



2019

Responsible Business Report



FTSE4Good



About the Company

Since 1977, Ferrexpo plc (“Ferrexpo”) has supplied high quality iron ore pellets to the world’s steel industry, and has been listed on the London Stock Exchange for over ten years.



Ferrexpo's operations comprise of two iron ore mines, a third mine in development in Ukraine, processing facilities and infrastructure for delivering the Company's pellets around the world. The Company has been premium listed on the London Stock Exchange since 2007 and has been a member of the FTSE 250 Index of Companies since November 2016.

Ferrexpo reports its Responsible Business activities, also referred to as Environment, Social and Governance ("ESG"), on the basis of providing transparency to

stakeholders and to provide assurance of the Company's continued efforts to be a good corporate citizen.

2019 was the year that ESG investing moved into the mainstream, with a number of high profile investors suggesting that companies may not be considered for investment if ESG frameworks, such as the Task Force on Climate-related Financial Disclosures ("TCFD") and the Sustainability Accounting Standards Board ("SASB"), were not adopted².

ESG-focused funds also saw record inflows in 2019, pulling in an additional US\$20 billion, four times the level seen in 2018¹.

The Company has therefore decided to take the initiative and has incorporated these frameworks into its reporting, starting with this year's report, to further develop its ESG-related reporting.

1. <https://www.cnn.com/2020/01/14/esg-funds-see-record-inflows-in-2019.html>
2. <https://corpgov.law.harvard.edu/2020/01/18/blackrock-nudges-companies-toward-a-common-standard-sasb-tcfd/>



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Reporting Ferrexpo's Responsible Business activities in line with the Global Reporting Initiative framework of reporting.

The Company's Responsible Business Reporting covers four key areas: Ferrexpo's people, the environment, ethical business practices and local communities. These areas collectively demonstrate Ferrexpo's approach to operating in a responsible and sustainable manner.



Workforce Development

Ferrexpo's workforce, comprising its employees and contractors, are the platform on which the Company's successful pellet production is built. The Company seeks to ensure a safe, constructive, and fair working environment for its workforce, with training and equal opportunities provided to all those working for Ferrexpo.



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Ethical Business

The Company aims to conduct its economic business activities and interactions with stakeholders, from governments to local councils and local businesses in a fair and ethical manner. Through good business practices and focus on local businesses, Ferrexpo believes it can make a difference to the communities it operates within.



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Sustainable Environments

Ferrexpo aims to utilise industry best practice in its operations in order to protect the natural environment, from producing a form of iron ore for steelmakers that results in 40% less CO₂ when turned into steel compared to more common forms of iron ore, to reducing the Company's water withdrawal from the local water supply network.



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Supporting Communities

Through Ferrexpo's own Charity Fund, the Company has helped to maintain and improve schools, kindergartens and hospitals in the local areas where it operates since 2011. Other activities include funding medical treatments for local residents and sponsoring local sports people to participate in national and international competitions.



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Review of 2019



2019 was a year of progress in safety, employee engagement and community development projects.



Looking back at 2019, the Ferrexpo business achieved a number of milestones across our Responsible Business activities – we recorded our lowest injury frequency rate since Ferrexpo listed in 2007, which is the result of developing safety reporting practices and awareness around hazard and risk identification. In addition, Ferrexpo Yeristovo Mining finished 2019 without a

single lost time injury, representing nearly three million working hours, which is an excellent achievement within the Group's overall strong performance.

In other areas, the tragic events in Brazil surrounding the failure of a tailings dam in early 2019 led us to commission an independent report on our tailings facility by consultants Knight Piésold, to review our tailings operations against best practice, and I am pleased to report that this review concluded that Ferrexpo's tailings facility is well managed and of an appropriate design.

In the summer, we successfully conducted our second employee engagement survey, receiving feedback from over 4,750 employees – representing over 50% of the workforce, with results communicated back to employees at town hall meetings and leadership conferences in September and October. We also held our third leadership conference in Kyiv in September for the top 60 individuals that have been identified as future leaders of the business.

In terms of the environment, 2019 marked the sixth successive year of our reduced water extraction from the local water supply network, as we continue to reduce our environmental footprint through improved efficiencies in water consumption and modernisation of infrastructure. In terms of climate change, the Company managed to increase its level of natural gas substitution in our pelletiser from 19% to 30% in 4Q 2019, further reducing our reliance on fossil fuels. The Company's carbon footprint in terms of its direct CO₂ emissions remains in line with its peers and the Company is currently trialling a number of initiatives, including autonomous trucks, that will reduce our footprint.

Finally, I would like to thank our workforce for their collective efforts in 2019, as none of the progress being made in our Responsible Business activities would be possible without their continued hard work.

Jim North
Acting Chief Executive Officer

About Ferrexpo

Ferrexpo plc ("Ferrexpo") is a London listed producer of iron ore pellets, which are a premium product for steel mills to use in the production of steel products.

Ferrexpo's pellets are exported worldwide, to customers in Europe, Asia, North America and the Middle East, and since listing on the London Stock Exchange in 2007, the Company has worked towards developing a crisis resistant customer base, typically selling its pellets under long-term contract to the best steel mills in the world. The Company has been in production for over 40 years, and has sufficient Ore Reserves to continue production for a further 50 years at current mining rates.

The Company operates two mines in the Poltava region of Central Ukraine, the Poltava and Yeristovo mines, which both produce iron ore that is processed in the Company's processing facility, which has recently been upgraded to process over 36Mt of raw ore per year. The Company also has a third mine in development, Belanovo, where initial waste stripping activities have recently begun. The Company's pellets are transported by rail, either to the port of Yuzhny in south west Ukraine, for export to the seaborne market, or to the western border of Ukraine for exports to customers in central Europe. The Company also has barging operations on the Danube River, which provides operational flexibility for delivery of pellets to European customers.

The Company has marketing offices in Dubai, Kyiv, Shanghai, Singapore and Tokyo, in addition to corporate offices in London and Switzerland.



Established logistics infrastructure

The Group's logistics infrastructure enables it to transport its pellets by rail to the western border of Ukraine to connect with the European rail network, by barge on the Danube River into Europe and by capesize vessel from its TIS Ruda Terminal in the southern port of Yuzhny.

28

Capesize vessels loaded in 2019 (2018: 18)

154

Own barges (2018: 156)

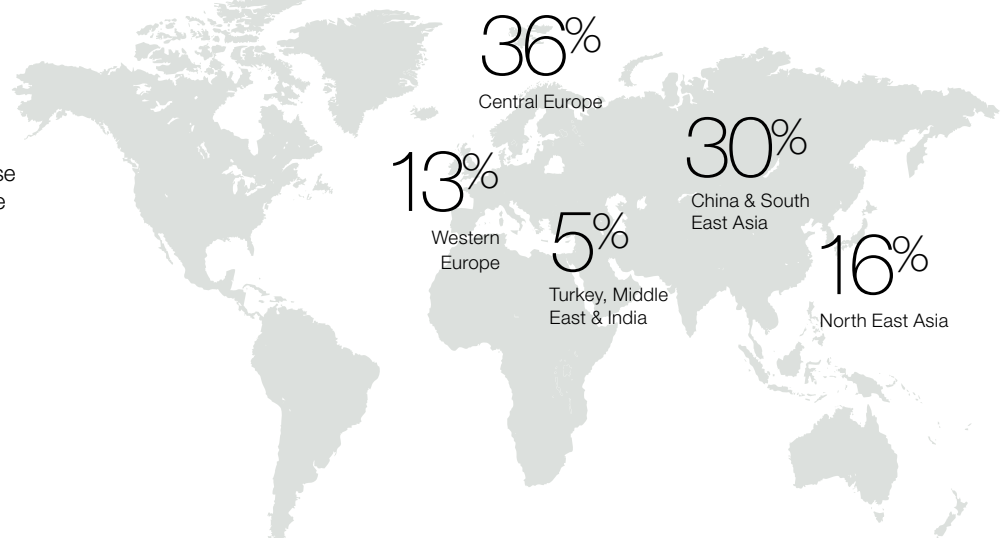
2,850

Own rail cars (2018: 2,252)



World class customer base

Ferrexpo's world class customer base produces high quality steels for value added finished products.



Business Model

Ferrexpo believes its business model is sustainable on the basis that the Company has a competitive cost position on the iron ore cost curve, high quality products that command a price premium in a niche market that has high barriers to entry, a first class customer portfolio, a well-invested asset base and favourable long-term industry dynamics supporting pellet consumption. This enables the Company to be cash generative throughout the commodities cycle.

Ferrexpo’s key resources

- 1. Long-life iron ore deposit in Ukraine
- 2. Well-invested production process
- 3. Skilled workforce
- 4. Infrastructure network (with access to water/ electricity/gas)
- 5. Global logistics capability
- 6. Customer relationships (with high quality “crisis-resistant” steel mills)
- 7. Financial stability

What Ferrexpo does



Ore extraction

- Drilling
- Blasting
- Excavation
- Haulage
- Ore to crusher



Pelletising

- Thickening
- Filtration
- Balling
- Induration

Purpose

Ferrexpo produces and markets premium quality iron ore pellets, which are vital for sustainable steel production, with steel an essential part of modern life.

Underpinned by Ferrexpo’s values

Responsibility

Means at all times exercising self-discipline, putting health and safety first, being environmentally responsible and being accountable to local communities.

Make it happen

Means taking the initiative, being engaged, not fearing failure, ensuring work is done once and done well, achieving superior business results by stretching the Company’s capabilities and focusing efforts on adding value.

Ferrexpo aims to create value for its stakeholders through the careful development of its long-life iron ore deposit in Ukraine, and through its conversion into a high quality iron ore product. The Company's ongoing success is dependent on the people that it employs, continued investment in its operations, ongoing development of its diversified global customer base and the continued support of local communities.

Sustainable stakeholder relationships



Crushing

Coarse crushing
Medium crushing
Screening
Fine crushing
Dry magnetic separation



Beneficiation

Grinding
Classification
Hydro separation
Magnetic separation
Flotation upgrade
Tailings

Employees

Wages and salaries paid

US\$109M

(2018: US\$86M)

Customers

Revenue generated

US\$1.5BN

(2018: US\$1.3BN)

Suppliers

Money spent on suppliers

US\$944M

(2018: US\$900M)

Communities

Charitable donations

US\$6M

(2018: US\$15M)

Environment

Money spent to safeguard the environment

US\$16M

(2018: US\$11M)

Government

Taxes and royalties paid

US\$114M

(2018: US\$73M)

Investors

Dividends declared for the financial year

US\$155M

(2018: US\$97M)

Capital providers

Debt repaid and interest payments

US\$263M

(2018: US\$352M)

Integrity in what Ferrexpo does

Meaning no double standards, being truthful, honest and open at all times, upholding high ethical standards and delivering on the Company's commitments.

Diversity within one team

Means valuing difference, learning from each other, respecting other opinions, building on the Company's strengths, harnessing the capabilities of the whole team and working collaboratively across boundaries for the benefit of one Ferrexpo.

Continuous innovation

Means showing courage, seeking to improve not only the business but ourselves, not being afraid to try something new, investigating if there is a better way, taking personal accountability and accepting change.

About this Report



In 2020, Ferrexpo marks a significant milestone – 50 years since the Company was formed and mining commenced at the Poltava mine, and has supplied iron ore pellets to steel mills for over 40 years.

This report represents the fifth anniversary of Ferrexpo publishing standalone Responsible Business Reports, building on the Corporate Social Responsibility (“CSR”) reporting published in the Company’s Annual Reports since listing in 2007.

This report covers calendar year 2019 and aims to provide stakeholders with an overview of all the material aspects of the Company’s interaction with its workers, the environment, and local communities, as well as the Company’s ethical conduct and governance structures.

Figures presented in sustainability reports often lack context – it is hard to comprehend what 18 petajoules of energy really means, and it is for this reason that the Company presents benchmarking charts in its Responsible Business Reports, to show its performance against other mining peers in the iron ore industry where possible. Peers are selected on the basis of those that produce iron ore pellets, and those which also publish information that is directly comparable to the information presented in this report. These peer companies are presented anonymously to maintain the discussion on Ferrexpo’s performance, not the peers.

Reporting terminology

Ferrexpo notes a recent trend amongst issuers, investors and market indices towards referring to the topics covered in this report as Environmental, Social and Governance (“ESG”) reporting. For continuity, this report is titled as a Responsible Business Report, but the Company makes no distinction between CSR, ESG and Responsible Business Reporting

Strategy Review



Increased alignment with peers

At Ferrexpo, our reporting of Responsible Business activities has steadily progressed since listing on the London Stock Exchange in 2007, whereby reporting of Responsible Business activities previously came in the form of bespoke sustainability metrics, which have been slowly replaced by more standardised metrics, greater adherence to international frameworks and best practice, and more detailed reporting in standalone Responsible Business Reports.

This year's report aims to take our reporting a significant step forward, with several important new additions, such as Scope 3 CO₂ emissions, as well as adopting additional frameworks to existing reporting such as the Task Force on Climate-related Financial Disclosures ("TCFD") and Sustainability Accounting Standards Board ("SASB"). The addition of these new frameworks enables stakeholders to better understand the risks and opportunities relating to climate change, and increases the breadth of data that we provide – such as the inclusion of the total number of injuries in our safety reporting, in addition to lost time injuries, to bring us into line with our peers. With this expanded reporting of data and frameworks, we have restructured our report to include more of the qualitative statements that are required by each framework in the Appendices to this report, enabling the front section to focus on the key topics relevant for our activities in 2019.

Reporting of responsible business activities tends to follow current trends in sustainability, which include topics such as climate change, safety, stability of tailings dams and water consumption, and it is with these in mind that we are increasing our disclosure in each of these areas. In particular, we welcome the shift for companies to report their Scope 3 emissions, as this highlights the 40% reduction in CO₂ emissions from steel mills through incremental increases in the tonnage of iron ore pellets used instead of sinter fines in their blast furnaces.

Following an initial period of consolidation in the Company's Responsible Business Reports, and adoption of a number of external initiatives in the first five years of standalone reporting, we enter the next phase of reporting for Ferrexpo, whereby we can aim to begin to more proactively manage our footprint, through targets and careful planning of Responsible Business activities. It is our intention that the next five years of Responsible Business Reports ought to bring increased awareness of our impact on the environment, local communities, our workforce and other stakeholders, and it is our collective goal as a business to start to establish more short-, medium- and long-term targets to help guide the Company and proactively manage future performance.

Finally, for 50 years Ferrexpo has continued to operate as a key part of the local community, local economy and local environment, with a close association with the town of Horishni Plavni, and other surrounding villages, and our goal is to continue this bond for the coming 50 years through our Responsible Business programme. A warm thank you to all of our employees and contractors that make our continued success possible.

Yuriy Khimich
CSR Committee Chair

Timeline

Development of reporting since IPO



Ferrexpo has developed its understanding and reporting of Responsible Business activities since listing in 2007, as summarised below:

2007

Company's IPO Prospectus and first Annual Report are published; Company establishes Corporate Social Responsibility Committee.

2009

CSR Committee formed.

2011

Publication of CSR strategy goals.

2015

Updated Code of Conduct, covering a range of compliance and governance topics.

2016

First standalone Responsible Business Report published.

2017

Ferrexpo included in FTSE4Good Index. Second Responsible Business Report published in July, with peer benchmarking added.

2018

Ferrexpo upgraded to BB rating by MSCI. Publication of activities in line with UN Sustainable Development Goals.

2020

Publication of fifth annual Responsible Business Report, with additional reporting on TCFD and SASB frameworks, Scope 3 reporting and reporting using the Greenhouse Gas Protocol.

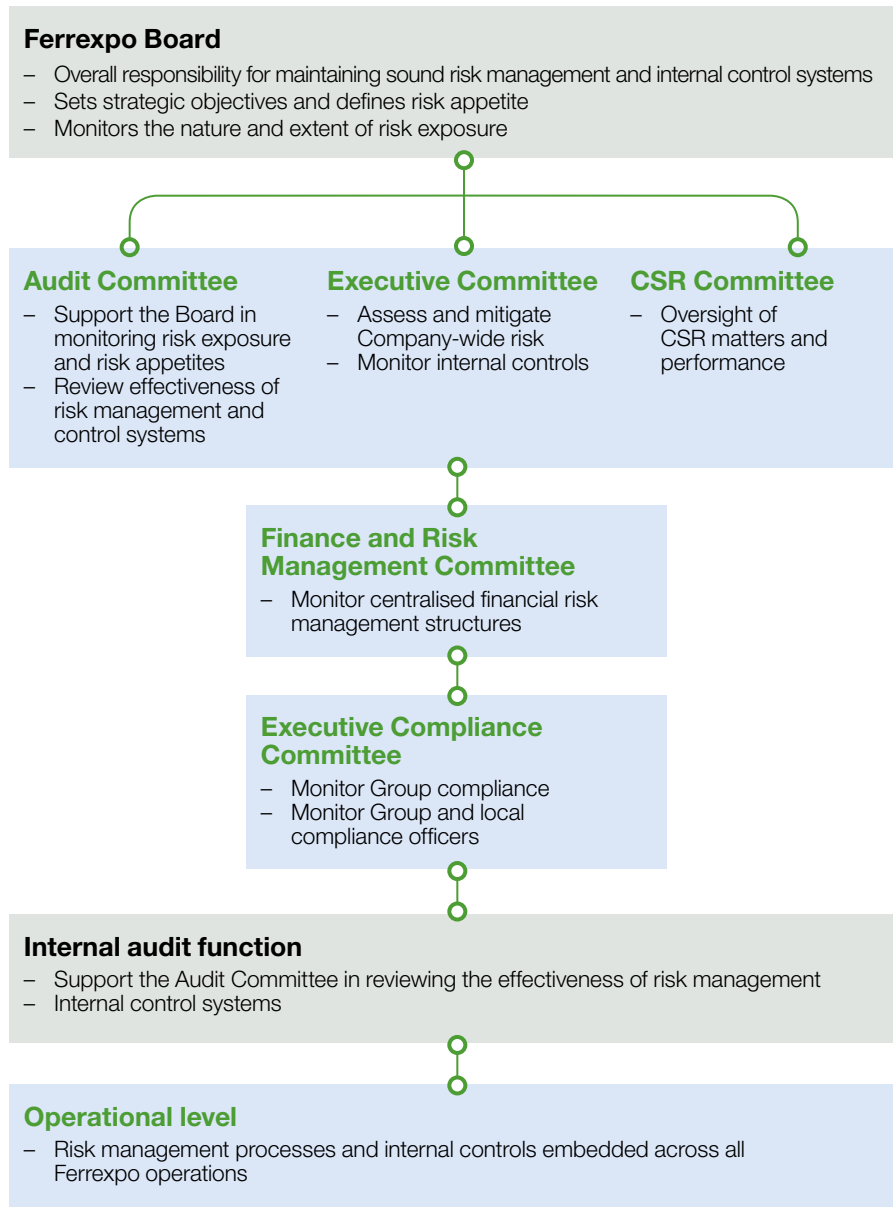
Governance and Management Framework

The role of Ferrexpo's Corporate Social Responsibility ("CSR") Committee

In 2019, the Company's governance structures include the CSR Committee, which acts as a sub-committee to the Board of Directors ("Board") and reports directly to the Board. The CSR Committee met four times during 2019 (2018: four), and covers the Company's management of safety, environmental monitoring (including climate change and greenhouse gas emissions), energy consumption, community spending through the Ferrexpo Charity Fund, ISO certification and other Responsible Business activities. In early 2020, the Company decided to refresh the membership and focus of the CSR Committee, with climate change now added as a standalone topic within the reformed Health, Safety, Environment and Community Committee ("HSEC"). The HSEC Committee also oversees the effectiveness of the Company's policies and controls designed to manage risks associated with safety, health, environment, climate change and community relations.

