 mcm
Current amount of tailings stored	372 mcm	638 mcm	599 mcm
Consequence classification		According to Ukrainian state construction regulation B.1.2-14-2009 “General principles of ensuring the reliability and safety of buildings and building structures”, the TSFs are classified as CC3 (significant impact)	
Site-specific Emergency Preparedness and Response Plan (EPRP)		The EPRPs are in place and approved by the State Emergency Service of Ukraine	

[13] This may include waste generated in previous periods.

ANNEX 3 – PARENT COMPANY AND PRINCIPAL SUBSIDIARIES

GRI 102-1; 102-3

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Please refer to Sales offices for details.

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ANNEX 5 – GLOSSARY

Bars
Long steel products that are rolled from billets. Merchant bar and reinforcing bar (rebar) are two common categories of bars. Merchant bar includes rounds, bulb flats, angles, squares and channels that are used by fabricators to manufacture a wide variety of products, such as furniture, stair railings and farm equipment. Rebar is used to strengthen concrete in highways, bridges and buildings.

Basic oxygen furnace (BOF)
A pear-shaped furnace, lined with refractory bricks, that refines molten iron from the blast furnace and scrap into steel through the oxidising action of oxygen blown into the melt under a basic slag. The basic oxygen process is a widely used steelmaking method. About 67% of the crude steel in the world is made in BOFs.

Beneficiation (enrichment, concentration)
Complex treatment of mined material to make it more concentrated or richer. Uses crushing, grinding and often froth flotation to remove waste rock from ore. The metal content increases as waste is removed.

Blast furnace (BF)
A towering cylinder lined with heat-resistant (refractory) bricks and used by integrated steel mills to smelt iron from ore. Its name comes from the 'blast' of hot air and gases forced up through the iron ore, coke and limestone that are charged into the furnace. Under extreme heat, chemical reactions among the ingredients release liquid iron from the ore.

Bloom
A semi-finished continuous casted or rolled steel product with a round, square or rectangular cross-section that is used for rolling heavy long products with large dimensions.

Coils
Hot or cold flat-rolled products supplied in regularly wound coils. These flat products can also be treated with metallic or organic coatings.

Coke
The solid product obtained from the dry distillation of coking coal in the absence of oxygen. Depending on its properties, coke is known as hard coke, soft coke and metallurgical coke.

Coking coal
Coal suitable for making into coke. Coking coal needed to produce blast furnace coke (the type of fuel/reductant needed for a blast furnace) is characterised by certain specific properties in terms of appropriate composition: for example, low ash (up to 10%), volatile matter (17% to 26%), low sulphur and phosphorous.

Cold rolling
Plastic deformation of a metal at room temperature that might result in substantial increases in strength and hardness. The end product is characterised by improved surface, desired thickness and enhanced mechanical properties compared with hot-rolled steels. Cold-rolled products typically include sheets, coils, strips and rebar, among others.

Continuous casting
A method of casting steel into a billet, bloom or slab directly from its molten form. Continuous casting avoids the need for large, expensive mills for rolling ingots into semi-finished products. Continuously cast slabs and billets also solidify in a few minutes, compared with several hours for an ingot. As a result, the chemical composition and mechanical properties are more uniform. Steel from the blast or electric arc furnace is poured into a tundish (a shallow vessel that looks like a bathtub) atop the continuous caster. As steel carefully flows from the tundish down into the water-cooled copper mould of the caster, it solidifies into a ribbon of red-hot steel to form slabs or blooms.

Crude steel
Steel in the first solid state after melting, suitable for further processing or for sale. Synonymous with raw steel.

Crusher and conveyor system (CCS)
Equipment for ore size reduction and a transportation system used to move bulk materials from mine shafts and open pits to the surface for further processing.

Customer relations management (CRM) system
An information technology system used to manage customer data and support the sales function, delivering analytical insights for improving work with existing and potential clients.

Decarbonisation
The process of reducing greenhouse gas emissions into the atmosphere caused by human activity with the goal of achieving zero net carbon emissions.

Direct reduced iron (DRI)
The solid metallic iron product obtained through the direct reduction of high-grade iron ore in solid state without being converted into liquid form as happens in a blast furnace. DRI is also known as sponge iron because of its spongy microstructure. Merchant DRI product is delivered mainly in the form of pellets or briquettes.