The Board considers climate change related issues when reviewing and guiding strategy, risk management policies and business plans. The Company is continuously developing and looking to expand its approach to reporting its environmental footprint, and the adoption of various external initiatives in 2019 is an example of this progress. As the Company improves its understanding of climate change risks and opportunities, it is the Company's intention to adopt additional Responsible Business related metrics in performance objectives, as well as govern future decisions on capital expenditure, acquisitions and disposals. An example of this would be an internal price of carbon for approving capital projects. The Company is currently in the process of settling additional Responsible Business goals and targets for the business in the medium to long term.

Risk management process →



Climate related issues are communicated to the Company's executive management team through the Group risk register, which aims to describe all of the major risks facing the business and is updated and presented on a monthly basis for regular updates (with ad hoc updates for any material events as required).

This risk register describes individual risks posed to the Company, the likelihood of occurrence, scale of any impact and the scale of any financial impact, including a maximum foreseeable financial loss to the business related to each risk.

CSR Committee

Oversight of Responsible Business activities

The Corporate Social Responsibility ("CSR") Committee was formed in 2009 for the purpose of achieving best practice in corporate governance, internal control and corporate reporting. The following individuals made up the CSR Committee as of 31 December 2019:



Greg Nortje
Chief Human
Resources Officer

Greg joined Ferrexpo in January 2014. He previously held a variety of international human resource leadership positions with Anglo American and BHP Billiton. He has Advanced Management qualifications from the University of Stellenbosch Business School and the Gordon Institute of Business Science, a Bachelor of Arts degree and a postgraduate Diploma in Education from the University of the Witwatersrand.



Fiona MacAulay
Independent
Non-executive Director

Fiona is a Chartered geologist with over 30 years' experience in the upstream oil and gas sector and key roles in a number of leading firms including Mobil, British Gas, Amerada Hess and Rockhopper. Fiona was CEO of Echo Energy PLC from 2017 to 2018, a Non-executive Director from 2018 to 2019 and Chief Operating Officer of Rockhopper Exploration PLC from 2013 to 2017.

In line with best practice, the Company looks to refresh membership of existing Committees with new members, both employees of the business and Non-executive Directors. As part of this process, Fiona MacAulay joined the CSR Committee as a member in December 2019, and succeeded Yuriy Khimich as Chair in February 2020, with Yuriy continuing to act as Chair of the local CSR Committees in Ukraine.



Yuriy Khimich
Chair

Yuriy joined Ferrexpo in 2000 and worked in a number of commercial and operational roles in all three of Ferrexpo's operational business units – FPM, FYM and FBM, before becoming General Director of FBM in 2015.



Viktor Lotous
Chief Operating Officer
and Head of Managing
Board, FPM

Viktor became Chief Engineer in 1997 and General Director and Chief Operating Officer in April 2007. He is a graduate of Kryvyi Rih Mining and Ore Institute, and of the Kyiv National Economic University, specialising in Finance.



Kostyantyn Zhevago
Non-Independent
Non-executive Director

Kostyantyn joined the Board as a Non-executive Director on 14 June 2007. He is ultimately the controlling shareholder of Ferrexpo. During his business career spanning over 30 years, Kostyantyn had served as chairman and member on the boards of various Ukrainian and international companies. He graduated from the Kyiv State Economic University in 1996, specialising in international economics and holds a doctorate degree. Kostyantyn was a member of the Ukrainian Parliament from 1998 until 2019.

In addition, Bert Nacken was a member of the CSR Committee in 2019 until his resignation from the Board of Directors on 26th April 2019.

An overview of the external appointments for each Director named above is provided on the Company's website at the following address: www.ferrexpo.com/about-us/corporate-governance/board-directors.

Climate Change Strategy



Assessing climate change related risks and opportunities

This section is principally designed to address the issues raised in the Task Force on Climate-related Financial Disclosures (“TCFD”) framework, which the Company is adopting for the first time this year. Additional information on the risks and opportunities posed by climate change can be found in the Appendix (pages 61 to 64).

The risks and opportunities relating to climate change cover a number of time horizons, including short-, medium- and long-term risks and opportunities. Ferrexpo’s mining assets currently have a mine life in excess of 30 years, with the potential to extend this through the development of assets currently not in production. The Company therefore considers short-term risks to cover events in the next three to five years, with longer-term risks and opportunities presenting themselves ten years from now.

An example of a short-term risk would be drier weather conditions meaning that more dust is created through Ferrexpo’s mining operations, whereas a longer-term risk to the business is the long-term trend towards carbon-neutral steel making amongst steel producers, a number of which are Ferrexpo’s customers. Climate change also presents opportunities – with governments worldwide introducing legislation to curb greenhouse gas emissions, this may increase demand by steel mills as converting pellets to steel produces 40% less CO₂ than other forms of iron ore.

Information shown in Appendix (pages 61 to 64) describes a number of the material risks and opportunities facing the business that relate to a transition to a lower-carbon economy. Risks and opportunities are assessed as being material if they have the potential to impose a significant economic, environmental or social impact on Ferrexpo’s business, or if they could substantially influence the assessments and decisions of stakeholders.

Location of TCFD-aligned disclosures

Board oversight of climate change risks and opportunities: (a) Determining Material Topics (page 14), and (b) CSR Committee (page 11).

Management’s role in assessing climate change related risks and opportunities: (a) Governance and Management Framework (page 10), and (b) Climate Change Risks and Opportunities (pages 61 to 64).

Organisational processes to identify, assess, and managed climate change related risks: (a) Determining Material Topics (page 14), (b) Governance and Management Framework (page 10), and (c) Climate Change Risks and Opportunities (page 61 to 64).

TCFD-specific metrics and targets: (a) Sustainable Environments section (page 34), (b) Environmental Appendix (pages 77 to 80), and (c) Climate Change Risks and Opportunities (page 61 to 64).

Reporting Initiatives

Frameworks to ensure Ferrexpo's Responsible Business reporting is as clear, relevant and comparable to its peer group as is possible.

Ferrexpo understands the need to use external initiatives to report a wide range of Responsible Business related information in a standardised format, to enable stakeholders to understand the Company's performance and compare it to our peers in the metals and mining industry. Below are the initiatives adhered to in this report, with a brief overview of each framework.



Global Reporting Initiative ("GRI")
Framework providing guidance for disclosure on 34 sustainability-related topics, from training, to the discharge of water, to the rights of indigenous people. The Company has reported its Responsible Business activities in line with GRI since the Company's first standalone report covering 2015.



UN Sustainable Development Goals ("UN SDGs")
The UN SDGs are designed as a blueprint to achieve a better and more sustainable future for all, with the goals aimed to address 17 global challenges facing the world today. A number of areas of the goals are directly relevant to Ferrexpo's business, such as climate change and gender equality. Ferrexpo has linked its Responsible Business Reports to the UN SDGs since 2017.



Greenhouse Gas Protocol Corporate Accounting and Reporting Standard
This initiative covers the calculation and reporting of seven greenhouse gases, allowing companies to provide credible and comparable reporting of emissions. This is Ferrexpo's first year of reporting under this initiative.



Task Force on Climate-related Financial Disclosures ("TCFD")
A set of recommendations for voluntary and consistent climate-related financial risk disclosures, including risks and opportunities of climate change to the reporting company. This is the first year of reporting under this framework for Ferrexpo.



Sustainability Accounting Standards Board ("SASB")
A non-profit organisation set up to develop and disseminate sustainability accounting standards. An index of SASB requirements under SASB is provided in the Appendices (page 65). This is Ferrexpo's first year of reporting under this initiative.



ISO certification
Ferrexpo pursues ISO certification at its operations to demonstrate a commitment to quality safety, and efficiency in its production processes.



FTSE4Good
ESG-related recognition and ratings: MSCI and FTSE4Good
Through its efforts in Responsible Business, Ferrexpo has received recognition from a number of bodies focused on sustainability reporting. As of 2019, Ferrexpo plc has received an MSCI ESG rating of BB¹. The Company has also been included in the FTSE4Good Index since 2017, which is a series of ethical stock market indices launched in 2001 and based on corporate social responsibility criteria.

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Determining Material Topics

Stakeholder consultation
to determine key areas



Materiality index

Where issues are considered to be material to Ferrexpo stakeholders, they are included in the Group's priorities and managed as part of the Company's Responsible Business strategy. The diagram opposite details the key issues:

Key to materiality matrix

- People and workforce related topics (for more information, see pages 18 to 27 of this report)
- Compliance and ethical business related activities (for more information, see pages 28 to 33 of this report)
- Environmental monitoring and management (for more information, see pages 34 to 47 of this report)
- Community projects (for more information, see pages 48 to 53 of this report)

Increasing concern to stakeholders	<ul style="list-style-type: none"> – Waste generation – Water management – Community sustainable development plan – Resettlement and closure plan 	<ul style="list-style-type: none"> – Human rights and collective bargaining – Employee engagement 	<ul style="list-style-type: none"> – Safety in the workplace – Environmental monitoring, emissions and climate change – Employee turnover and retention
	<ul style="list-style-type: none"> – Diversity, equal opportunities, and non-discrimination – Employee wellbeing – Responsible purchasing – Biodiversity 	<ul style="list-style-type: none"> – Training and development of personnel – Water management – Tax transparency 	<ul style="list-style-type: none"> – Community recreational facilities – Sustainable usage of resources and business improvement activities
			<ul style="list-style-type: none"> – Efficient energy use – Code of Conduct and compliance activities

Increasing current or potential impact on Ferrexpo



Approach to Responsible Business

Operational level	Ferrexpo's responsible approach		Stakeholders
Logistics	 People <ul style="list-style-type: none"> – Safety – Occupational health – Diversity – Local hiring – Training and development – Employment and turnover – Contracts and collective bargaining 	 Economic indicators and business ethics <ul style="list-style-type: none"> – Financial performance – Local investment (including purchasing) and recruitment – Direct value generated – Code of Conduct – Responsible purchasing 	Government
Workforce			Investors
Marketing			Suppliers
Processing			Workforce
Resource base			Communities
Mining	 Community <ul style="list-style-type: none"> – Community support donations – Government relations – Resettlement and closure plans 	 Environment <ul style="list-style-type: none"> – Energy – Water – Greenhouse gases – Other air emissions – Land use and rehabilitation 	Customers
			Capital providers

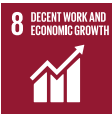






UN Sustainable Development Goals

Tackling global challenges

The United Nations' Sustainable Development Goals ("UNSDGs") are a set of 17 interconnected ambitions that relate to improving the quality of life through tackling problems that blight the modern world today and pose a risk to our collective futures. These global challenges are: poverty, inequality, climate change, environmental degradation, peace and justice.

Through its approach to Responsible Business, Ferrexpo acknowledges it has a part to play in helping combat the issues addressed by the UN SDGs. Below are examples of how Ferrexpo's efforts in Responsible Business interact with the UN SDGs.

UNSDG	Applicable business area(s) at Ferrexpo	Goals and targets	Performance in 2019	Further reading
 1 NO POVERTY	<ul style="list-style-type: none"> – Ferrexpo Charity Fund: Direct assistance for individuals in local communities through Ferrexpo Charity Fund. – Employee wellbeing: Decent living wages for all employees at Ferrexpo's operations. 	<ul style="list-style-type: none"> – To provide material aid direct to individuals in local communities to solve urgent social issues. – To support Ferrexpo employees through paying a decent living wage to all employees. 	<ul style="list-style-type: none"> – UAH9.5 million provided in direct aid to local individuals in 2019, an increase of 28% on 2018. – FPM's average salary was 60% above the Ukrainian average in 2019. – Percentage of employees on Ukrainian minimum wage reduced to zero in 2019 (2018: less than 0.05%). 	<ul style="list-style-type: none"> – Community/Ferrexpo Charity Fund, page 50
 3 GOOD HEALTH AND WELL-BEING	<ul style="list-style-type: none"> – Employee wellbeing: Monitoring worker health through regular medical checks. – Identifying ill health and treatment. – Improving workplace environments to prevent occupational illness. – Ferrexpo Charity Fund: Improving hospitals and other medical facilities in the wider local community. 	<ul style="list-style-type: none"> – Target employee health checks for 100% of employees. – Support any employees affected by drug and alcohol addiction. – Support the needs of local hospitals in the community each year through Ferrexpo Charity Fund. 	<ul style="list-style-type: none"> – 8,281 employee health checks conducted in 2019, representing 94% of employees at operations. – Further 1,500 medical checks provided to contractors. – One recorded case of occupational illness in 2019 (2018: zero). – Over 13,000 behavioural safety audits in 2019. 	<ul style="list-style-type: none"> – People/safe places, page 20
 4 QUALITY EDUCATION	<ul style="list-style-type: none"> – Workforce training: Developing talent within Ferrexpo's workforce. – Improving schools in the wider local community. 	<ul style="list-style-type: none"> – Provide safety and skills training to further the careers of all employees. – Support the needs of local schools and kindergartens in the community each year through Ferrexpo Charity Fund. 	<ul style="list-style-type: none"> – Over 15,000 training courses undertaken by employees in 2019, 33% increase on 2018. – Total number of sponsored learners up 60% versus 2018. 	<ul style="list-style-type: none"> – People/developing talent, page 26
 5 GENDER EQUALITY	<ul style="list-style-type: none"> – Gender diversity: Improving Ferrexpo's gender balance within its workforce through recruitment, training and retention. 	<ul style="list-style-type: none"> – Increase female management representation to 25% by 2030. – Training courses specific to future female leaders. – Flexible working for families. 	<ul style="list-style-type: none"> – Female managers represent 18% of total in 2019 (2018: 18%). – 40 female managers from across the operating Group participated in a two-day training course tailored specifically for women. 	<ul style="list-style-type: none"> – People/equal opportunities, page 23
 10 REDUCED INEQUALITIES				
 6 CLEAN WATER AND SANITATION	<ul style="list-style-type: none"> – Responsible water usage: Through minimised water extraction, maximising water reuse and applying high water quality standards for any water discharge. 	<ul style="list-style-type: none"> – Maximise water reuse at Company's processing facilities. – Minimise water withdrawn from local supply network. 	<ul style="list-style-type: none"> – 91% water reuse at FPM. – Water extraction from potable sources down by 12% versus 2018, sixth successive year of decrease. 	<ul style="list-style-type: none"> – Environment/water use, page 44
 7 AFFORDABLE AND CLEAN ENERGY	<ul style="list-style-type: none"> – Climate change: Transition energy usage to lower carbon sources. 	<ul style="list-style-type: none"> – Maximise use of biofuels in production process where possible. – Implement usage of renewable energy sources. 	<ul style="list-style-type: none"> – Biofuels represented up to 30% of fuel mix in pelletiser in 4Q 2019. – Scoping study for 5MW pilot solar plant. 	<ul style="list-style-type: none"> – Environment/climate change, page 36

Goal	Applicable business area(s) at Ferrexpo	Goals and targets	Performance in 2019	Further reading
	<ul style="list-style-type: none"> Safety: Creating safe working environments. Employee wellbeing: Paying a decent living wage. 	<ul style="list-style-type: none"> Maintain lost time injury frequency rate at a level below industry peers. Pay fair living wage to all permanent, full-time workers. 	<ul style="list-style-type: none"> Record low Group LTIFR of 0.58x. LTI-free year at FYM. FPM's average salary 60% above national average in 2019. None of Ukrainian workforce paid minimum wage (2018: less than 0.05%). 	<ul style="list-style-type: none"> People/safe environments, page 20 People/human rights, page 24
	<ul style="list-style-type: none"> Infrastructure investment through Ferrexpo's Charity Fund. Investing in Ukraine's railway infrastructure to deliver Ferrexpo's pellets to customers. 	<ul style="list-style-type: none"> Continue to invest in town of Horishni Plavni, in roads, hospitals and schools. 	<ul style="list-style-type: none"> Completion of Ferrexpo Square in Horishni Plavni. Physics and STEM classrooms and sports facilities all completed at local schools. 	<ul style="list-style-type: none"> Community/charity fund, page 50
	<ul style="list-style-type: none"> Sustainable transport: Encouraging and enabling Ferrexpo employees to get to work through public transport, walking or cycling. 	<ul style="list-style-type: none"> Ferrexpo finances local bus network to encourage local residents and employees to use public transport. 	<ul style="list-style-type: none"> Ferrexpo provision of 1.41 million bus journeys for local residents (2018:1.49 million) through subsidising local buses. 	<ul style="list-style-type: none"> Environment/climate change, page 36
	<ul style="list-style-type: none"> Climate change: Prioritise the environment through reducing greenhouse gas emissions. 	<ul style="list-style-type: none"> Reduce carbon intensity per tonne. Reduce carbon intensity per dollar of revenue 	<ul style="list-style-type: none"> Motor upgrade project commenced in 2019, saving over 40 million kW. Sunflower husk consumption increased to 30% of pelletiser's total energy in 4Q 2019. 5MW solar power pilot plant studies under way. 	<ul style="list-style-type: none"> Environment/climate change, page 36
	<ul style="list-style-type: none"> Water usage: Water is predominantly extracted for dust suppression in the Company's mines, and for pumping ores around the Company's processing plant and waste to the tailings dam. 	<ul style="list-style-type: none"> Minimising extraction of fresh water and maximising reuse of water through reclamation of water from the tailings dam. 	<ul style="list-style-type: none"> Water reuse at Ferrexpo's processing operations maintained above 90% (2019: 91%). Potable water extraction down 12% in 2019. 	<ul style="list-style-type: none"> Environment/balancing water use, page 44
	<ul style="list-style-type: none"> Biodiversity: Relates to the wildlife found in the air, water and forests in and around the Company's operating assets. 	<ul style="list-style-type: none"> Action plan being developed for 2020. 	<ul style="list-style-type: none"> Biodiversity consultants engaged and currently conducting baseline studies. Continue biodiversity site visits to Ferrexpo sites for educating local students. 	<ul style="list-style-type: none"> Environment section (Biodiversity, page 41)
	<ul style="list-style-type: none"> Compliance: strong compliance principles and training in ethical business helps build effective, accountable and inclusive institutions. 	<ul style="list-style-type: none"> Automation of third-party screening for anti-bribery. Ethical leadership programme. 	<ul style="list-style-type: none"> Achieved 98% completion rate for Code of Conduct training. Over 6,000 compliance courses completed by employees since programme commenced. 	<ul style="list-style-type: none"> Ethical Business section



The above table shows the UN SDGs that directly relate to Ferrexpo's business operations and have been identified as the material issues. There are additional UN SDGs that are not shown above, which are important on a global scale but less applicable to Ferrexpo.

Workforce Development

Working with the Company's workforce to build a positive future for the local population and area in which Ferrexpo operates, through best business practices. Safety, human rights, equal opportunities, training, and employee engagement initiatives are all part of maintaining a sustainable working environment.

Highlights achieved in 2019:

- Zero fatalities
- Lowest lost time injury ("LTI") rate recorded since IPO in 2007.
- One year LTI-free at FYM (nearly three million hours worked)
- Inaugural employee engagement survey, covering over 50% of employees
- 33% increase in number of training courses undertaken, with main increase in safety training

Relevant UN Sustainable Development Goals



Performance measures: (ongoing)

- To operate fatality free ¹
- Maintain injury frequency rate below industry peers ¹
- Female empowerment through targeting 25% female managers by 2030 ²

Key to symbols above:

- ¹ Goal met or materially exceeded
- ² Goal neither materially exceeded or materially underperformed
- ³ Goal not met and materially underperformed

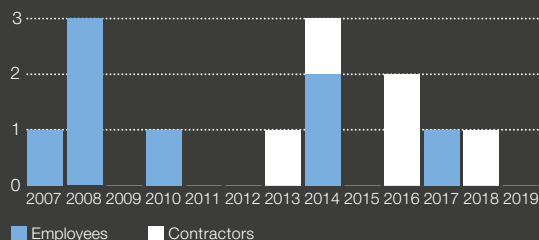


Creating Safe Places to Work

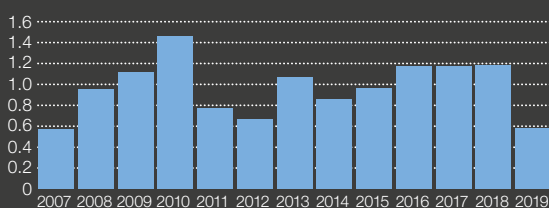


Fatalities and LTIFR across Ferrexpo Group since listing (2007–19)

Fatalities across Ferrexpo Group since listing (2007–19)



Lost Time Injury Frequency Rate across Ferrexpo Group since listing (2007–19)



Every individual has the basic right to work in an environment where their safety and wellbeing is provided for, applicable for employees and contractors alike.

Embedding a safety-focused culture

Ferrexpo has worked hard to establish safety at the forefront of the Company's thinking, from operatives conducting day-to-day activities, to the first topic of discussion at daily operations briefing, to incorporating safety-related metrics into the remuneration of Ferrexpo's executive management team. The Company has traditionally measured its performance in terms of safety through its zero harm objective – targeting zero fatalities in any given year, and measuring the Lost Time Injury Frequency Rate ("LTIFR") per million hours worked. In addition, this year the Company is adopting an additional

measure – the Total Recordable Injury Frequency Rate (“TRIFR”) per one million hours worked, to bring Ferrexpo’s reporting into line with its peers and best practice. Whilst reporting of injuries is a trailing indicator of safety, which typically indicates the number of unsafe events that have led to injuries and the severity of that injury, there are a number of lead indicators that can provide an early indication of how safe a working environment is before any injuries occur – these are the Company’s Significant Incident Reports (“SIRs”) and near miss event reports. In reporting lagging indicators, the Company seeks to minimise the incidence of these injury events, whereas with leading indicators, the goal is to increase the reporting of these events, to show increased awareness and understanding of unsafe practices.

The introduction of SIRs in 2017 has enabled the Company to better identify and correct unsafe practices before an injury occurs. In 2019, SIRs proposed a total of 210 corrective actions to operational activities, with 202 now completed, representing a completion rate of 96%. Remaining actions include: replacement of existing seat belts with red versions to improve visibility and completion of lock-out tag-out systems across the Company’s processing facilities. In 2018, a total of 158 corrective actions were identified through SIRs, with a completion rate of 87%.

An analysis of SIRs has revealed that the main areas of safety related risks in the Company’s operations are in working at height and working with cargoes (both with eight reports each in 2019). After an increase in road traffic related incidents in 2018, corrective actions have resulted in fewer SIRs in this area in 2019.



To ensure compliance with existing safety policies and state regulations, as well as the correct use of personal protective equipment (“PPE”), the Company conducted over 13,000 behavioural safety audits in 2019 (2018: 12,982).

Ferrexpo also includes the input of its employees in discussions regarding safety through the labour unions that operate at its site, and in particular the provision of PPE, including the type and specification of PPE, which typically exceeds the government ascribed standards for PPE.

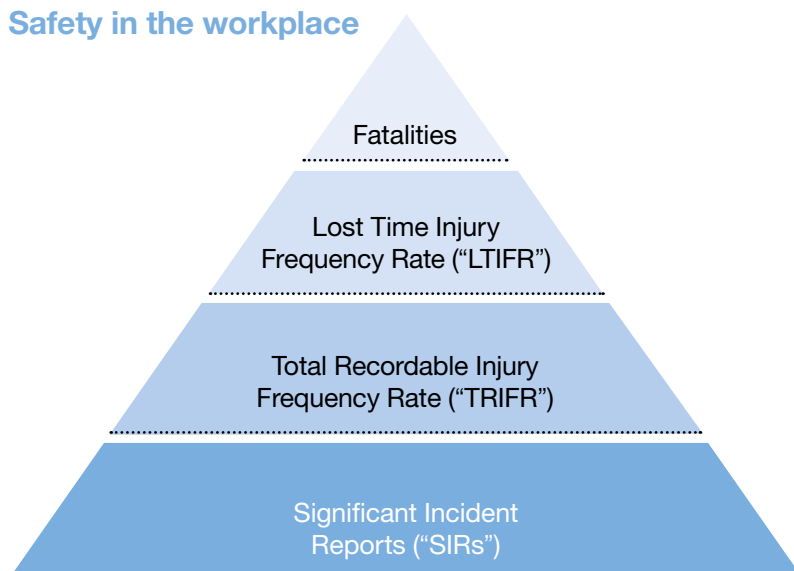
Whilst safety is an area where the Company strives for continuous improvement, the Company is proud to report its excellent safety performance in 2019 with zero fatalities, and a LTIFR of 0.58, the lowest level that the Company has achieved in this metric for a full year since listing in 2007.

Creating a safe working environment is driven by creating a safe attitude to work over a number of years, as such an increased awareness of safety procedures, faster reporting of near-miss incidents and subsequent learning from any events that do happen, and improved PPE. Ferrexpo’s training centre provides the relevant training

to help deliver this change in approach towards health and safety, and in 2019 a total of 8,266 training courses in safety were provided to employees, representing an 86% increase on 2018. This increase is attributable to additional first aid training, with the Company striving for all employees at its operations to be trained in basic first aid. A further 2,000 safety training courses undertaken in 2019 related to fire safety training, and a further 146 individuals undertook emergency response training.

Risk registers are kept across Ferrexpo’s operations, which identify low-, medium- and high-risk activities based on the severity and likelihood of each event occurring, with risk registers maintained in each of the Company’s 15 departments. Risk registers are updated regularly, for example when new risks are identified, when technological processes change or at times of legislation change.

Safety in the workplace



Zero

ZERO FATALITIES IN 2019 (2018: ONE)

0.58^x

LOWEST LTIFR SINCE LISTING IN 2007

0.94^x

TOTAL INJURY FREQUENCY RATE IN 2019, INCORPORATING LOST TIME AND FIRST AID INJURIES

Employee Engagement



Engagement is a workplace approach that results in the right conditions for all employees to give their best performance each day, be passionate and committed to the Company's goals and values, and to show willingness to apply discretionary effort to achieve Ferrexpo's goals.

In 2019, Ferrexpo conducted its second Company-wide survey to measure employee engagement, following on from the inaugural survey in 2017, with over 4,750 employees responding over a space of three months across the Company's operating, marketing and corporate teams, and representing over 50% of the total employee workforce.

Engagement was measured in a series of areas, from questions on alignment and leadership, to accountability and development, with the survey's results already guiding the Company's management towards improved leadership. Results were communicated back to employees at a conference in Kyiv in September 2019 and at a workshop at Ferrexpo's operations in Ukraine in October 2019, and electronically to a wider group.

The Company intends to learn from the feedback provided and refine the survey for a third cycle in 2020. Goals for the next iteration of the engagement survey include increasing the reach of the survey to encompass more employees, implementing lessons learnt from the 2019 survey to increase the positive response rate in the

2020 survey, and to provide clearer questioning on specific areas of concern.

The Company relies on a number of activities to engage with its workforce, ranging from social media posts on Facebook and LinkedIn, a Ferrexpo-dedicated local TV channel in Ukraine, a biennial leadership conference in Kyiv for future leaders of the business, the business leadership programme, and quarterly town hall meetings for Q&A sessions with heads of the Company's operations.

Ferrexpo's purpose is to produce and market premium quality iron ore pellets, vital for sustainable steel production, which is essential to modern life. The Company's values underpin this purpose and the Company's culture. Ferrexpo's values are to Act Responsibly, Make it Happen, Integrity in What We Do, Diversity within One Team and Continuous Innovation. These values were first defined at the Group's leadership conference in Kyiv in October 2017 and were subsequently refined and approved by the executive management team and the Board.

The Company's strategic priorities are as follows: to produce high quality pellets, be a

low cost producer, sell to a world class customer portfolio, maintain a social licence to operate and to maintain appropriate capital allocation between a strong balance sheet, returns to shareholders and investment for growth. The employee surveys completed in 2017 and 2019 are an opportunity to ensure the Company has effectively communicated its purpose and priorities to its employees, and they also provide an opportunity for employees to provide input into the future direction of the Company.

Through its employee engagement process, the Company has developed an understanding of what matters most to its employees, and is responding by creating department-specific joint action plans, and is striving to enable employees to do more of what they like and less of what they dislike, as long as this aligns with the needs of the business. The Company intends to repeat both this survey and the associated quarterly town hall meetings in the coming year, to ensure that progress continues to be made.

4,750

OVER 4,750 EMPLOYEES PARTICIPATED IN COMPANY'S EMPLOYEE ENGAGEMENT SURVEY IN 2019

245

EMPLOYEES ATTENDING COMPANY'S INAUGURAL ENGAGEMENT FORUM IN OCTOBER 2019

Promoting Equal Opportunities



Ferrexpo aims to identify and promote talented individuals regardless of their gender, age, race, religion, sexual orientation, culture or disability, to create a more inclusive, diverse workforce.

Efforts to date have focused on the gender dynamic within the Ferrexpo workforce, as mining is traditionally an industry dominated by men and this is an obvious place for improvement. Diversity is however a broader topic than just gender, and the Company aims to expand its diversity programme as it develops its Responsible Business programme.

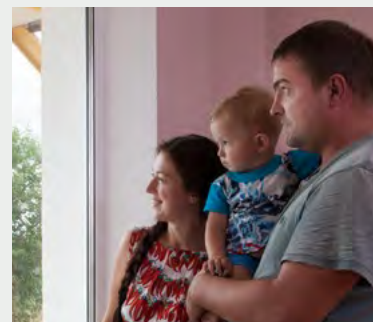
Ferrexpo's employee workforce is 29% female, and women represent 18% of the management workforce (2018: 29% and 18% respectively). The Company has a medium-term target of increasing the number of female managers to 25% of the total by 2030 and has implemented a number of grass roots initiatives specifically to hire more women into the production and maintenance departments, areas where women are typically under-represented but are the areas where the majority of promotions and senior recruitment occurs. Gender-based initiatives in 2019 include the introduction of flexible working hours to promote employee retention for those with families, and an expansion of on-site medical services provided to women. The Company is also committed to ensuring that it has gender diversity at Board level, and women currently represent 14% of the Board.

Legislation in Ukraine is constantly being updated, and following the removal of historic restrictions for women to operate haul trucks in 2017, Ferrexpo was the first company in Ukraine to recruit women as truck drivers. A further female truck driver was recruited at FPM in 2019, bringing the total number of women truck drivers across the business to six. In addition to these individuals, the Company has a further 126 women in roles that were not permitted under previous legislation, including 93 in processing and 32 in the auxiliary and secondary workshop division. Ferrexpo's training department hosted a two-day training workshop for 40 female managers in 2019, providing training for high potential individuals to help achieve the Company's goal of increasing female representation in management roles. A similar workshop targeting senior female operational leaders is planned for 2021 to continue to provide impetus for the Company's diversity goals.

Under Ukrainian legislation, 4% of Ferrexpo's workforce in Ukraine must be registered disabled, which is a target that was met by the Company in 2019 (4.3% of the Group's global workforce).

Case study

Parental leave



Ferrexpo provides for those employees entitled to parental leave under the legislation for each jurisdiction that the Company operates in, and aims to support young families with their childcare arrangements. Under Ukrainian legislation, parental leave is granted for the first three years of the child's life for mothers, with their carers (mother, father, grandparent) also able to take parental leave, depending on who is looking after the child. A total of 62 individuals, including two men, came back to work in 2019 following maternity or paternity leave in Ukraine, with this representing a return to work rate of 64%.

25%

**TARGET FEMALE REPRESENTATION
IN MANAGEMENT ROLES BY 2030
(CURRENTLY 18%)**

Human Rights



The Company believes in the basic human rights and freedoms for its workforce of dignity, fairness, equality, respect and autonomy in the workplace.

69%

OVER 69% OF SUPPLIER CONTRACTS AND SERVICE AGREEMENTS IN UKRAINE NOW INCORPORATE COMPLIANCE CLAUSES

2022

NEW COLLECTIVE BARGAINING AGREEMENT AGREED WITH UNIONS, TAKING EFFECT UNTIL 2022

0%

NO EMPLOYEES PAID MINIMUM WAGE IN 2019; AVERAGE SALARIES AT FPM 60% ABOVE UKRAINIAN AVERAGE

The Company also strives to respect its suppliers, local communities and other stakeholders through these same principles. Ferrexpo believes in fundamental human rights and in dignity for all people, as set out in the Universal Declaration of Human Rights, and the Company supports the UN Guiding Principles on Business and Human Rights which outline the duties and responsibilities of industry to address business-related human rights issues. Ferrexpo also supports the right of employees to have a minimum living wage, representing fair pay for their efforts. As of 2019, all roles at Ferrexpo were paid more than the Ukrainian minimum wage, having previously had less than 0.05% of the workforce paid the minimum wage in 2018. Furthermore, due to the specialised nature of Ferrexpo's work and the Company's commitment to hiring the best individuals, the Company pays above the minimum wage to its employees. Entry level salaries for men and women at FPM were 4% and 26% above the Ukrainian minimum for men and women respectively in 2019, with this grade applying to just 4% of roles at FPM. Further information on this topic is provided in the Appendices (pages 66–71).



SEE PAGES 66–71

Ferrexpo's Code of Conduct prohibits any form of discrimination, and covers employees and contractors alike. The Company can confirm that no cases of discrimination were brought against it during 2019 (2018: zero). Ferrexpo has established channels through which any grievance can be raised anonymously either electronically or by phone, using the Ferrexpo Integrity Line (<https://ferrexpo.com/integrityline>), and the formal review process for any issue raised is outlined in the Company's Compliance Framework.

In the modern world, companies are not limited to local suppliers for their goods and services, and therefore Ferrexpo must be vigilant for modern day slavery practices in its global network of suppliers and customers. Ferrexpo routinely conducts due diligence and risk assessments on suppliers and customers, through risk assessments, with any third party considered high risk submitted to the Executive Compliance Committee for review as to whether they can be used on certain conditions (such as more detailed checks and monitoring) or avoided altogether. To date, 73% of supplier contracts and service agreements at Ferrexpo's operations in Ukraine contain compliance-related clauses, and 69% of these contracts also contain clauses that relate to the Company's Code of Conduct for Third Parties, which was implemented in 2019 and also includes anti-slavery clauses. Further details on the Company's efforts to ensure modern slavery is not a part of its business practices can be found in the Modern Day Slavery Act Statement on the Company's website.

The Company understands workers' basic human right for collective bargaining, and aims to maintain a good relationship with the labour union that represents 90% of employees at its operations in Ukraine. Collective bargaining agreements with the unions at Ferrexpo's operations typically run for two years and the latest agreement has been agreed as of February 2020. For more information, please see Appendices to this (page 70).

In 2020, the Company plans to automate the screening and monitoring of third parties, which will speed up the identification and elimination of compliance issues in Ferrexpo's supply chain. Existing programmes will continue to educate business partners on the Company's Code of Conduct and anti-bribery legislation, to promote awareness of compliance issues in local schools, and work to further develop a speak-up culture in the business.

Health and Wellbeing



Investing in individuals through fair pay, skills training and medical screening, fostering a long serving and stable workforce.

60%

SALARIES AT FPM 60% ABOVE UKRAINIAN NATIONAL AVERAGE IN 2019

94%

94% OF EMPLOYEE WORKFORCE SCREENED AT FERREXPO'S MEDICAL FACILITIES IN 2019 (2018: 94%)

Ferrexpo believes in employers playing an important role in employees' wellbeing, through paying decent living wages, providing safe working environments, monitoring employees' physical and mental health through health checks, and providing support to those affected by drug and alcohol addiction.

In 2019, average salaries at FPM were 60% above the national average in Ukraine, reflecting the long-term commitment

Ferrexpo makes to its employees and the highly skilled work being carried out in producing Ferrexpo's iron ore pellets, with no roles paid the minimum wage as of 2019 (2018: less than 0.05%). Ferrexpo believes in making a commitment to its workforce and the communities surrounding its operations through the salaries it pays, and the Company believes that this in turn is reflected in the average length of service of employees at Ferrexpo, with the majority of employees at both FPM and FYM having worked with the Company for at least five years (74% of employees at FPM and 52% of employees at FYM).

Ferrexpo provides health checks to its employees through its medical facility in Ukraine, and provided 8,281 such checks to employees in 2019, representing 94% of the employee workforce. A further 1,523 medical checks were provided to contractors in 2019. Through regular checks and screening, the Company is able to provide medical screening for any early signs of worker ill health, and to provide support where necessary. Of particular importance is screening for conditions that relate to employee's working environments, such as silicosis from dust inhalation, or noise

induced hearing loss ("NIHL"). There was one recorded incident of occupational disease within the employee workforce in 2019 (2018: zero), which was a case of silicosis that was identified in an individual in the mining department during a routine medical examination. The Company has since improved conditions at the rock face for excavator operators, increasing dust suppression measures and upgrading the seals that line the operator's cabin on each excavator, which shields them from the dust generated from mining.

Given the nature of the Company's business, Ferrexpo routinely tests its employees for drugs and alcohol, in the interest of maintaining a safe working environment, and to identify individuals that may need assistance due to a dependency on these substances. In 2019, Ferrexpo identified 166 incidences of drug or alcohol intoxication in its workforce (comprising both employees and contractors), having conducted over half a million tests on employees and contractors both before and after each shift (2018: 152 failed tests).

Promoting Talent



Ferrexpo believes in developing its workforce, as the Company's in-house technical experience is one of the key strengths of the business.

Identifying and training future leaders

The Company aims to provide annual training and development reviews to all its employees, with 84% of the Group's employees receiving such a review in 2019 (2018: 84%). Regular reviews make it possible to identify skills training that may be beneficial for each individual and any supplementary skills that may enable that individual to develop into different roles.

Specific training initiatives in 2019 include an increase in first aid training, with 528 individuals trained in 2019 (2018: 245). The Company is targeting a goal of having all employees trained in basic first aid. This training is part of the 8,266 safety related training courses that were undertaken in 2019, an 86% increase on 2018. The Company also utilises its own in-house expertise to train future team leaders through its School of Masters initiative; 117 individuals completed this 12-month training course in early 2020, with employees selected to participate from across the business.

In 2019, the Company opened its first ever online portal of training resources, enabling 1,000 invited employees to develop soft skills such as leadership and management. The Company also held its leadership for women course once again in 2019, with 40 women from the three operating business units invited to participate.

Overall, a total of 15,586 training courses were completed in 2019, a 33% increase on 2018, with the majority of this increase coming in the field of safety training. Skills training also saw a rise in 2019, with nearly 6,000 courses completed at the Company's operating entities in Ukraine, representing a 19% increase on 2018. This overall increase in safety and skills training in 2019 was largely undertaken by a range of employee levels, ranging from general workers and administration staff (combined 18% increase year-on-year) and technical specialists (53% increase).