Downstream
In manufacturing, this term refers to processes that happen later in a production sequence or production line.

Electric arc furnace (EAF)
A furnace that uses heat generated by an electric arc to melt metals and other materials. The EAF and basic oxygen processes are the two modern ways of making steel.

Enterprise resource planning (ERP)
An integrated system of software applications used by companies to monitor all core aspects of their business. These include purchasing, manufacturing, sales, facilitating information sharing and allowing managers to make decisions informed by a global view of the supply chain.

Environmental impact identification (ENVID)
A systematic approach designed to identify and reduce the risk of incidents that can damage the surrounding environment, and to limit the environmental impact throughout the production process.

Environmental, social and governance (ESG) reporting
A system of reporting built around three central factors underlying sustainability. ESG reporting covers both mandatory and best-practice voluntary reporting of non-financial, sustainability aspects of a company's performance. Effective ESG reporting is a central component for a company's adoption of integrated reporting, an emerging global set of standards for demonstrating in company disclosures how financial and non-financial factors contribute to create value in an organisation.

Fatality frequency rate (FFR)
An internationally recognised safety indicator (also called the fatal accident frequency rate), the FFR is the ratio of fatalities per million hours worked.

Fe content
The chemical symbol for iron, Fe comes from the Latin word 'ferrum'. Fe content refers to the percentage of the iron content of an ore.

Ferroalloys
Alloys consisting of certain elements (such as manganese, silicon, molybdenum, vanadium, nickel, boron and chromium) combined with iron and used in steelmaking to reach the necessary chemical composition and properties of steel products. In some cases, ferroalloys may serve as deoxidisers.

Finished products
Products that emerge at the end of a manufacturing process. In metallurgy, they are obtained from hot rolling, cold rolling, forging and other processing of semi-finished steel (blooms, billets and slabs). They cover two broad categories of products, namely long and flat.

Flat products
Finished steel products having almost rectangular cross sections, the width being much greater than the thickness. These are supplied in hot-rolled, cold-rolled or in coated condition, depending on the requirement. Flat products include plates, sheets, and wide and narrow strips, that are produced from slabs on rolling mills.

Forging
Shaping ferrous and non-ferrous metals and alloys while hot by repeated hammer blows.

Fresh water
Water with concentration of total dissolved solids equal to or below 1,000 megaliters.

Galvanised steel
Steel coated with a thin layer of zinc to provide corrosion resistance.

Greenhouse gas (GHG)
For a steelmaker, the main type of GHG emissions is carbon dioxide (CO_2), although they also include methane (CH_4). They are generated primarily from blast furnaces, but also from mining, transportation and office energy consumption.

Hard coking coal (HCC)
A type of coking coal with better coking properties. It is traditionally measured by the 'coke strength after reaction' of coke made from a specific kind of coal, which is usually assumed to be about 60% for HCC.

Hazard and operability study (HAZOP)
A structured and systematic examination of a planned or existing process or operation, aiming to identify and evaluate problems that may represent risks to personnel or equipment or prevent efficient operation.

Hazard identification (HAZID)
A systematic approach designed to identify and reduce the risk of dangerous incidents, and to ensure safety throughout the production process.

Heavy plate
Thick, flat finished product with a width from 500 millimetres to 5 metres and a thickness of at least 3 millimetres. Heavy plate is normally produced and supplied in hot-rolled condition with or without specific heat treatment. It is mainly used for construction, machinery, shipbuilding or large-diameter pipe fabrication.

Hot rolling
Rolling of steel at above the re-crystallisation temperature (normally above 1,000°C) to produce hot-rolled long and flat products from semis. Ingots are also hot-rolled to obtain semis.

Human capital management
An approach to employees that perceives people as human capital consisting of knowledge and skills, as well as assets whose value can be measured and enhanced through continuous investment.

Human resources (HR)
The people who make up the workforce of a company. The term also frequently refers to the management function responsible for ensuring the recruitment and retention of qualified employees, managing goal setting and assessments, overseeing the process of training and further education to meet company needs and employee potential, and other processes required to maintain an effective workforce.

Ingot
The primary solid product obtained on solidification of liquid steel in conventional vertical cast iron moulds, which are intended for rolling into intermediate/semi-finished products after re-heating.