Case study

Retraining opportunities for different careers



In actively managing its workforce, Ferrexpo strives to ensure it retains talented individuals, through retraining and internal transfer between different departments, or business units. An example of this can be seen in **Nikolay Digtyar**, who prior to 2019 worked as a conveyor operator, and is now part of the Company's maintenance fitting department, having completed a five-month in-house training course in this new department.

+33%

33% INCREASE IN THE NUMBER OF
EMPLOYEE TRAINING COURSES, WITH
EMPHASIS ON SAFETY TRAINING

+66%

66% INCREASE IN THE NUMBER OF
TRAINING COURSES UNDERTAKEN
BY CONTRACTORS

+60%

60% INCREASE IN THE NUMBER OF
TRAINEES, SUCH AS APPRENTICES
AND SPONSORED LEARNERS

Ferrexpo also strongly believes in early recruitment of individuals in their careers and on the job training, through either sponsored learning places, apprenticeships or graduate trainee places. The Company had a total of 207 such individuals in the business in 2019, up from 129 in 2018.

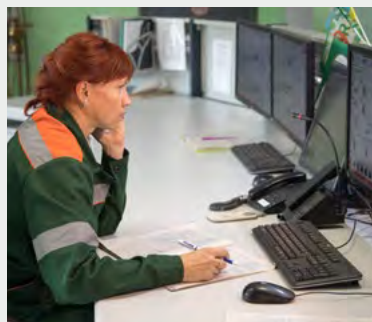
However, Ferrexpo does not focus solely on employees for its training. Since contractors make up around 10% of the individuals at Ferrexpo's operations at any given time, it is important that these individuals are conducting their activities to the same standards as employees. In line with employees, efforts in contractor training also saw an increase in 2019, with 1,288 courses completed, representing a year-on-year increase of 66%. The majority of this increase came in skills training for contractors, which rose by 80%. This increase in part relates to the Company looking to provide skills training to contractors for specific tasks, prior to a job commencing, rather than relying on contractors' external qualifications. Safety training for contractors also increased in 2019, rising by 44% to 333 courses completed.

Case studies

Advancing careers through training



Lyudmila Shestak joined Ferrexpo full time in 2006, and has completed a number of training programmes in ore crushing, minerals processing, and vocational training at the Company's School of Masters, where internal trainers from across the business share their understanding and experience of the Company with other high potential individuals. Lyudmila has been progressively promoted through the positions of controller and foreman of the beneficiation plant, and is now Head of Division of Quality Control department, ensuring that the Company's pellets meet their specification requirements, with a team of 26 people reporting to her.



Roksolana Skiba joined Ferrexpo's Internal Logistics Service Department as a specialist in 2016, and since then has completed a number of transport logistics training courses. She is now Head of Division for a number of the Company's warehouse facilities with a team of 15 people. She is also an internal trainer within Ferrexpo's School of Masters programme, training other high potential individuals in conflict management.

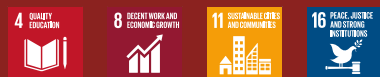
Ethical Business

Operating an ethical and transparent business model, delivering value to governments and local communities.

Highlights achieved in 2019:

- Company's second Compliance Survey, reflecting views of 819 employees
- 91 supervisors at FPM trained in ethical leadership during Compliance Week in May 2019
- 92% of contracts with suppliers now have compliance clauses (agreements with annual turnover in excess of UAH500,000), up from 83% in 2018

Relevant UN Sustainable Development Goals:



Performance measures: (ongoing)

- Support economies where Ferrexpo operates ②
- Educate workforce in the Company's Code of Conduct and best practice principles ②

Key to symbols above:

- ① Goal met or materially exceeded
- ② Goal neither materially exceeded or materially underperformed
- ③ Goal not met and materially underperformed





Ethics and Integrity



Building a strong culture of compliance through training, communication and clear frameworks.

Ferrexpo's compliance programme is centred around its Code of Conduct ("Code"), which was updated in 2015, and covers the high standards expected by the Company of its employees in their dealings with other stakeholders and business partners. Extensive training has been completed either through online courses or face-to-face sessions, with over 6,000 online training courses completed to date, including 975 individuals completing online training in the Code, in addition to in-person training conducted at the operating business units in Ukraine for those individuals that do not typically have access to a computer in their day-to-day work.

The Company's policies on anti-corruption are part of the Code and all members of the Company's governance bodies are accordingly familiarised with the Code, as are the Company's employees. To date, all seven members of the Company's Executive Committee have successfully completed training in the Code and separate, specific training on anti-corruption, (representing 100% of the Committee).

The Company's second annual Compliance Week was completed in May 2019, with events across the Company's three operating entities and in the local community. A specific focus of this year's event was to promote Ferrexpo's new Code

of Conduct for Business Partners, with a number of local suppliers invited to participate at on-site training events. Following the unveiling of the Code of Conduct for Business Partners, the Company continues to incorporate compliance clauses into its contracts, with compliance clauses now featuring in 92% of agreements with annual turnover in excess of UAH500,000 (2018: 83%). Of these agreements, 83% include reference to the Company's new Code of Conduct for Business Partners.

Compliance operates through rigorous feedback with the Company's workforce, and in March 2019 the second Compliance Survey was completed to assess trends in workers' understanding of the need for compliance, and procedures that underpin best practices in compliance. The survey recorded over 800 respondents from the Company's three operating entities, and was specifically targeted at an audience representative of both the full range of roles (technical staff, workers and managers) as well as reflecting the gender ratio at these businesses. The 2019 survey recorded a significant increase in workers' agreement with the goals and objectives of the Code compared to the previous survey in 2018, as well as an increased awareness of the local compliance officers in Ukraine.

Ferrexpo's Integrity Line is the Company's mechanism for stakeholders to report compliance-related concerns anonymously, without fear of reprisal. The Company continues to raise awareness of the Integrity Line and its role for all workers, and in 2019 a total of 26 concerns were raised via this channel, representing a five-fold increase on 2018. The main areas of issues raised in 2019 were employee relations, safety concerns, substance abuse, conflicts of interest and incidents of theft.

The Company intends to launch a further three online training courses related to compliance and the Code in the summer of 2020, covering respect in the workplace, raising concerns and information security.

92%

COMPLIANCE CLAUSES IN 92% OF
CONTRACTS WITH ANNUAL TURNOVER
IN EXCESS OF UAH500,000 (2018: 83%)

800

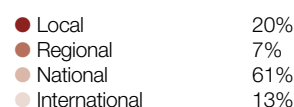
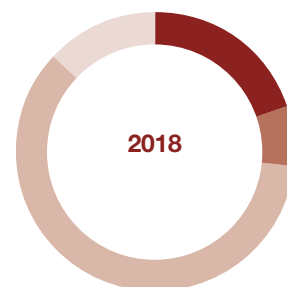
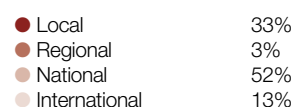
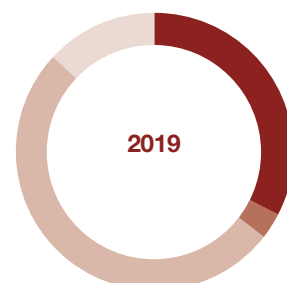
INAUGURAL COMPLIANCE SURVEY
RECEIVED RESPONSES FROM 800
INTERNAL CONTRIBUTORS



Providing Value to Communities



Expenditure on goods and services, Ukraine operations



Note figures may not add down to 100% due to rounding.

Generating income for governments and local businesses.

Ferrexpo aims to operate with transparency with regards to its tax, paying a fair share of profits in each jurisdiction where it operates. In 2019, the Company paid a total of US\$114 million in taxes and royalties to the Ukrainian government (2018: US\$73 million). The Company is also a major user of state infrastructure, supporting these industries and associated jobs throughout Ukraine. The Group was the largest exporter of iron ore pellets in the region and accounted for approximately 2% of Ukraine's total exported goods in 2019. Since listing, Ferrexpo has contributed US\$829 million to the Ukrainian government through taxes, as well as investing over US\$2.5 billion into the Company's mining, processing and logistics operations, making Ferrexpo one of the largest investors in Ukraine over this period.

Supporting local businesses

As an important business in the local economy, Ferrexpo aims to do business with local companies where possible, to ensure that the value generated by Ferrexpo is retained within local communities and wider Ukraine. Expenditure considered in this regard is either for goods and services, or for salaries of employees, and the majority of both are retained within the local community of Horishni Plavni where Ferrexpo's mines are located or in wider Ukraine. The charts to the right show that the proportion of expenditure in the local community of Horishni Plavni increased by 13 percentage points in 2019, although overall expenditure within Ukraine remained the same at 87%.

Ferrexpo aims to employ local talent from Ukraine where possible, and aims to minimise the employment of expatriate staff, to keep salaries and skills within the local community. As a result, 100% of the salaries paid by Ferrexpo's operating entities in Ukraine were paid locally (2018: 100%).

87%

PROPORTION OF FERREXPO'S TOTAL SPEND ON GOODS AND SERVICES PROVIDED BY UKRAINIAN COMPANIES

\$114^M

TOTAL TAXES AND ROYALTIES PAID IN UKRAINE IN 2019 (2018: \$73 MILLION)

\$2.5^{BN}

INVESTMENT SINCE IPO IN 2007

Tax and Transparency



Contributing a fair and reasonable level to society.

Ferrexpo acknowledges that tax is a key issue for stakeholders, and the Company aims to conduct itself in a transparent and open manner with local, regional and national tax authorities, whilst also providing transparent information to stakeholders. The Company's tax strategy is in line with best international standards and it is in compliance with all known requirements. The Group regularly takes advice on tax matters from Ukrainian and international tax experts.

In 2019, the Group's tax expense was US\$56 million (2018: US\$57 million). The effective tax rate for 2019 was 12.2% (2018: 14.5%). This reflected the appreciation of the Ukrainian Hryvnia against the US Dollar, negatively impacting the profitability of the Group's local subsidiaries, as well as lower global pellet premiums compared with 2018. The effective tax rate in 2018 reflected strong pellet premiums in the Chinese spot market.

In 2019, the Group paid income taxes of US\$84 million (2018: US\$44 million), of which US\$73 million were paid in Ukraine (2018: US\$36 million).

Further details on taxation are disclosed in Note 11 Taxation in the notes to the consolidated financial statements in the Company's 2019 Annual Report and Accounts.

Further to tax, Ferrexpo also contributes to the Ukrainian economy through royalties paid to the state, and the Company paid a combined figure of taxes and royalties of US\$114 million in 2019, up from US\$73 million in 2018. The Company also continues to be a major customer of state infrastructure in areas such as electricity, gas and railway facilities. The Group was the largest exporter of iron ore pellets in the region and accounted for approximately 2% of Ukraine's total exported goods in 2019.

A breakdown of the Company's taxes paid in Ukraine is provided in the first half of each year, with amounts paid in 2019 published on 29 June 2020, in line with the Reports on Payments to Governments Regulations 2014.

Approach to tax

Ferrexpo's tax strategy is approved by the Company's Board of Directors as the relevant governance body for reviewing and approving Group strategy. The Group's Executive Committee oversees operational activities and reports directly to the Board regularly throughout the year. The Board also oversees compliance with the Company's tax strategy.

Risks associated with tax are identified and monitored through the Company's risk register, which is maintained by the Group finance function and changes relating to risks are reported to the Executive Committee on a monthly basis. The Executive Committee also oversees compliance with tax governance and control frameworks.

Ferrexpo's Integrity Line is an independently hosted channel through which any concern regarding non-compliance can be raised anonymously, either by phone or electronically, details of which can be found at the following location: <https://ferrexpo.com/integrityline>.

In line with common practice with other publicly listed companies, assurance in tax matters is sought from independent tax consultants and auditors of the Company's financial accounts. For more information, please see the Audit Committee Report and Auditor's Report in the Company's 2019 Annual Report and Accounts, available on the Company's website.

In terms of stakeholder engagement on tax matters, the Company does not engage in public policy matters, including advocacy on tax, and the Company engages with local tax authorities in the normal course of day-to-day business. Through regular engagement, Ferrexpo aims to help tax authorities develop expertise and understanding of the mining industry.

Sustainable Environments

An aerial photograph of a wide river flowing through a lush, forested valley. On the left bank, a prominent, light-colored rocky cliff rises from the water's edge, partially covered by dense green trees. A road or railway line runs along the base of the cliff. On the right bank, a long barge with multiple cargo holds is being pushed or pulled by a tugboat, leaving a white wake in the dark green water. The background shows rolling hills and mountains under a clear blue sky.

Managing impact on air, water, biodiversity, energy use, and tailings disposal.

Highlights achieved in 2019:

- Consumption of potable water from local water supply reduced by a further 12% in 2019, sixth successive year of reductions
- 2% reduction in direct CO₂ emissions per pellet in 2019
- Biofuel consumption increased to 30% of total energy in 4Q 2019
- Reuse of waste from processed ores up to 7% (2018: 5%)

Relevant UN Sustainable Development Goals:



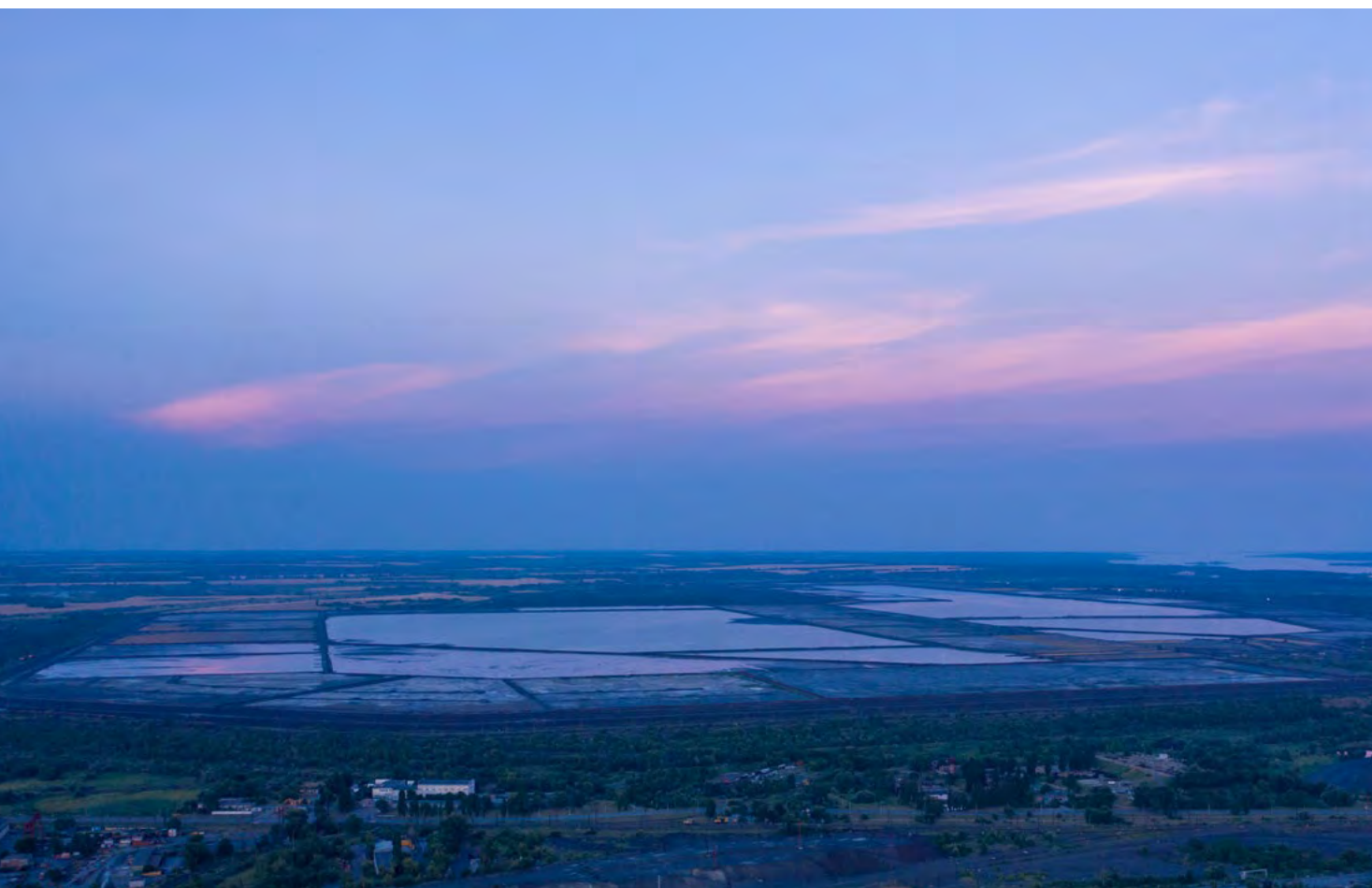
Performance measures: (ongoing)

- Reduce carbon footprint 2
- Increase usage of renewable energy 1
- Maintain high level of water reuse at FPM processing plant 2

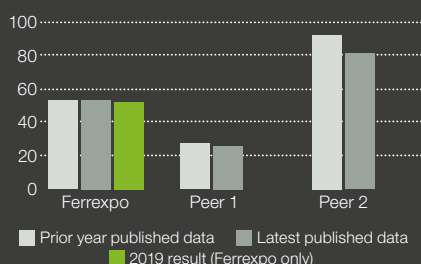
Key to symbols above:

- 1 Goal met or materially exceeded
- 2 Goal neither materially exceeded or materially underperformed
- 3 Goal not met and materially underperformed

Climate Change

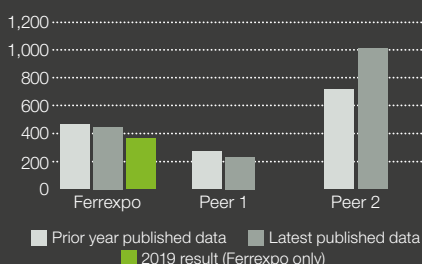


**Peer benchmark:
Scope 1 CO₂ (kilograms
per tonne produced)**



Ferrexpo's operations in Ukraine produced 55kg of Scope 1 CO₂ per tonne of pellets produced in 2019, representing a level between its peers. Scope 1 emissions vary significantly between pellet producers due to two main factors: (1) the depth and style of mining, with underground mines using less diesel than older open pit mines; and (2) the fuel type used to fire pellets in a pelletiser, with natural gas in Ferrexpo's pelletiser producing less CO₂ than either heavy fuel oil or coal, as used by other pellet producers.

**Peer benchmark:
Scope 1 CO₂ (kilograms
per US Dollar revenue)**



A different metric to the other chart shown here, Scope 1 emissions per US Dollar of revenue is more variable in nature due to fluctuations in the iron ore price, pellet premium and freight rates. This metric however is used by investors in assessing the environmental credentials of different companies across the mining sector. In the chart above, Ferrexpo is shown to produce less CO₂ per US Dollar of revenue in 2019, principally due to the iron ore price increasing year-on-year by 17%, whilst other factors remained largely unchanged.

Working towards a strategic goal of carbon-free pellet production.

Climate change and the emission of greenhouse gases is a critical concern in today's society, and Ferrexpo acknowledges its role in reducing its carbon footprint.

Mining is an industry that provides essential raw materials for the modern world, with steel from Ferrexpo's pellets being used in the cars we drive, to the steel support structures in homes, schools and hospitals. Mining is however an inherently energy-intensive industry, requiring large amounts of fuel in mining, electricity in processing and, in the case of Ferrexpo, natural gas in pelletising. The link between energy-intensive and carbon-intensive is however not fixed, as companies can pursue modern technologies to reduce their carbon footprint. It is with this in mind that Ferrexpo is actively embracing new technology, such as solar power, and autonomous trucks, to improve efficiencies and replace carbon-intensive inputs with those that are greener.

Biofuels consumption

Since 2014, the Company has used sunflower husks as a biofuel in its pelletiser, partially substituting the usage of natural gas to heat pellets to over 1,000°C. Ukraine is the second largest producer of sunflower oil globally, and sunflower husks are an abundant and renewable by-product of this process, making them an ideal biofuel for use in the Company's operations. Prior to 2019, approximately 18% to 20% of the energy used in the Company's pelletiser came from sunflower husks, but in 4Q 2019, the Company successfully trialled increasing this percentage to approximately 30%, with an associated environmental and financial saving with lowered consumption of natural gas, whilst maintaining product quality. An upper limit exists to the Company's usage of sunflower husks as a biofuel, as the Company needs to heat its pellets as consistently and evenly as possible to maintain product quality, but the Company will continue to trial increasing its usage of biofuels in future. The cost saving delivered through the partial substitution of natural gas with sunflower husks in the Company's pelletiser equated to US\$0.2 per tonne of production in 2019.

Scope 3 emissions reporting

The Company is making a further step forward in its disclosure in 2019, publishing its Scope 3 emissions for the first time. Scope 3 emissions can be classified as relating to upstream activities, such as goods and services purchased for the production of

CO₂ emissions

	2019	2018	Change
CO ₂ emissions (tonnes)	2,624,280	2,605,082	0.7%
Scope 1 (direct) (tonnes)	579,415	588,781	-1.6%
Scope 2 (indirect) (tonnes)	1,940,551	1,925,670	0.8%
Pellets produced (tonnes, 000s)	10,519	10,607	-0.8%
Intensity ratio (kilogramme per tonne of pellets produced)	240	237	1.1%
Biofuels (reported separately) (tonnes)	104,313	90,631	15.1%

Note: 2018 numbers have been restated due to the adoption of GHG Protocol emissions factors in this report (see above) and this has resulted in an increase in the 2018 intensity ratio from 235 to 237 per kilogramme per tonne of pellet produced.

iron ore pellets (an example of this would be truck tyres), or downstream activities, which relate to the use of the Company's pellets. Scope 3 emissions are dominated by the emissions from the blast furnaces that convert Ferrexpo's iron ore pellets to steel, principally relating to these mills' use of coking coal. Ferrexpo has worked with independent consultants CRU to understand the benefits to the environment of steelmakers using pellets over iron ore sinter fines, and this research shows a 40% reduction in emissions per tonne of crude steel produced, when incremental increases of pellets over sinter are made in the burden of the blast furnace. This is primarily the result of the sinter process, a requirement for sinter fines but not pellets, involving the use of coal to heat and agglomerate this type of material. Sinter fines also tend to be lower

grade and have higher quantities of impurities than pellets, which further increases the requirement for coal consumption compared to pellets.

The Company plans to implement a greenhouse gas management system (ISO 14064), which is a standard to quantify, monitor, report and verify greenhouse gas emissions, and is commonly the globally recognised standard for a number of existing emissions trading schemes. Ukraine does not currently have an emissions trading system, but does have a carbon tax, which was raised to UAH10 per tonne as of 1 January 2019, with annual increases of UAH5 per tonne planned until 2023. Ukraine does however have a stated intention to join the European Union, which does have an emissions trading scheme, and therefore the Company is planning accordingly.

Greenhouse gas emissions

Gases in CO₂e calculation: CO₂ CH₄ N₂O

Scope 1

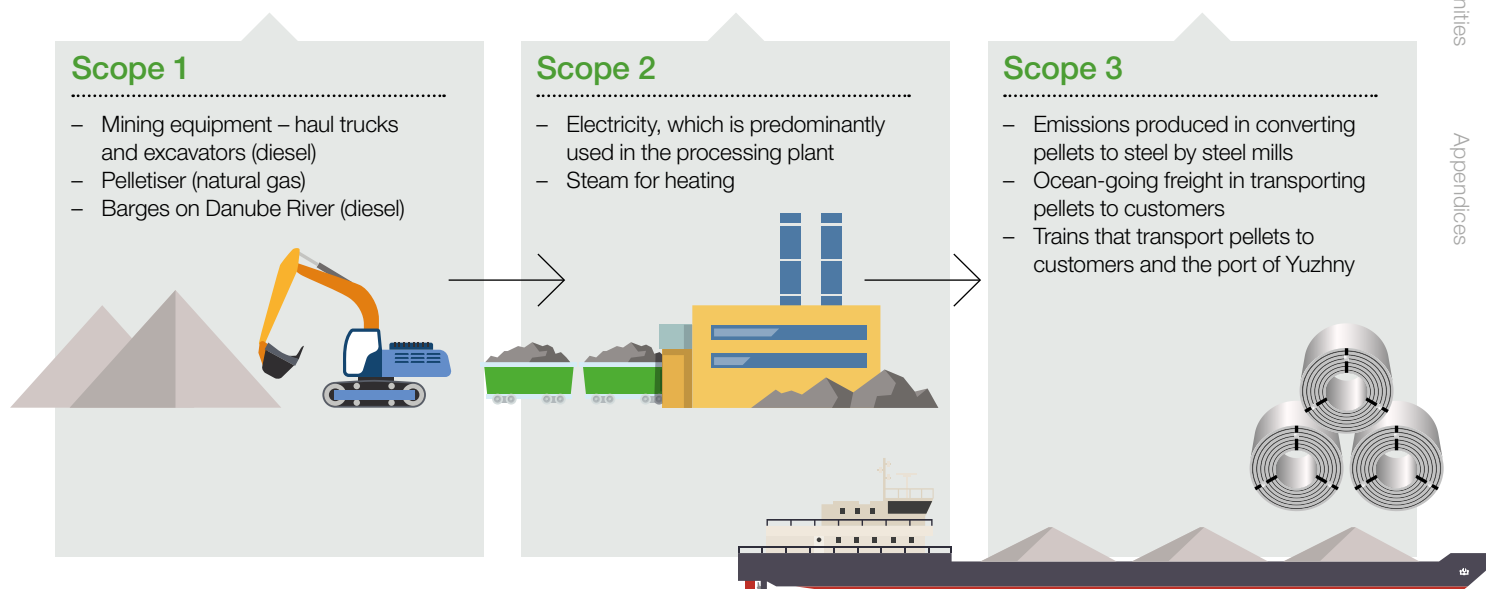
- Mining equipment – haul trucks and excavators (diesel)
- Pelletiser (natural gas)
- Barges on Danube River (diesel)

Scope 2

- Electricity, which is predominantly used in the processing plant
- Steam for heating

Scope 3

- Emissions produced in converting pellets to steel by steel mills
- Ocean-going freight in transporting pellets to customers
- Trains that transport pellets to customers and the port of Yuzhny



Climate Change: Scenario Planning



Climate change: scenario planning

Ferrexpo understands the importance of climate change on its business, its customers and the wider world, and as part of this year's increased reporting by the Company around climate change, this report incorporates a scenario analysis of the potential effects of different warming scenarios. Whilst climate change is likely to be a gradual process of change over many decades, the analysis here looks at the likely changes in the medium term, between the world today and the year 2030. The two scenarios considered are as follows:

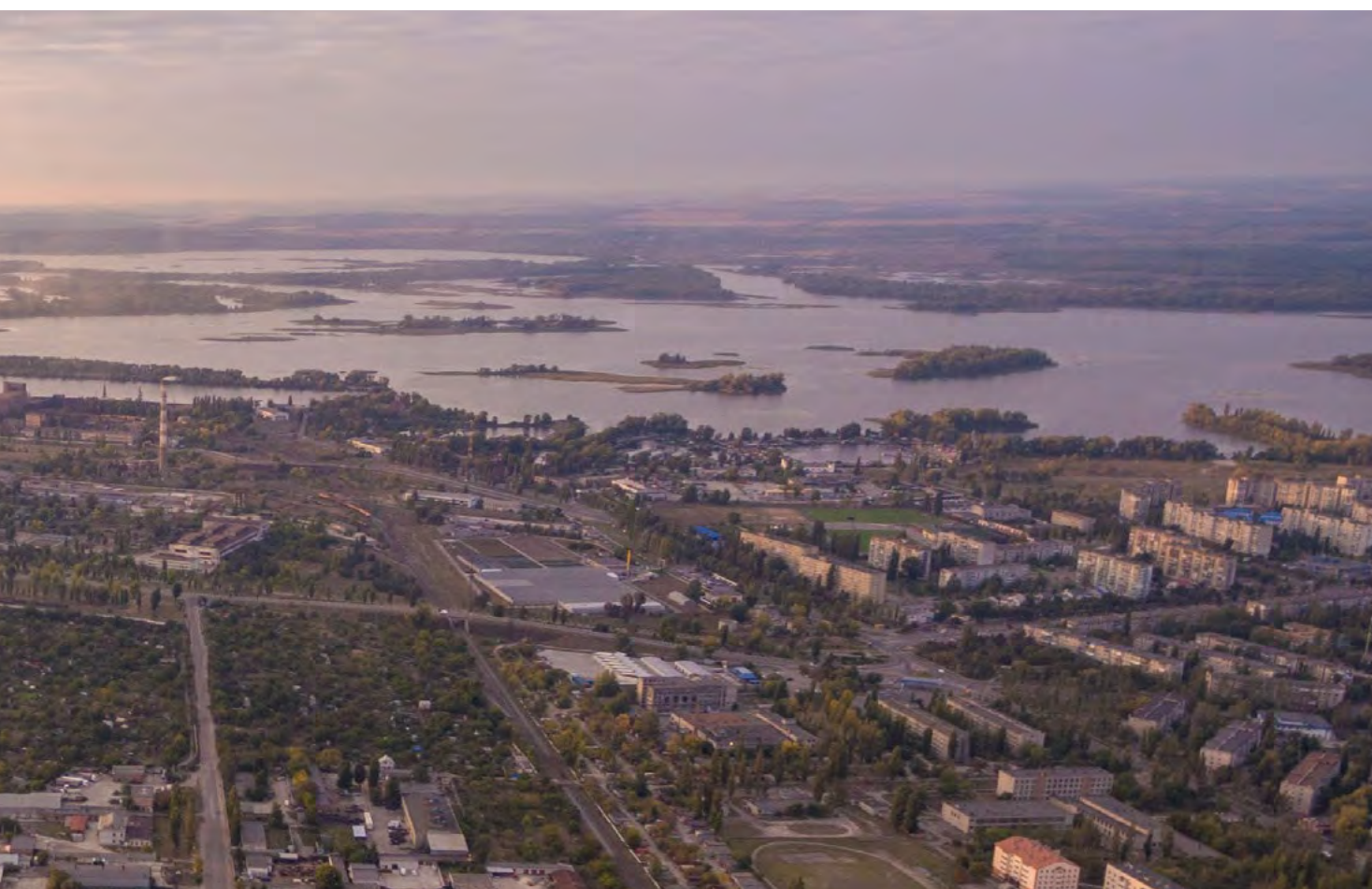
- a 2°C global warming scenario, as envisaged by the Paris Agreement, and envisages greater government regulation than today ("2°C Scenario"), and reduced/slower environmental changes; and
- a +3°C scenario, which envisages less pre-emptive regulatory action on climate change by governments, and therefore more severe physical impacts on Ferrexpo's business (" +3°C Scenario").

The main impacts on Ferrexpo's business of a 2°C Scenario are expected to be as follows:

- **Carbon pricing:** an increase to operating costs or capital costs, in line with the expected carbon pricing requirement of US\$50–100 per tonne to achieve the objectives of the Paris Agreement¹. Ferrexpo's current levels of Scope 1 CO₂ emissions, would equate to an additional operating cost of US\$3–6 per tonne of pellets, or significant capital investment to implement new technologies such as electric trucks across the Company's mines and hydrogen fuelling in the Company's pelletiser, to significantly reduce the Company's Scope 1 carbon footprint (Scope 1).
- **Electricity pricing:** increased operating costs as Ukraine's coal-fired thermal power plants are phased out and future electricity supply is from newly-built renewable energy sources. Electricity pricing is expected to rise in the short term as a deficit in supply emerges from early coal-plant closures, but falling longer

term below current pricing levels as new renewable technologies are steadily integrated in the Ukrainian electricity network. The short-term impact on operating costs is expected to be an increase of less than US\$5 per tonne. Ferrexpo is currently investigating the potential to power its operations using solar power, and has commenced studies into building a 5MW pilot solar power plant at FPM, with an associated capital construction cost.

1. https://carbonmarketwatch.org/wp/wp-content/uploads/2017/09/CMW-PRICING-CARBON-TO-ACHIEVE-THE-PARIS-GOALS_Web_spread_FINAL.pdf



The main impacts on Ferrexpo's business of a +3°C Scenario are based on information modelling assumptions provided by US Aid, which are as follows:

- **Water stress²:** scientific research has shown that a 3°C Scenario could see drought periods in Eastern Europe extend by an additional eight months. Increased levels of water stress and scarcity leading to reduced availability of water for processing, potentially leading to a requirement for dry processing and a reduction in product quality in the Company's iron ore pellets as a result. Lack of water for dust suppression measures could lead to increased health problems amongst Ferrexpo's workforce and local communities during summer months.
- **Extreme weather events²:** although Ferrexpo does not operate in an area prone to flooding, changing climates and more frequent extreme rainfall events could lead to water ingress into the Company's open pits and lead to areas of iron ore mining being inaccessible whilst dewatering takes place, as well as posing

a safety risk for the Company's mining operatives. Such events would also have the potential to disrupt the Company's logistics, which are reliant on the continuous availability of the Ukrainian railway network.

- **Global temperature increases and extreme weather events:** these have the potential to reduce global economic activity, global GDP growth and hence reduce global demand for iron ore products.

This report represents the first year of Ferrexpo reporting under the Task Force on Climate-related Financial Disclosures ("TCFD") framework, and the Company intends to further develop its understanding of climate change scenario planning in future reports with further analysis of the physical and regulatory effects of climate change in the regions in which it operates.

2. Denotes main climate change projections for Ukraine under US Aid's Climate Change Adaptation Project, dated December 2016.

Managing Landscapes



Land planning for a future after mining.

Ferrexpo's operations cover an area of 5,000 hectares, with the majority of this land still in active use for mining and processing. The Company has a rehabilitation plan for each of the three mines that it operates, and the main areas of rehabilitation today are the waste dumps that have reached their final designs, which are typically located at the Company's oldest mine FPM. Restoration of these waste dumps is in the form of forestry and grassland. For the past 15 years, the Company has planted an average of 400 to 500 saplings each year of species native to Ukraine, as part of its efforts to restore land disturbed through the Company's activities and to support wildlife habitats.

Waste rock is part of the mining process, as this material needs to be removed in order for each tonne of iron ore to be accessed. This waste material is inert and non-hazardous, and is stored in designated areas known as waste dumps. The profiles and locations of these facilities are designed by

Ferrexpo's mine planning department, and are configured according to a strict set of guidelines established by both the Company and the Ukrainian government authorities. Waste dumps are typically located adjacent to the open pit mines from which the waste material is removed, in order to reduce the haul distances and associated fuel consumption required for this activity. Ferrexpo's mining operations produced a total of 74Mt of rock waste in 2019 (2018: 72Mt), in addition to pre-stripping 19Mt of sand overburden (2018: 11Mt).

5,000

FERREXPO'S OPERATIONS IN UKRAINE COVER 5,000 HECTARES

Three

ACTIVE MINING OPERATIONS, EACH WITH A RESTORATION PLAN IN PLACE

50 years

AT CURRENT MINING RATES, THE GROUP'S EXISTING RESERVES AT FPM AND FYM WILL LAST OVER 50 YEARS, WITH MINING GENERALLY AT DEPTH RATHER THAN DISTURBING NEW LAND

Biodiversity



Studies under way to improve understanding of habitats affected.

Ferrexpo's operating mines are located in an area designated by BirdLife International ("BirdLife") as an Important Bird and Biodiversity Area, labelled as the Psel river valley near Komsomol's'k¹, with this designation based on the presence of 40–60 breeding pairs of corncrakes (Corncrake *Crex crex*) in 1999. This species of corncrake is classified as "Least Concern" by BirdLife as the predicted decline in numbers, predicted in 2002, is now understood to have not occurred – as reported on BirdLife's website. The reason for this uncertainty is that the corncrakes' breeding area covers more than 20 million square kilometres, representing most of Europe and central Russia, and therefore data collection for this species over this wide expanse of land is not well understood.

Ferrexpo's environmental protection department has previously installed a series of habitats for birds around its operations and in the local town of Horishni Plavni, and has continued its efforts to educate the local population in native bird species.

The Company continues to host local schoolchildren in visiting groups at its operations to study local bird species, with former rock waste dumps, which are now mature woodland, the areas of focus for these visits.

For 15 years, the Company has continuously planted 400 to 500 trees a year, comprising of poplar, birch and maple trees,

to support existing wildlife habitats and stabilise slopes for future biodiversity. In 2020, the Company joined the "Greening Ukraine" initiative, with a pledge to plant 1,000 seedlings in an effort to restore Ukraine's ecosystem, and is part of an international initiative across 100 countries.

To further its understanding of the biodiversity requirements of the land where it operates, the Company has engaged third party consultants Kyiv Sozologicheskii Tsentr to develop a baseline assessment study in 2019 and 2020, with this process commencing with a site visit to Ferrexpo's operations in late 2019. It is expected that this study will help the Company to better understand its environmental footprint on the various ecological environments surrounding its operations, in particular the impact on wildlife through air quality, conversion of habitat, and changes in ecological processes.

No other sites owned, leased or managed by Ferrexpo have been designated as having a high biodiversity value other than the designation by BirdLife International as referenced in this report. None of Ferrexpo's sites are designated as protected areas due to their biodiversity on a national or local basis. Due to the nature of Ferrexpo's long-life resource base, and mining operations continuing at depth, the Company continues to operate in broadly the same areas as it has done for the past five to ten years. The Company therefore did not undertake any significant amount of land restoration in 2019. It is the Company's intention that as open pit ore reserves are depleted in individual areas, restoration activities will commence. Under Ukrainian legislation, the Company has a site-wide restoration plan for its mines.

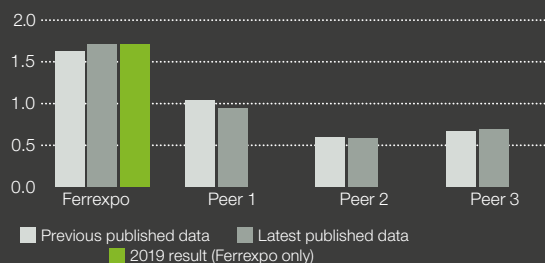
1. Ferrexpo's operations cover over 50km² (the equivalent of over 5,000 hectares) and the Company's mines and tailings facilities sit within BirdLife's IBA. This represents the majority of the land controlled by Ferrexpo.

Every year, the Company plants an average of 400 to 500 trees to support local habitats around each production facility.

Energy Consumption



Peer benchmark: Energy consumed per tonne produced



Ferrexpo used 1.72GJ per tonne of pellet produced, a level ahead of its peers, and primarily relates to the increased depth of mining and harder ore types at Ferrexpo's mines, requiring more energy to crush and grind ores prior to pelletising, as well as increased levels of automation, which increases electricity consumption. Ferrexpo also pelletises all of its concentrate, whereas peers typically pelletise between 50%–90% of their concentrate. The Company has a number of initiatives to reduce energy consumption, as detailed on the page opposite, which focus on embracing modern technologies to optimise the existing pellet production process.

Harnessing modern technology for more efficient operations.