Integrated steelmaking plant
A plant that converts iron ore into semi-finished or finished steel products. Traditionally, this process requires coke ovens, sintering machines, blast furnaces, steelmaking furnaces and rolling mills.

Iron ore
A naturally occurring mineral from which iron (Fe) is extracted in various forms, mainly for producing hot metal and direct-reduced iron.

Iron ore concentrate
Iron ore containing the valuable minerals of an ore from which most of the waste material has been removed.

JORC Code
The code of the Joint Ore Reserves Committee (JORC) of the Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia for Reporting of Exploration Results, Mineral Resources and Ore Reserves. It is an internationally recognised reporting standard for mineral exploration results, mineral resources and ore reserves that is adopted worldwide for market-related public reporting and financial investments. The code was first published in 1989 and has been regularly updated since, the last time in 2012.

Liquid steel
The immediate hot molten steel product from a steelmaking shop.

Lock out, tag out, try out (LOTOTO)
A safety procedure that is used to isolate hazardous energy during repair and maintenance work.

Long products
Finished steel products produced normally by hot rolling or forging blooms, billets and pencil ingots into useable shapes and sizes (such as rounds, bulb flats, angles, squares, rebars and channels). They are normally supplied in cut length, except wire rods, which are wound in coils. Long products are used in all industrial sectors, particularly in the construction and engineering industries.

Lost-time injury frequency rate (LTIFR)
An internationally recognised safety indicator, the LTIFR is the ratio of lost-time injuries per million hours worked. It is calculated using the total number of incidents leading to the loss of one day/shift or more from work.

Merchant
A term used to differentiate products sold to third parties from those consumed internally.

Mineral
A natural, inorganic substance having a definite chemical composition and physical characteristics, or any chemical element or compound occurring naturally as a product of inorganic processes.

Mineral resources
A concentration or occurrence of solid material with geological characteristics known, estimated or interpreted from specific geological evidence and knowledge and having reasonable prospects for economic extraction.

For coal the term 'Coal Resources' could be used interchangeably with the above.

Open-hearth furnace (OHF)
A furnace for melting metal, in which the bath is heated by the combustion of hot gases over the surface of the metal and by radiation from the roof. The furnace is used to derive steel from pig iron and scrap. The open-hearth process has been replaced by the basic oxygen process or electric arc method in most modern facilities.

Operational efficiency
The ability of a business to deliver outputs, for example products and services for customers or returns for debt and equity providers, more efficiently by reducing relative costs, often through such processes as automation, centralisation or improved working practices. Also known as operational improvement or operational excellence.

Ore reserves (proven, probable)
Proven ore reserves are the part of measured resources that can be mined in an economically viable fashion. They include diluting materials and allowances for losses that occur when the material is mined. Proven ore reserves represent the highest confidence category of a reserve estimate. Probable ore reserves are the part of indicated and, in some circumstances, measured mineral resources that can be mined in an economically viable fashion. They include diluting material and allowances for losses, which may occur when the material is mined. Probable ore reserves have a lower level of confidence than proven ones but are of sufficient quality to serve as the basis for a decision to develop a deposit.

For coal the term 'Coal reserves' could be used interchangeably with the above.

Overburden
Used in mining to describe material that lies above a zone of economic interest: for example, the rock and soil above an iron ore body. Overburden is removed during surface mining, but is typically not contaminated with toxic components and may be used to restore a mining site to a semblance of its appearance before mining began.

Pelletising
The process of compressing or moulding a product into the shape of a pellet. When doing so with iron ore concentrate, spheres of typically 8-18 millimetres (0.31-0.71 inches) in diameter are produced. The process combines agglomeration and thermal treatment to convert the raw ore into pellets with characteristics appropriate for use in blast furnace and DRI processes.

Pelletising machine
Specific equipment designed for production of pellets (see Pelletising).

Pellets
An enriched form of iron ore shaped into small balls that are used as raw material in the iron making process (see Pelletising). There are two types of pellets: BF-grade pellets, which are used in blast furnaces, and DR-grade pellets, which have a quality suitable for use in the direct iron reduction process.

Permit-to-work procedure
A process used to control work that is identified as possibly hazardous.

Pickling line
Specialised equipment for the chemical removal of surface oxides (scale) and other contaminants such as dirt from a steel product by immersion in an aqueous acid solution. The most common pickling solutions are sulphuric and hydrochloric acids.