Energy consumption is an important measure of the Company's efficiency at its operations, with the Company aiming to consume the smallest quantity of input materials possible to produce each and every pellet produced. This is achieved through the upgrading and modernising of existing, older equipment, to harness the best technologies for processing each tonne of ore at Ferrexpo's operations into the different types of high quality pellet required by Ferrexpo's premium customers.

In 2019, the Company utilised 18.1 petajoules ("PJ") of energy (2018: 18.1PJ), with the main contributors to this figure being electricity (37% of total energy in 2019), diesel (19%), and natural gas (27%). In 2019, the Company used less natural gas (0.3PJ reduction) in its pelletiser, substituting this with increased consumption of sunflower husks (+0.2PJ). Whilst mining volumes

increased by 8% and processing volumes increased by 5% in 2019, the key inputs into these processes - diesel and electricity respectively, did not increase by the same amounts. Diesel consumption increased by 2% in 2019, and electricity consumption increased by 1%, demonstrating how efficiency savings are being made as the Company continues to modernise and optimise its production processes. A further example of efficiency gains can be seen in the consumption of natural gas per tonne of pellets produced, which has fallen by 34% to 18.4m³ per tonne since the Company listed in 2007. More details of individual energy efficiency projects can be found on the opposite page.

The overall energy consumption by the Group in 2019 equates to an intensity ratio of 1.72GJ per tonne of pellets produced, which is in line with 2018 (1.70GJ per tonne). See

Peer Benchmark chart above for discussion of how this compares to other pellet producers globally.

Ferrexpo strives to adopt new technologies where possible, to evolve and adapt as the world around us continually changes. Mining is an industry particularly set for change, with many iron ore mines dating back a number of decades, and many of the world's top miners are embracing new technologies across their operations. New technologies being tested at Ferrexpo's operations include autonomous trucks, non-trotol explosives, solar power plants, drone surveys and energy efficient motors in the processing plant, all of which are detailed in the case study section opposite.

Further details of energy consumption by source can be found in the Appendices.

Autonomous trucks and drill rigs



Ferrexpo tested its first autonomous truck at its Yeristovo mine in November 2019. The benefits of autonomous haulage include safety benefits, as fatigue related incidents are reduced, as well as an anticipated 14% increase in productivity as trucks operate 24/7, along with fuel and maintenance savings. Ferrexpo also deployed its third autonomous drill rig in December 2019, with each upgraded rig achieving a 15% increase in drill utilisation.

Mine to mill optimisation in blasting practices



Improved blasting practices, including closer drill spacing on blast drill holes and transition to 100% liquid emulsion in the explosives that are used, has reduced blasted rock sizes, reducing the workload for the Company's primary crusher and reducing electrical energy consumed, in part helping the Company to achieve a 4% reduction in electricity consumption per tonne of ore processed in 2019.

Solar power project



The Company has commenced scoping work to install a 5MW solar power plant as a pilot plant to test its ability to rely on this source of energy at its operations in Ukraine. Other than providing clean energy, solar power provides a financial opportunity, with future unit costs per kilowatt-hour expected to be lower than conventional electricity from the Ukrainian national grid. Electricity efficiency projects will benefit mining, crushing and beneficiation stages.



Drone surveys



The use of drones to quickly and efficiently survey large mining areas reduces the requirement for surveyors to travel around the Company's mines by vehicle and therefore removes surveyors from hazardous working areas. Drones also provide the opportunity to conduct more frequent monitoring of working areas, improving the accuracy of the Company's understanding of its mined volumes.

Modernising high voltage motors in beneficiation plant



Motors in the Company's processing plant, which pump ores between each stage of the beneficiation process and also pump tailings to the tailings dam, currently account for a significant proportion of the total electricity consumption. In 2019, the Company began upgrading 461 older, less energy efficient units, with newer AA-rated motors that will reduce electricity consumption by 40 million kW.

Balancing Water Use



91%

LEVEL OF WATER REUSE AT FPM WAS
91% IN 2019 (2018: 92%)

Responsible water use to ensure availability for the Company, local communities and wildlife.

Water is both critical to the processing of iron ore and in the Company's interaction with local communities and local ecosystems, as misuse of water through over extraction, or improper handling and discharge would severely impact the Company's social licence to operate.

Ferrexpo interacts with water in a variety of ways at its operations in Ukraine, from extracting groundwater to prevent the Company's open pit mines from flooding, to utilising water to pump ore as slurry around the processing plant, through to discharging treated water after it has been through the Company's bioengineering facilities.

Water extraction is primarily governed by the level of rainfall in any given year, as well as the depth of mining, as these two factors govern water ingress into the

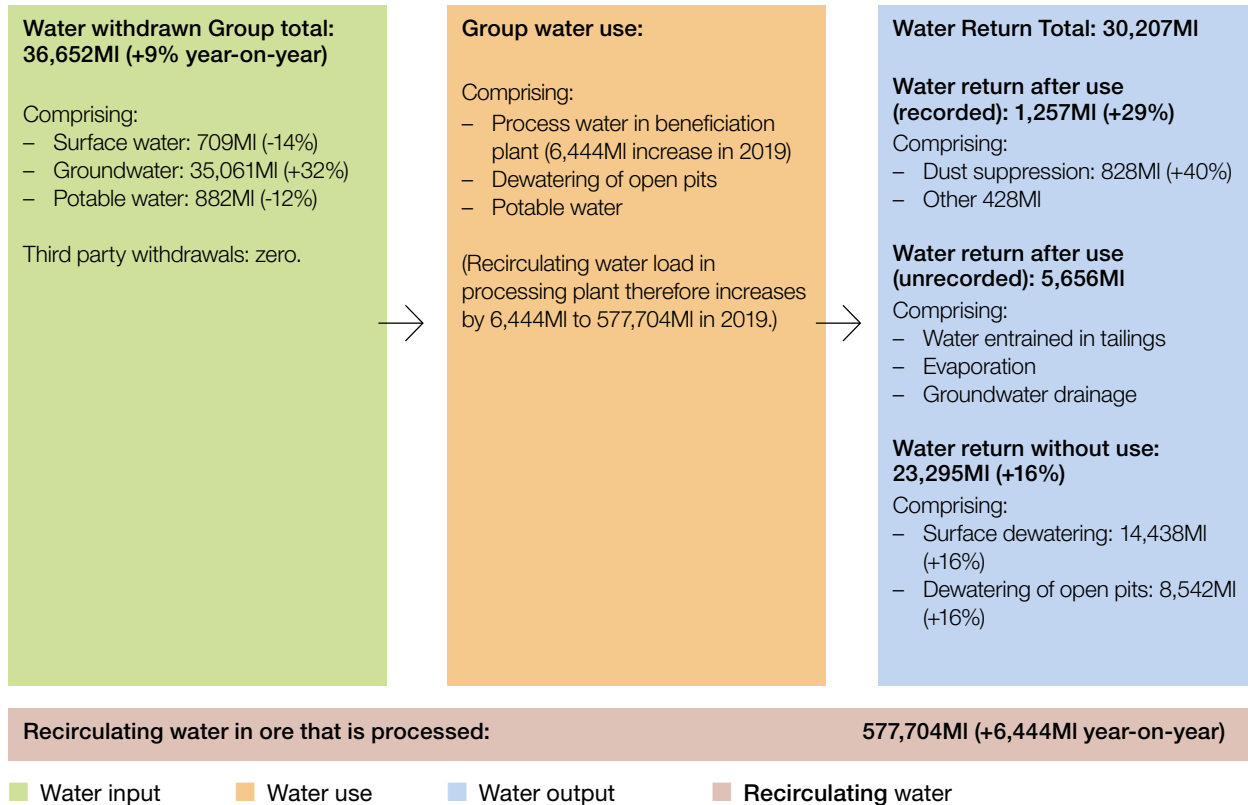
Company's three open pit mines, and accounts for 96% of the water handled by the Company's pumps.

Total water extracted by the Group in 2019 rose by 9% to 36,652GJ, with two-thirds of this increase attributable to the commencement in 2019 of dewatering activities at the Company's development asset, FBM, after mining operations proceeded below the water table in April 2019. Following improvements to the Company's own water infrastructure, extraction of potable water from the local water supply decreased by 12%, reducing the Company's footprint on public resources and the sixth year in a row of decreases of this type of water consumption.

Water discharge without use primarily relates to dewatering wells, and these volumes increased 16% compared to 2018 largely due to the start of dewatering activities at FBM, which accounted for two-thirds of this year-on-year increase.

Water discharge after use represents a smaller volume than that discharged without use, around 23% of the total combined volume discharged. The water discharged

Water withdrawal, usage and discharge



after use decreased by 62% in 2019 to 6,913MI, largely as a result of the recirculating load of water in the processing plant decreasing during 2018, compared to the increase in recirculating load seen during 2019. Water discharge from mining activities, namely dust suppression measures, increased by 40% in 2019.

The Company aims to reuse as much water as is possible in its operations, firstly through reclaiming water that is used to pump tailings to the tailings dam, for reuse in the processing plant. This process resulted in 98% of process water being reclaimed in 2019 and reused for processing additional ore. The remaining 2% of this water volume either remains entrained in the tailings at the tailings dam, or is lost to evaporation from the surface of the tailings dam.

Ferrexpo does not operate in an area of water stress, as defined by the World Resources Institute, with the region in which the Company operates classified as being low to medium baseline levels of water stress.



Emissions



Ferrexpo monitors emissions of gases and dust from its mines, processing plants, waste dumps and tailings dam.

Monitoring emissions and mitigating impacts.

Ferrexpo monitors the emission of gases from its processing plants and mining equipment, along with particulate emissions from dust that is produced through day-to-day activities.

Emissions in 2019 from fixed sources such as the FPM processing plant, were in line year-on-year, and any variations are primarily governed by the amount of pellets produced, which was also in line. Emissions from mobile sources, such as mining equipment, rose between 1% and 2% at both mines, broadly in line with the increase in mining volumes seen at both operations. Further details are available in the Appendices.

Modernisation efforts in 2019 focused on the Company's crushing and beneficiation complexes, with automatic online monitoring systems set to be installed in both areas in 2020.

Tailings Management



Tailings disposal in suitably engineered facilities.

Tailings are an inevitable part of processing ore, and are the by-product of extracting iron out of the native rock, leaving behind an inert material that is silty and fine in texture. Ferrexpo does not use any harmful chemicals in the processing of its ores, and therefore the tailings produced as a by-product of this process are non-toxic. Ferrexpo has one tailings facility, split into three sections, which has been maintained and managed by the Company since 1970 and covers an area of 1,300 hectares. The tailings facility is located approximately one kilometre east of the Company's Poltava mine. Ferrexpo produced 13.7Mt of tailings in 2019, the result of processing of approximately 30Mt of raw iron ore. A further 2.1Mt of gravel was produced as a by-product of beneficiation, and this material is reused as material to construct roads around Ferrexpo's operational areas, or is sold to local (third-party) contractors for reuse in road construction. The reuse of this gravel

represented 7% of the material processed in 2019 (2018: 5%).

Following the Brumadinho dam disaster in January 2019, Ferrexpo engaged with independent consultants Knight Piésold to conduct a review of the Company's tailings facility. This review concluded that Ferrexpo's tailings facility is well managed and of an appropriate design, and that the Company manages the facility well, with its inspection and monitoring regimes. Furthermore, the tailings facility is subject to quarterly statutory inspections by the Ukrainian authorities.

Ferrexpo's tailings dam is constructed on flat land, to a design set out by independent consultant Ukgiproruda. The facility's walls consist of a series of sloped surfaces that raise the height of the facility, which are interrupted by several flat benches, which serve to reduce the overall slope angle to one in five. The tailings facility walls are constructed of compacted layers of waste rock from mining operations and dry tailings

and the style of construction is upstream design, with tailings deposition limited to internal paddocks measuring approximately 400 metres by 400 metres. At the base of the dam wall is a drainage channel, which collects water from two drainage lines that sit within the dam wall, and serve to divert water away from the base of the dam and back to the Company's processing plant. Around the perimeter of the dam, there are 34 piezometric borehole lines to monitor the water levels within the facility.

Supporting Communities

Funding local communities through infrastructure investments and direct aid.

Highlights achieved in 2019:

- Completion of Ferrexpo Square – urban regeneration project, providing a venue for cultural and musical performances
- +49% increase in total expenditure by Ferrexpo Charity Fund in 2019, rising by 49% to UAH117 million
- +28% increase in direct aid expenditure, primarily helping local individuals receive otherwise unaffordable medical treatments

Applicable UN Sustainable Development Goals:



Performance measures: (ongoing)

- Contribute to development, education and skills of local population ②
- Provide targeted assistance ②

Key to symbols above:

- ① Goal met or materially exceeded
- ② Goal neither materially exceeded or materially underperformed
- ③ Goal not met and materially underperformed





Ferrexpo Charity Fund



Sustainable community projects giving long-term benefits to local communities.

Helping local schools and hospitals since 2011.

Ferrexpo's Charity Fund is the means through which the Company interacts with the needs of local communities, consulting with local community leaders, cultural institutions and local government to coordinate the Company's efforts in the towns and villages surrounding Ferrexpo's three mines. Total expenditure by the Charity Fund rose by 49% to UAH117 million in 2019.

The fund has four main pillars, through which activities are focused each year:

1. Social partnerships to improve infrastructure such as hospitals, schools, roads and other public institutions, including a veterinary clinic in 2019.
2. Direct assistance to individuals needing medical treatment, and support for pensioners through regular aid packages.
3. Local community development to construct and maintain sports facilities and amenities.

4. Budgetary assistance for the local council in Horishni Plavni, and development projects in the wider Poltava region.

Social partnerships to improve infrastructure – water access

Ukraine has the highest proportion of rural people providing their own supply in Europe (over 70%) and the remaining 30% have piped supply, but it is not known what proportion of this piped supply is privately developed or from a local utility. What is clear is that more than two-thirds of rural Ukrainians (almost nine million) have to supply their own water, and do not have a piped supply into their own house. Most therefore simply have a well somewhere on their property or their neighbours' and carry water into their home, drawn either from a simple hand pump or with a rope and bucket. Such a rudimentary system is prone to contamination and uses up energy and time that could be spent more productively.

Ferrexpo Belanovo Mining ('FBM') is the Company's development-stage project to the north of the Company's active mines, and is proactively engaging with communities located around this deposit, ahead of the proposed development. As a result of the more rural setting at FBM, it is located close to a number of rural communities, with water supply a more pressing concern. Ferrexpo plans to drill 59 boreholes in the community of Solonytsya in 2020 to provide access to clean water on individual properties. This initiative has been developed through consultation with local community leaders in Solonytsya, and follows work in the village to refurbish the local cultural centre and schools in 2019.

Assistance to individuals

Ferrexpo's Assistance to Individuals programme aims to provide direct aid to those in local communities that require assistance. The focus of this programme is twofold: (1) medical treatments that would otherwise be unaffordable; and (2) social and domestic needs, such as assistance packages for pensioners on low incomes. In 2019, the total spend under this programme rose 28% to UAH9.5 million, with financial assistance for medical treatments representing the majority of funding.

Local community development

Since its inception in 2011, Ferrexpo's Charity Fund has completed projects at all six secondary schools in the local town of Horishni Plavni, ranging from renovating classrooms and playgrounds, to modernising all windows in all six schools to help improve class conditions.

Community development efforts in 2019 remained focused on developing facilities for schools, sports, and local amenities (see case studies over the page). In addition, Ferrexpo supports local media sources, such as print media and local TV channels, and supplemented local council budgets for the provision of basic services to local communities.

Regional assistance programme

This programme is aimed at assisting the activity of a number of public organisations that are involved in performing socially significant functions, with total expenditure up 12% in 2019 to UAH14 million. Activities in 2019 focused on a wider range of settlements, covering seven different villages and towns around the Company's operations, up from four in 2018.

+49%

49% INCREASE IN FUNDING OF CHARITY
FUND'S ASSISTANCE PROGRAMMES TO
UAH117 MILLION

Seven

DIFFERENT SETTLEMENTS ASSISTED BY
FERREXPO'S REGIONAL ASSISTANCE
PROGRAMME IN 2019 (2018: FOUR)



Case study

Eleven world medallists

One of the key aims of Ferrexpo's community engagement programme is to develop sports facilities for the local population living close to the Company's operations so that they can enjoy a healthy and active lifestyle, all year round. As part of this programme, Ferrexpo sponsors a number of talented individuals, enabling them to participate in national and international tournaments, to ultimately compete at the highest level. Ferrexpo is proud to announce that 11 of the athletes that it helps sponsor had the honour of reaching the pinnacle of their respective sports in 2019, with each winning medals in European or World Championships. This is an incredible achievement from a relatively small town in central Ukraine. These 11 sportsmen and women participate in a range of sports: six canoeists, two marksmen, two swimmers and one boxer; all of whom Ferrexpo congratulates on their excellent achievements!

A further mention goes to Liudmyla Kuklinovska, Liudmyla Luzan and Inna Gryshchun, who are all local athletes who had been invited to join the Ukrainian national squad that is due to take part in the upcoming Tokyo Olympics, each set to compete in their respective canoeing events.

Engaging with Local Communities



Ferrexpo supports dialogue with local communities at each of its operating entities, to maintain a productive and relevant role in local society.

Through Ferrexpo's three operating entities – Ferrexpo Poltava Mining, Ferrexpo Yeristovo Mining and Ferrexpo Belanovo Mining, the Company has regular contact with communities and community leaders, which enables regular feedback between the Company and these communities. These local Corporate Social Responsibility ("CSR") committees meet on a quarterly basis, comprising of senior Ferrexpo managers, local CSR coordinators and Ferrexpo Charity Fund directors, with additional community representatives invited to attend as applicable to specific projects or initiatives being proposed or discussed. Through these community meetings, the Company can consult with local community leaders on existing and proposed community action plans, and the Company can discuss its ongoing Responsible Business efforts such as environmental monitoring.

These committee meetings also serve as grievance mechanisms for individuals and communities impacted by Ferrexpo's business activities. In addition, individuals can also use Ferrexpo's confidential whistleblower website (<https://ferrexpo.alertline.eu/>) or phone numbers to report concerns anonymously (phone numbers available via website link).

Through thorough community engagement, Ferrexpo aims to avoid the negative impact of mining on local communities where possible. Where it is not possible to entirely avoid a negative impact on a local community, such as dust generation, then the Company takes the necessary steps to mitigate such problems as much as possible. In 2019, no negative impact was raised with the Company by local communities and/or community leaders.

The Company aims to recruit from local communities, with 81% of new recruits coming from within a 30km radius of the Company's operations. It is also important to hire locally for more senior roles, to continue the skills transfer within local communities, and 67% of individuals recruited for management roles in 2019 were from local communities (2018: 33%).

Outreach initiatives in 2019



About Ferrexpo

Workforce Development

Ethical Business

Sustainable Environments

Supporting Communities

Appendices

Case study

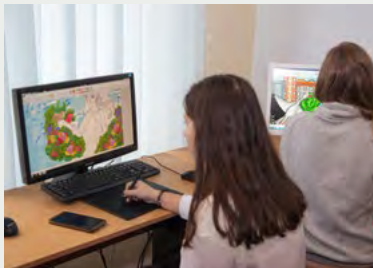
Urban regeneration



Through its Charity Fund, Ferrexpo supports local infrastructure investments in the town of Horishni Plavni and other communities surrounding its operations. One such initiative is Ferrexpo Square, which has transformed a site in central Horishni Plavni that previously housed a disused market, and is now an outdoor space for music and cultural events, as well as a public park and children's playground for locals to use.

Case study

Continued work improving schools



Ferrexpo refurbished a number of schools in 2019, including the refurbishment of physics and STEM classrooms at two schools in Horishni Plavni, as well as a sports complex at School Number 5, which comprises of all-weather football, basketball and volleyball pitches, as well as an outdoor gymnasium.

Appendices

This section aims to provide additional background information for all Responsible Business activities, to supplement the information presented in the front section of this report.

The Appendices provide information that complies with the various reporting frameworks that this report adheres to, including the Global Reporting Initiative, Task Force on Climate-related Financial Disclosures and Sustainability Accounting Standards Board. Where relevant, each section of the Appendices states which framework is being reported under.

Forward-looking statements

This Responsible Business Report contains forward-looking statements, including statements regarding plans, strategies and objectives of management; closure or divestment of certain assets, operations or facilities; and regulatory developments.

Forward looking statements may be identified by the use of terminology, including, but not limited to, "intend", "aim", "project", "anticipate", "estimate", "plan", "believe", "expect", "may", "should", "will", "continue" or similar words. These statements discuss future expectations or provide other forward-looking information. These forward-looking statements are not guarantees or predictions of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control and which may cause actual results to differ materially from those expressed in the statements contained in this Responsible Business Report. Readers are cautioned not to put undue reliance on forward-looking statements.

Actual results may differ materially from those expressed in such statements as a result of a variety of factors, including the Company's ability to profitably produce and transport iron ore to applicable markets; the impact of foreign currency exchange rates on the market prices of iron ore that the Company produces; activities of government authorities in the countries where Ferrexpo operates, including increases in taxes, changes in environmental and other regulations and political uncertainty; labour unrest; and other factors identified in the risk factors set out in our Annual Report 2019, available online at www.ferrexpo.com.

Except as required by applicable regulations or by law, Ferrexpo does not undertake to publicly update or review any forward-looking statements, whether as a result of new information or future events. Past performance cannot be relied on as a guide to future performance.



Appendix – Global Reporting Initiative Index

The Company adopts the Global Reporting Initiative (“GRI”) as a basis for its reporting of Responsible Business topics. The following table presents the various aspects of the GRI framework and where to find them in this report, the Company’s Annual Report and wider reporting suite.

Disclosure number	Disclosure title	Where to find this information
Economic Standards and Business Ethics		
GRI-201	Economic performance	
201-1	Direct economic value generated and distributed	<ul style="list-style-type: none"> – Appendix – Economic and Ethics (page 72) – Ferrexpo Annual Report and Accounts, pages 132 and 133 – The Company does not provide a breakdown of value generated and distributed by country on the basis that the Company’s operations are based in one country – A breakdown of sales by country is provided in the Annual Report and Accounts, page 131
201-2	Financial implications and other risks and opportunities due to climate change	– Appendix – Climate Change Risks and Opportunities (pages 61-64)
201-3	Defined benefit plan obligations and other retirement plans	– Appendix – Economic and Ethics (page 72)
201-4	Financial assistance received from government	– Appendix – Economic and Ethics (page 72)
GRI-202	Market presence	
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	– People section, Human Rights (page 24)
202-2	Proportion of senior management hired from the local community	– Supporting Communities section, Local Communities (page 52)
GRI-203	Indirect economic impacts	
203-1	Infrastructure investments and services supported	– Supporting Communities section (pages 48 to 53)
203-2	Significant indirect economic impacts	– Supporting Communities section (pages 48 to 53)
GRI-204	Procurement practices	
204-1	Proportion of spending on local suppliers	– Economic section, Providing Value to Communities (page 32)
GRI-205	Anti-corruption	
205-1	Operations assessed for risks related to corruption	– Appendix – Economic and Ethics (page 72)
205-2	Communication and training about anti-corruption policies and procedures	– Ethics section, Ethics and Integrity (page 30)
205-3	Confirmed incidents of corruption and actions taken	– Appendix – Economic and Ethics (page 72)

Disclosure number	Disclosure title	Where to find this information
GRI-206	Anti-competitive behaviour	
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	– Appendix – Economic and Ethics (page 72)
Economic standards and business ethics continued		
GRI-207	Tax	
207-1	Approach to tax	– Ethics section, Tax and Transparency (page 33)
207-2	Tax governance, control, and risk management	– Ethics section, Tax and Transparency (page 33)
Environmental standards		
GRI-301	Materials used	
301-1	Materials used by weight or volume	– Appendix – Sustainable Environments, Materials Utilised (page 80)
301-2	Recycled input materials used	– Appendix – Sustainable Environments, Materials Utilised (page 80)
301-3	Reclaimed products and their packaging materials	– Appendix – Sustainable Environments, Materials Utilised (page 80)
GRI-302	Energy	
302-1	Energy consumption within the organisation	– Appendix – Sustainable Environments, Energy Consumption (page 78)
302-2	Energy consumption outside the organisation	– Not applicable
302-3	Energy intensity	– Appendix – Sustainable Environments, Energy Consumption (page 78)
302-4	Reduction of energy consumption	– Appendix – Sustainable Environments, Energy Consumption (page 78)
302-5	Reductions in energy requirements of products and services	– Appendix – Sustainable Environments, Energy Consumption (page 78)
GRI-303	Water and effluents	
303-1	Water withdrawal	– Environment section, Balancing Water Use (page 45)
303-2	Water consumptions	– Environment section, Balancing Water Use (page 45)
303-3	Water discharge	– Environment section, Balancing Water Use (page 45)
GRI-304	Biodiversity	
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	– Sustainable Environments section, Biodiversity (page 41)
304-2	Significant impacts of activities, products, and services on biodiversity	– Sustainable Environments section, Biodiversity (page 41)
304-3	Habitats protected or restored	– Sustainable Environments section, Biodiversity (page 41)
GRI-305	Emissions	
305-1	Direct (Scope 1) GHG emissions	– Sustainable Environments section, Climate Change (pages 36-39)
305-2	Energy indirect (Scope 2) GHG emissions	– Sustainable Environments section, Climate Change (pages 36-39)
305-3	Other indirect (Scope 3) GHG emissions	– Sustainable Environments section, Climate Change (pages 36-39)
305-4	GHG emissions intensity	– Sustainable Environments section, Climate Change (pages 36-39)
305-5	Reduction of GHG emissions	– Sustainable Environments section, Climate Change (pages 36-39)
305-6	Emissions of ozone-depleting substances (ODS)	– Appendix – Sustainable Environments, Emissions (NO ₂ , SO ₂ , CO and dust) (page 79)

Appendix – Global Reporting Initiative Index continued

Disclosure number	Disclosure title	Where to find this information
305-7	Nitrogen oxides (NO _x), sulphur oxides (SO _x), and other significant air emissions	– Appendix – Sustainable Environments, Emissions (page 79)
Environmental standards continued		
GRI-306	Waste	
306-1	Water discharge – not applicable	– Standard incorporated into GRI-303 (2018)
306-2	Waste by type and disposal method	– Sustainable Environments section, Tailings Management (page 47) – Appendix – Sustainable Environments, Waste Management (page 79)
306-3	Significant spills	– Appendix – Sustainable Environments, Waste Management (page 79)
306-4	Transport of hazardous waste	– Appendix – Sustainable Environments, Waste Management (page 79)
306-5	Water bodies affected by discharge	– Appendix – Sustainable Environments, Water Management (page 79)
GRI-307	Environmental Compliance	
307-1	Non-compliance with environmental laws and regulations	
GRI-308	Supplier Environmental Assessment	
308-1	New suppliers that were screened using environmental criteria	– Appendix – Sustainable Environments, Environmental Compliance (page 79)
308-2	Negative environmental impacts in the supply chain and actions taken	– Appendix – Sustainable Environments, Environmental Compliance (page 79)
People and workforce standards		
GRI-401	Employment	
401-1	New employee hires and employee turnover	– Appendix – People, Employment (page 69)
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	– Not applicable – benefits apply equally.
401-3	Parental leave	– People section, Promoting Equal Opportunities, page 23 – Appendix – People, Employment Section (page 67)
GRI-402	Labour management relations	
402-1	Minimum notice periods regarding operational changes	– Unchanged from 2018 – See 2018 Responsible Business Report (page 15)
GRI-403	Occupational health and safety	
403-1	Occupational health and safety management system	– Appendix – People, Management Systems (pages 66-67)
403-2	Hazard identification, risk assessment, and incident investigation	– Appendix – People, Risk Identification (page 66)
403-3	Occupational health services	– Appendix – People, Occupational Health (page 67)
403-4	Worker participation, consultation, and communication on occupational health and safety	– Appendix – People, Management Systems (pages 66-67)

Disclosure number	Disclosure title	Where to find this information
403-5	Worker training on occupational health and safety	– People section, Creating Safe Places to Work (page 20)
403-6	Promotion of worker health	– Appendix – People, Occupational Health (page 67)
People and Workforce Standards continued		
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	– People section, Creating Safe Places to Work (page 20)
403-8	Workers covered by an occupational health and safety management system	– Appendix – People, Occupational Health (page 67)
403-9	Work-related injuries	– People Section, Creating Safe Places to Work (page 20) – Appendix – People, Occupational Health (page 67)
403-10	Work-related ill health	– Appendix – People, Occupational Health (page 67)
GRI-404	Training and education	
404-1	Average hours of training per year per employee	– Appendix – People, Training (page 68)
404-2	Programmes for upgrading employee skills and transition assistance programmes	– People section, Promoting Talent (page 26) – Appendix – People, Training (page 68)
404-3	Percentage of employees receiving regular performance and career development reviews	– People section, Promoting Talent (page 26)
GRI-405	Diversity and equal opportunity	
405-1	Diversity of governance bodies and employees	– Appendix – People, Employee Numbers (page 67)
405-2	Ratio of basic salary and remuneration of women to men	– People section, Human Rights (page 24)
GRI-406	Non-discrimination	
406-1	Incidents of discrimination and corrective actions taken	– The Company can confirm that there were no incidents of discrimination in 2019 (2018: none)
GRI-407	Freedom of association and collective bargaining	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	– Appendix – People, Freedom of Association (page 70)
GRI-408	Child labour	
408-1	Operations and suppliers at significant risk for incidents of child labour	– Appendix – People, child labour, forced or compulsory labour (page 71)
GRI-409	Forced or compulsory labour	
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	– Appendix – People, child labour, forced or compulsory labour (page 71)
GRI-410	Security practices	
410-1	Security personnel trained in human rights policies or procedures	– People section, Human Rights (page 24)

Appendix – Global Reporting Initiative Index continued

Disclosure number	Disclosure title	Where to find this information
GRI-411	Rights of indigenous peoples	
411-1	Incidents of violations involving rights of indigenous peoples	– The Company can confirm that there were no identified incidents of violations involving the rights of indigenous peoples during the period (2018: none)
People and workforce standards continued		
GRI-412	Human rights assessment	
412-1	Operations that have been subject to human rights reviews or impact assessments	– Ethical Business section, Ethics and Integrity (page 30)
412-2	Employee training on human rights policies or procedures	– Ethical Business section, Ethics and Integrity (page 30)
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	– Ethical Business section, Ethics and Integrity (page 30)
GRI-413	Local communities	
413-1	Operations with local community engagement, impact assessments, and development programmes	– Supporting Communities section, Engaging with Local Communities, page 52
413-2	Operations with significant actual and potential negative impacts on local communities	– Supporting Communities section, Engaging with Local Communities, page 52
GRI-414	Supplier social assessment	
414-1	New suppliers that were screened using social criteria	– Ethical Business section, Ethics and Integrity, page 30
414-2	Negative social impacts in the supply chain and actions taken	– Ethical Business section, Ethics and Integrity, page 30
GRI-415	Public policy	
415-1	Political contributions	– No political donations during the reporting year (2018: none)
GRI-416	Customer health and safety	
416-1	Assessment of the health and safety impacts of product and service categories	– Not applicable to iron ore pellets
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	– The Company can confirm that there were no incidents of non-compliance with regulations and/or voluntary codes concerning the impact on health and safety of the Company's products and services in 2019 (2018: none)
GRI-417	Marketing and labelling	
417-1	Requirements for product and service information and labelling	– Appendix – Ethical Business, Marketing and Labelling (page 73)
417-2	Incidents of non-compliance concerning product and service information and labelling	– The Company can confirm that there were no incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labelling in 2019 (2018: none)
417-3	Incidents of non-compliance concerning marketing communications	– The Company can confirm that there were no incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications in 2019 (2018: none)
GRI-418	Customer privacy	
418-1	Substantiated complaints concerning breaches of customer privacy or losses of customer data	– The Company can confirm that there were no substantiated complaints received during 2019 regarding breaches of data privacy (2018: none)
GRI-419	Socioeconomic Compliance	
419-1	Non-compliance with laws and regulations in the social and economic area	– The Company confirm that it remains in compliance with local laws and regulations in the countries in which it operates

Appendix – Climate Change Risks and Opportunities

Managing and mitigating risks, whilst identifying opportunities.

The Group has an internal risk register which considers emerging and principal risks related to the business in terms of monetary impact, probability, maximum foreseeable loss, trend and mitigating actions. The risk register is updated monthly and discussed by executive management at the Group's Finance and Risk Management Committee, where the completeness of the risk register is also considered and any new identifiable risks added. The risk register is also discussed and reviewed by the Audit Committee, at least quarterly per year.

The Board of Ferrexpo has ultimate responsibility for the identification of emerging and principal risks and associated strategies to manage and mitigate such risks, and confirms that during the year it carried out a robust assessment of the Company's emerging and principal risks. The Acting Chief Executive Officer, Acting Chief Financial Officer, Chief Operating Officer and Chief Marketing Officer manage specific risks on a day-to-day basis related to their functions.

Area	Risk description	Category (physical, regulatory or other) and time horizon	Potential financial implication of risk	Methods used to manage risk and associated costs
Part 1: Transition risks associated with the transition to a lower-carbon economy				
Policy and legal risks (related to the transition to a lower-carbon economy)				
1) Carbon pricing	As of 1 January 2019, Ukrainian parliament passed a law increasing the country's carbon tax from UAH0.41 per tCO ₂ e to UAH10 per tCO ₂ e, with further planned increases of UAH5 per year for the next four years. Ukraine has also stated through the Ukraine-EU Association Agreement that it intends to establish an Emissions Trading System ("ETS"), similar to the EU's existing ETS. Under the EU ETS, carbon is currently priced at €20 per tCO ₂ e, representing a potential increase to the Company's cost base if Ukrainian carbon pricing were to align with EU pricing.	Regulatory. Short to medium term.	Increased operating costs.	Carbon reduction initiatives. Clear reporting of Company's GHG emissions.
2) Enhanced emissions-reporting obligations	Currently the Company is required to report emissions of a number of gaseous emissions on both a quarterly and annual basis, including CO ₂ , SO _x , NO _x , CO and NMVOCs, as well as solid emissions (dust), from stationary and mobile sources of emissions. Increased frequency and/or the number of gases required to be reported would potentially require additional testing equipment.	Regulatory. Short to medium term.	Increased operating costs. Social licence to operate.	Not applicable.
3) Mandates on and regulation of existing products	The global steel industry is facing increasing scrutiny and regulatory pressure, particularly in regard to its environmental impact. Increasing regulatory requirements for steelmakers, to which Ferrexpo sells its iron ore pellets, may have an impact on Ferrexpo's ability to market its pellets to specific customers and/or markets. This may also present an opportunity as countries regulate away from less efficient forms of iron ore and towards pellets – see opportunities section.	Regulatory. Long term.	Increased operating costs. Markets served.	Not applicable.
4) Exposure to litigation	As environmental regulation increases, a number of environmental pledges are being made at the international level (e.g. Paris Agreement) and corporate level. Stakeholders, including local communities and financial investors, are increasingly reliant on these pledges to understand the strategy and positioning of a company. With investors, this may affect investment decisions. With local communities, this may affect approval of local licences to operate. Increasing environmental legislation and public pledges, exposes companies to increased risk of litigation should that company not adhere to legislation and/or commitments made.	Regulatory. Short to medium term.	Increased operating costs. Social licence to operate.	Carbon reduction initiatives. Clear reporting of Company's GHG emissions.

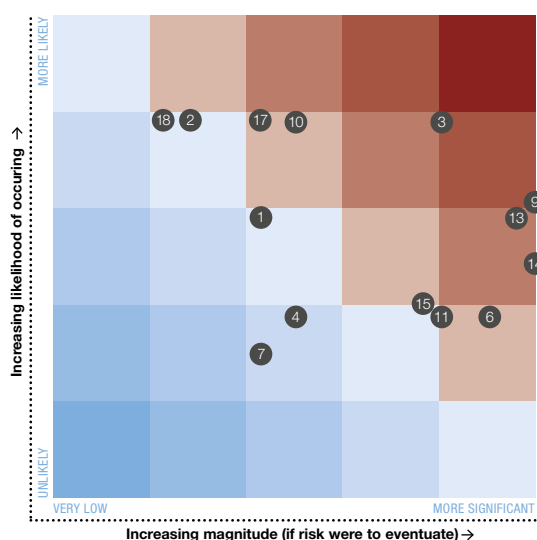
Appendix – Climate Change Risks and Opportunities continued

Area	Risk description	Category (physical, regulatory or other) and time horizon	Potential financial implication of risk	Methods used to manage risk and associated costs
Part 1: Transition risks associated with the transition to a lower-carbon economy continued				
Policy and legal opportunities (related to the transition to a lower-carbon economy)				
5) Mandates on and regulation of existing products	Iron ore pellets, which tend to be higher grade in terms of iron content and contain fewer impurities than alternative sources of iron for steelmakers (such as sinter and lump), have an environmental benefit for the steelmakers as iron ore pellets require less iron ore and less coal to process these raw materials into a tonne of steel (compared to sinter or lump). As changing regulations encourage steel mills to reduce their environmental footprints, this may encourage increased demand for iron ore pellets. For more details, see Environment Section, Climate Change (page 36).	Regulatory. Long term.	Increased demand for iron ore pellets.	N/A
Technology risks (related to the transition to a lower-carbon economy)				
6) Substitution of existing products and services with lower emissions options	The Company principally produces iron ore pellets for customers that utilise blast furnaces to produce steel. As environmental regulation increases, a number of customers may switch to forms of steel production that generate less greenhouse gas emissions, such as direct reduction ("DR") pellets. This switch would require Ferrexpo to change its product mix, to produce more DR pellets, which currently represent less than 5% of total sales.	Regulatory. Long term.	Capital cost of changing production process.	Investment in mining and processing operations to optimise product mix for long term future.
7) Unsuccessful investment in new technologies	The Company is constantly looking to drive efficiency gains and increase output at its operations, which often entails new technology and techniques, not all of which will be successful.	Physical. Short, medium and long term.	Capital cost of changing production process.	Operational best practices.
Technology opportunities (related to the transition to a lower-carbon economy)				
8) Successful investment in new technologies	The Company is constantly looking to drive efficiency gains and increase output at its operations, which often entails new technology and techniques. An example of a successful change in the production process is the partial substitution of natural gas in the pelletiser with sunflower husks, which provides an environmental gain through reduced hydrocarbon consumption as well as a financial gain in reducing operating costs.	Physical. Short, medium and long term.	Capital cost of changing production process.	Not applicable.
Market risks (related to the transition to a lower-carbon economy)				
9) Changing customer behaviour	Whilst Ferrexpo works hard to develop its customer relationships, and sell the Company's pellets under long-term contracts, the risk exists that customers may elect to receive iron ore (pellets, sinter or lump) from alternative sources. Example reasons for this risk include financial, political or climate-related reasons.	Commercial and physical. Long term.	Lower realised prices for Ferrexpo products.	Marketing/customer relationships.
10) Market uncertainty leading to lower realised prices	Market factors such as the iron ore price, pellet premiums, freight rates and currency rates are all factors that are independent of the Company's controlled activities and can be influenced by a number of reasons that may be financial, market, social, or environmental in nature.	Commercial. Short, medium and long term.	Lower realised prices for Ferrexpo products.	Operational improvements to lower costs and increase product quality.