Pig iron
High-carbon (above 2.14%) iron alloy made by reducing iron ore in a blast furnace. A product in solid form obtained on solidification of hot metal in a pig casting machine.

Pulverised coal injection (PCI)
Technologies whereby pulverised, granulated or dust coal is injected into a blast furnace through the tuyeres along with the blast to replace natural gas and a part of the coke requirement.

Resale
The act of selling third-party products.

Roasting machine
One type of equipment used in the process of thermal treatment of iron ore pellets.

Rolled products
Products obtained from hot rolling semi-finished steel (blooms, billets and slabs) or cold rolling hot-rolled steel.

Scrap
Steel waste that is not usable in its existing form and is re-melted to produce crude steel or sold. Depending on its form and type, it is classified as heavy melting scrap, light melting scrap or turnings/borings and other categories.

Sections
Hot-rolled long products obtained by rolling blooms or billets. They include angles, channels, girders, joists, I-beams, H-beams and rails. Some sections can also be produced by welding together pieces of flat products. They are used for a wide variety of purposes in the construction, machinery and transportation industries.

Semi-finished products
Intermediate solid steel products obtained by hot rolling or forging ingots, or by continuously casting liquid steel. They are intended for further rolling or forging to produce finished steel products.

Sinter
An aggregate that is normally produced from relatively coarse fine iron ore, mixed with coke breeze, limestone, dolomite fines and various metallurgical return wastes used as an input/raw material in blast furnaces. Sinter improves blast furnace operation and productivity and reduces coke consumption.

Slab
A semi-finished rectangular steel product used to make finished hot-rolled flat products such as plates, sheets and coils.

Square billet
A semi-finished steel product with a square cross section of up to 200 millimetres x 200 millimetres. This product is used as input material to make finished long steel products such as bars, rods and light sections.

Stakeholder
According to the Global Reporting Initiative, this term is defined as an entity or individual that can reasonably be expected to be significantly affected by the reporting organisation's activities, products and services, or whose actions can reasonably be expected to affect the organisation's ability to successfully implement its strategies and achieve its objectives. Namely, stakeholders can include those who are invested in the organisation (such as employees and shareholders), as well as those who have other relationships to the organisation (such as other workers who are not employees, suppliers, vulnerable groups, local communities, and non-governmental organisations or other civil society organisations, among others).

Tails and tailings
A waste stream generated by mine processing plants as part of their normal functioning that consist of ground rock and effluent and are stored as tailings in special ponds or dumps secured behind dams. The flow between the plants and tailings is maintained as a closed cycle of clarified water to prevent contamination of nearby ground and river water. Tailings ponds and dams must be regularly monitored to ensure their stability and the safety of surrounding facilities and communities.

Water consumption
The use of water withdrawn from water bodies in production operations and for household purposes.

Water discharge
Sum of effluents, used water, and unused water released to surface water, groundwater, seawater, or a third party, for which the organisation has no further use, over the course of the reporting period.

Water intake
Withdrawal from water bodies for consumption or storage.

Wire
A broad range of products produced by cold-reducing hot-rolled wire rod through a series of dies or through rolls to improve surface finish, dimensional accuracy and physical properties. Typical applications include nets, screws, rivets, upholstery springs, furniture wire, concrete wire, electrical conductors, rope wire and structural cables.

Wire rod
Hot-rolled coiled plain bar and rods of up to 18.5 millimetres in diameter. Wire rod is normally used to make steel wire, cold-rolled rebar and hardware.

ANNEX 6 – ABBREVIATIONS

COMPANY ABBREVIATIONS

Avdiivka Coke
PJSC 'AVDIIVKA COKE'

Azovstal
PJSC 'AZOVSTAL IRON & STEEL WORKS'

Central GOK
PJSC 'CENTRAL GOK'

Dnipro Coke
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METINVEST INTERNATIONAL SA

Metinvest Polytechnic
'TECHNICAL UNIVERSITY 'METINVEST POLYTECHNIC'', LLC

Metinvest-Promservice
'METINVEST-PROMSERVICE', LLC

Metinvest-SMC
'METINVEST-SMC', LLC

Metinvest-Shipping
'METINVEST-SHIPPING', LLC

Metinvest Trametal
METINVEST TRAMETAL S.P.A.

Northern GOK
PJSC 'NORTHERN GOK'

Pokrovske Coal
Coking coal assets in Ukraine, the most significant being Pokrovske Colliery and Sviato-Varvarynska Beneficiation Factory

Pokrovske Colliery
PJSC 'COLLIERY GROUP 'POKROVS'KE''

Promet Steel
PROMET STEEL JSC

SCM
A group of companies beneficially owned by Mr Rinat Akhmetov and commonly referred to as System Capital Management

SMART, Smart Group or Smart Holding
A group of companies beneficially owned by Mr Vadym Novynskyi

Southern Coke
PJSC 'YUZKOKS'

Southern GOK
JSC 'YUZHNIY GOK'

Spartan UK
SPARTAN UK LIMITED

Sviato-Varvarynska Beneficiation Factory
'CONCENTRATING FACTORY 'SVIATO-VARVARYNSKA'', LLC

Unisteel
'UNISTEEL', LLC

United Coal
UNITED COAL COMPANY, LLC

Zaporizhia Coke
PJSC 'ZAPORIZHCOKE'

Zaporizhia Refractories
PJSC 'ZAPOROZHOGNEUPOR'

Zaporizhstal
PJSC 'ZAPORIZHSTAL'

OTHER TERMS

ACCA
Association of Chartered Certified Accountants

BAT
Best available techniques

CAPEX
Capital expenditure

CBAM
Carbon Border Adjustment Mechanism

CEO
Chief Executive Officer

CFA®
Chartered Financial Analyst

C4C
Cloud for customer

CFR
Cost and freight

CH_4
Methane

CIS
Commonwealth of Independent States

CO, CO_2
Carbon monoxide, carbon dioxide

CO_2e
Carbon dioxide equivalent

COSO
Committee of Sponsoring Organisations of the Treadway Commission

COVID-19
Coronavirus disease that first appeared in 2019

CPI
Consumer price index

CPQ
Configure, price, quote

CSR
Corporate social responsibility

dmt
Dry metric tonne

D&A
Depreciation and amortisation

D&O
Directors and officers

EBITDA
Earnings before interest, taxes, depreciation and amortisation

ECA
Export credit agency

EU
European Union

FCA
Free carrier

FCCA
Fellow of the Association of Chartered Certified Accountants

FE_M
Magnetic iron

FE_T
Total iron

FOB
Free on board

FOREX
Foreign exchange

GDP
Gross domestic product

GDPR
General Data Protection Regulation

GJ
Gigajoule

GRI
Global Reporting Initiative

GW
Gigawatt

HCC
Hard coking coal

HRC
Hot-rolled coil

HSE
Health, safety and the environment

HSM
Hot strip mill

HVA
High value-added

IA
Intangible assets

IFRS
International Financial Reporting Standards

IMF
International Monetary Fund

ISO
International Organisation for Standardisation

IT
Information technology

IUCN
International Union for Conservation of Nature

JSC
Joint-stock company

JV
Joint venture

KPI
Key performance indicator

kt
One thousand metric tonnes

kW, kWh
Kilowatt, kilowatt hour

LHS
Left-hand side

LLC
Limited liability company

LOTOTO
Lock out, tag out, try out safety procedure

LV
Low volatility

mcm
Million cubic metres

MENA
Middle East and North Africa

mn
Million

mt
One million metric tonnes

NBU
National Bank of Ukraine

NGO
Non-governmental organisation

NO_2, NO_x, N_2O
Nitrogen dioxide, nitrogen oxides, nitrous oxide

PJSC
Public or private joint-stock company

PR
Public relations

pp
Percentage point

PPE
Property, plant and equipment

PXF
Pre-export finance

RHS
Right-hand side

SAP
Systems, Applications and Products in data processing

SASB
Sustainability Accounting Standards Board

SDGs
Sustainable Development Goals

SHRM
Society for Human Resource Management

SM
Sintering machine

SO_2, SO_x
Sulphur dioxide, sulphur oxides

SSC
Shared service centre

S&OP
Sales and operations planning

STEAM
Science, technology, engineering, arts and mathematics

TJ
Terajoule

TOE
Tonne of oil equivalent

TSF
Tailings storage facility

UAH
Ukrainian hryvnia

UEX
Ukrainian Industry Expertise

UN
United Nations

US$, USD
US dollar

WSA
World Steel Association