Area	Risk description	Category (physical, regulatory or other) and time horizon	Potential financial implication of risk	Methods used to manage risk and associated costs
Part 1: Transition risks associated with the transition to a lower-carbon economy continued				
11) Increased cost of raw materials/ access to raw materials	The Company relies on a number of input materials to mine, process and transport its products to its customers, such as natural gas, diesel, sunflower husks, and steel grinding media. Climate change and shifting environmental regulations may either restrict access to these materials and/or raise unit costs of purchasing them.	Physical and regulatory. Short to medium term.	Increased operating costs.	Improving operational efficiencies and efficient procurement practices
Market opportunities (related to the transition to a lower-carbon economy)				
12) Changing customer behaviour	Increasing environmental regulation is driving steel mills around the world to adapt their behaviours and improve operational efficiencies. This presents an opportunity for Ferrexpo to potentially supply a wider range of steel mills with iron ore pellets, which tend to be higher grade products than alternatives to pellets, which in turn would lead to increased demand and higher realised prices for iron ore pellets.	Commercial/ market. Long term.	Higher realised prices for Ferrexpo products.	Marketing/ customer relationships. Operational consistency and improvements.
Reputational risks (related to the transition to a lower-carbon economy)				
13) Shifts in consumer preferences	Ferrexpo's customers may elect to buy iron ore pellets from another supplier, should Ferrexpo not be viewed as having sufficient environmental credentials as a producer of iron ore pellets. A poor reputation on the Company's environmental footprint may also affect other stakeholders, such as lenders providing access to finance, and local communities granting a social licence to operate.	Commercial/ market, and physical. Medium to long term.	Access to capital. Share price.	Continued clear reporting on GHG emissions and environmental benefits of using iron ore pellets.
14) Stigmatisation of sector	The iron ore mining sector, wider mining and steel sectors may face reputational headwinds similar to those experienced by the coal industry in recent years, whereby access to capital and investor interest may become limited due to changing environmental priorities of stakeholders.	Commercial / market, and regulatory. Medium to long term.	Access to capital. Share price.	Continued clear reporting on GHG emissions and environmental benefits of using iron ore pellets.
15) Increased stakeholder concern or negative stakeholder feedback	Ferrexpo's activities have a direct and indirect (perceived) impact on those around it, including stakeholders such as employees, contractors, local communities, lenders, investors, and customers. Any non-compliance with environmental best practices, whether actual or perceived, could negatively impact the Company's reputation, and therefore its ability to operate.	Physical and commercial/ market. Short, medium and long term.	Increased operating costs. Access to capital. Share price.	Marketing/ customer relationships. Operational best practices.
Reputational opportunities (related to the transition to a lower-carbon economy)				
16) Shifts in consumer preferences	Should Ferrexpo successfully position itself as a low-carbon producer of iron ore relative to its peers, demand for Ferrexpo's pellets is likely to increase from existing customers and potential new customers.	Commercial / market, and physical. Long term.	Access to capital. Share price.	Not applicable.
Part 2: Physical risks associated with the transition to a lower-carbon economy				
Acute physical risks (related to the transition to a lower-carbon economy)				
17) Increased severity of extreme weather events such as cyclones and floods	Ferrexpo is located adjacent to a major river, the Dnieper River, the local level of which is controlled by hydroelectric dams upstream and downstream of the Company's mines. This however does not rule out localised flooding of the river, due to a changing climate, which would have an adverse impact on the Company's operations. Ferrexpo also mines its iron ore via open cast mines, which require dewatering via pumps. The rate of dewatering is dictated by the level of water ingress, and extreme rainfall events could have the potential to temporarily exceed the Company's ability to dewater its mines, which would temporarily restrict access to the mining of iron ore.	Physical. Long term.	Restricted access to mining operations. Increased operating costs. Reduced revenue.	Operational best practices.

Appendix – Climate Change Risks and Opportunities continued

Area	Risk description	Category (physical, regulatory or other) and time horizon	Potential financial implication of risk	Methods used to manage risk and associated costs
Acute physical risks (related to the transition to a lower-carbon economy)				
18) Changes in precipitation patterns and extreme variability in weather patterns	Ferrexpo relies on water to process its iron ores through wet magnetic separation and also utilises water to pump tailings to the tailings dam, situated one kilometre to the east of the Company's processing facilities. Restrictions on the use of water would require capital expenditures to modify the existing process flowsheet. Failure to do so would potentially lower the quality of Ferrexpo's pellets as dry processing of ores is not as efficient at removing waste materials than wet processing.	Physical. Long term.	Capital expenditures. Reduced revenues.	



(Please note that the following numbers from the table above are not shown in the matrix above: 5, 8, 12 and 16, as these relate to climate-change opportunities, rather than risks.)

Appendix – Index of reporting under Sustainability Accounting Standards Board

For the first year, the Company is reporting in line with the Sustainability Accounting Standards Board (“SASB”). The table in this section serves to redirect the reader to the relevant information required under SASB guidelines.

Topic	Accounting Metric	Code	Location in this report
Greenhouse gas emissions	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations.	EM-IS-110a.1	Appendix – Sustainable Environments, Climate Change (page 77)
	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.	EM-IS-110a.2	Appendix – Sustainable Environments, Climate Change (page 77)
Air emissions	Air emissions of the following pollutants: (1) CO, (2) NO _x (excluding N ₂ O), (3) SO _x , (4) particulate matter (PM10), (5) manganese oxide (MnO), (6) lead (Pb), (7) volatile organic compounds (“VOCs”), and (8) polycyclic aromatic hydrocarbons (“PAHs”).	EM-IS-120a.1	Appendix – Sustainable Environments (Emissions of NO ₂ , SO ₂ , CO and dust), (page 79)
Energy management	(1) Total energy consumed, (2) percentage grid electricity, and (3) percentage renewable.	EM-IS-130a.1	Appendix – Sustainable Environments (Energy Consumed and Energy Intensity), (page 78)
	(1) Total fuel consumed, (2) percentage coal, (3) percentage natural gas, and (4) percentage renewable.	EM-IS-130a.2	Appendix – Sustainable Environments (Energy Consumed and Energy Intensity), (page 78)
Water management	(1) Total fresh water withdrawn, (2) percentage recycled, and (3) percentage in regions with high or extremely high baseline water stress.	EM-IS-140a.1	Appendix – Sustainable Environments (Water Extraction, Reuse and Discharge) (page 80)
Waste management	Amount of waste generated, percentage hazardous, percentage recycled.	EM-IS-150a.1	Environment section (Managing Landscapes) (page 40)
			Environment Section (Tailings Management) (page 47)
Workforce health & safety	(1) Total recordable injury frequency rate (“TRIFR”), (2) fatality rate, and (3) near miss frequency rate (“NMFR”) for (a) full-time employees, and (b) contract employees.	EM-IS-320a.1	People section (Creating Safe Places to Work) (page 20)
			Appendix – People (Safety Performance in Detail) (page 66)
Supply chain management	Discussion of the process for managing iron ore and/or coking coal sourcing risks arising from environmental and social issues.	EM-IS-430a.1	Whilst the Company does not source iron ore or coal from third parties, the Company does conduct third party due diligence and compliance checks on those it does business with. See Ethical Business Section (Ethics and Integrity) on page 30 for more information.
Activity metric (applicable to iron ore producers)	Total iron ore production.	EM-IS-000.B	Ferrexpo produced 10.52Mt of iron ore products (pellets) in 2019 (2018: 10.61Mt)

Appendix – People

The following Appendix section presents information required for publication by various reporting frameworks that specifically relate to the Company's workforce.

Safety section: safety performance in detail

12M	Hours worked (million)	12 months to 31.12.2019			2018
		Accidents	Thereof fatal accidents	LTIFR (2019)	LTIFR (2018)
FPM	18.0	12	–	0.67	1.25
FYM	2.9	–	–	–	0.66
FBM	0.3	–	–	–	–
Mining entities	21.2	12	–	0.57	1.15
DDSG	1.1	1	–	0.91	1.83
Group	22.3	13	–	0.58	1.18

As of this report, Ferrexpo has begun reporting a number of additional leading and lagging safety statistics, which are as follows for 2019:

18

NUMBER OF INJURIES IN 2019
(LTI AND FIRST AID COMBINED)

0.94

TOTAL INJURY FREQUENCY
RATE (PER MILLION HOURS)

26

NEAR MISS EVENTS

32

SERIOUS INCIDENT
REPORTS

Definitions of the above indices are as follows: Near Miss Events are those in which serious injury could have occurred (but did not occur), and Serious Incident Reports are produced for Near Miss Events where it is deemed that there was the potential for a fatality to have occurred. The Company notes that SASB reporting requirements stipulate that incident frequency rates should be provided per 200,000 hours worked, but for consistency with prior periods, the Company publishes all its incident rates per one million hours worked. (The total number of hours worked is provided in the table above should the reader wish to calculate frequency rates with a different denominator.)

The Company intends to continue reporting of these safety variables in future years, which will provide a more comprehensive insight into the leading and trailing indicators of safety at Ferrexpo's operations.

Safety section: management systems

Ferrexpo is compliant with OHSAS 18001, which is a British Standard for occupational health and safety management systems. This has been implemented at Ferrexpo's operations for over five years. The Company implements a health and safety management system to ensure best practices at its operations, in line with Ukrainian legislation.

All of the Company's workforce, including all full-time employees, part-time employees, temporary employees and contractors are covered by the Company's occupational health and safety management system, as governed by OHSAS 18001:2010. This system is externally audited every five years, with FPM last audited in 2017 and FYM in 2016. The process to migrate Ferrexpo's compliance across to its successor, ISO 45001, is under way. The Company expects to implement ISO 18001 (or its successor ISO 45001) at FBM by early 2021.

Safety section: risk identification

Ferrexpo understands that ensuring all workers return home safely once their shift has finished begins with thorough risk identification and risk mitigation across the Company's business, to help protect workers from risks and remove workers from unsafe situations so that injuries are not incurred. Risks are identified through audits conducted by Ferrexpo's safety teams at FPM, FYM and FBM, and recorded in a risk register that accounts for the potential impact, or severity, of an event occurring and the likelihood of it occurring, and ranking each risk as low, medium, high or very high according to this assessment. All 15 operational departments maintain a risk register specific to each department, with each register reviewed and updated regularly, as new risks are identified, when technological processes change or at times of changes in legislation.

During 2019, a total of 13,039 behavioural safety audits were carried out across Ferrexpo's operations in Ukraine, with the main findings relating to the non-use of personal protective equipment ("PPE") and non-compliance with existing internal regulations and government labour regulations.

Safety section: occupational health

The Company aims to promote a healthy, balanced lifestyle with its workers, and engages with workers through social media, billboards around Ferrexpo operations and the town of Horishni Plavni, and advertisements in local newspapers. The Company has initiated a project in 2019 to promote gender diversity at its operations, with the Company offering flexible working hours to mothers and pregnant women, in order to accommodate the demands of a family and create a more inclusive working environment.

Ferrexpo manages the occupational health of its workforce through its own managed medical centre, located at FPM. This medical facility is managed independently on a day-to-day basis, and patient records remain confidential, to ensure no favourable or unfavourable treatment of workers is derived through these health assessments.

The Company's medical centre conducted 8,281 medical checks in 2019, representing 94% of the Company's employees (2018: 8,637 checks, 94% of all employees). Further to the Company's own medical centre, the Company funds local government-run hospitals and medical centres, which provide free healthcare to local residents and employees. Local residents, including locally-based employees, are able to apply to the Company's own Charity Fund for grants to help fund expensive medical procedures that would otherwise be unaffordable.

The Company can confirm that amongst its workforce, comprising employees and contractors, there was one incidence of work-related ill health in 2019 (2018: none).

This incidence of ill health occurred in Ukraine in May 2019, with an excavator driver being diagnosed with pneumoconiosis (silicosis) during a routine medical check. An analysis of the causes revealed that the excavator driver's cabin was insufficiently sealed against dust commonly occurring in the individual's place of work, with increased air temperatures further contributing to the inhalation of dust.

Remedial actions following this review include the checking of air-tight seals on excavator cabins and provision of respiratory equipment for use by drivers during times of excessive dust generation.

Workforce structure section

Total workforce

Employee and contractor numbers by location (2019)	Location	Employees	Contractors	Total
Operations	Europe	8,829	1,933	10,762
Logistics and marketing	Asia, MENA, Europe	134	371	505
Corporate	Europe	25	2	27
Total		8,988	2,306	11,294

Total employee numbers by location and contract type

Employees by contract type (2019)	Operations (Europe)	Logistics and marketing (Asia, MENA, Europe)	Corporate (Europe)	Total
Number of permanent employees for the year	8,699	109	25	8,833
Number of temporary/fixed-term employees for the year	6	1	–	7
Number of part-time/casual employees for the year	136	12	–	148
Total	8,841	122	25	8,988

Employees by age and gender, Ukrainian operations (2019)

Percentage of employee by category	Under 30		30 to 50 years		Over 50 years	
	Male	Female	Male	Female	Male	Female
FPM	82%	18%	67%	33%	62%	38%
FYM	86%	14%	80%	20%	88%	12%
FBM	100%	–	53%	47%	50%	50%
Ferrotrans	94%	6%	71%	29%	78%	22%
Total	83%	17%	69%	31%	65%	35%

Appendix – People continued

Training across the Group

Training undertaken in 2019	Operations (Europe)	Logistics and marketing (Asia, MENA, Europe)	Corporate (Europe)	Total
Safety training courses undertaken by employees	8,256	10	–	8,266
Skills training courses undertaken by employees	5,860	2	–	5,862
Other functional training courses undertaken by employees	1,452	6	–	1,458
Training courses undertaken by employees	15,568	18	–	15,586
Number of workers and administrators trained	7,825	11	–	7,836
Number of specialists trained	6,383	4	–	6,387
Number of managers trained	1,360	3	–	1,363
Total number of workers, administrators, specialist and managers trained	15,568	18	–	15,586
Safety training courses undertaken by contractors	333	–	–	333
Skills training courses undertaken by contractors	955	–	–	955
Other functional training courses undertaken by contractors	–	–	–	–
Total number of contractors trained	1,288	–	–	1,288
Total number of training hours for employees trained	256,320	387	–	256,707
Average number of training hours per employee trained	16	22	–	16
Average total number of sponsored learners (graduates, apprentices, bursaries and other trainees)	207	–	–	207

Training hours provided in 2019 by gender and employee category:

Gender:

- Female – 25 hours/person
- Male – 40 hours/person

Employee category:

- Workers – 56 hours/person
- Specialists – 16 hours/person
- Managers – 17 hours/person

New hires by location

	Operations (Europe)	Logistics and Marketing (Asia, MENA, Europe)	Corporate (Europe)	Ferrexpo Group Total (2019)	Ferrexpo Group Total (2018)
Number of workers and administrators hired from local community	494	2	–	496	612
Number of specialists hired from local community	70	10	–	80	87
Number of managers hired from local community	10	2	–	12	2
Total number of hires from local community	574	14	–	588	701
Number of workers and administrators hired (non-local)	115	14	–	129	162
Number of specialists hired from elsewhere (non-local)	17	2	–	19	17
Number of managers hired from elsewhere (non-local)	6	1	–	7	4
Total number of hires (non-local)	138	17	–	155	183
Total number of all new hires (#)	712	31	–	743	884
% hires local community	81%	45%	–	79%	79%

Note: local community defined as being within a 30km radius of Ferrexpo's operations.

New hires by age and gender

	Operations (Europe)	Logistics and Marketing (Asia, MENA, Europe)	Corporate (Europe)	Ferrexpo Group Total (2019)
New hires in 2019 by age, gender and location				
Number of new hires – age 18–29 years (#)	309	3	–	312
Number of new hires – age 30–39 years (#)	174	9	–	183
Number of new hires – age 40–49 years (#)	121	2	–	123
Number of new hires – age 50–59 years (#)	60	2	–	62
Number of new hires – age 60 years and above (#)	48	1	–	49
Number of new hires – male (#)	539	12	–	551
Number of new hires – female (#)	173	5	–	178
Number of new hires – male (%)	76%	71%	–	–
Number of new hires – female (%)	24%	29%	–	–

Appendix – People continued

Departures by location, age and gender

	Operations (Europe)	Logistics and marketing (Asia, MENA, Europe)	Corporate (Europe)	Ferrexpo Group total (2019)
Total number of resignations	485	8	2	495
Total number of retirees or departures for health reasons	285	3	1	289
Total number of involuntary leavers	78	2	–	80
Total	848	13	3	864
Breakdown by age				
18–29	245	1	–	246
30–39	200	3	–	203
40–49	147	–	–	147
50–59	103	1	–	104
60+	153	7	–	160
Total	848	12	–	860
Total male	628	12	–	640
Total female	220	–	–	220
Percentage turnover - male	10%	12%	–	10%
Percentage turnover - females	8%	–	–	8%

Employment benefits

The Company can confirm that all benefits that are provided as standard to the full-time employees of the organisation are also provided to temporary and part-time employees, in all locations of the business.

Diversity – governance bodies (gender)

Governance bodies as at 31.12.2019	Under 30		30–50 years		Over 50 years	
	Male	Female	Male	Female	Male	Female
Board of Directors	–	–	2	–	4	1
CSR Committee	–	–	2	–	2	1

Freedom of association

Ferrexpo supports the basic principle of an individual's fundamental human rights and in dignity for all people, as set out in the Universal Declaration of Human Rights. Ferrexpo employees and suppliers, through the Company's Code of Conduct for Business Partners, are free to associate and to enter into collective bargaining arrangements. Ferrexpo agrees with the rights of freedom of association and the Company considers that Ferrexpo workers have their right to be represented by trade unions or other similar organisations. Such representatives should be able to carry out their activities within the representatives of law, regulation, prevailing labour relations and practices, and agreed Company procedures. As of the end of 2019, 89% of the Company's employees in Ukraine were represented by a works council or recognised labour union (2018: 88%).

Both the Code of Conduct and Code of Conduct for Business Partners support the Company's position in supporting workers' rights.

Child labour, forced or compulsory labour and labour standards

Ferrexpo does not permit the employment of child labour and does not allow forced or other forms of involuntary labour. The Company consistently reviews its supply chain to ensure it does not do business with businesses considered to be at risk of incidents of either: (1) child labour; or (2) young workers exposed to hazardous work.

The Company complies with the UK Modern Slavery Act 2015 and has taken steps to ensure that human trafficking and slavery are not involved in the Company's supply chain or business. For further details, please see the Company's statement on the Modern Slavery Act on the Company's website.

Ferrexpo's approach to human rights is described in the Company's Code of Conduct and Code of Conduct for Business Partners. Both are key policy documents, which state that the Company does not permit the employment of child labour, forced labour, or other forms of involuntary labour, in either Ferrexpo-controlled entities or entities involved in Ferrexpo's supply chain. Ferrexpo's Code of Conduct is available on the Company's website.

The Company can confirm that there were no incidences of non-compliance with labour standards in 2019 (2018: none).

Appendix – Ethical Business

The following Appendix section presents information required for publication by various reporting frameworks that relate to economic and business ethics factors.

Group structure

The Ferrexpo Group structure is shown in the Additional Disclosures section of the 2019 Annual Report and Accounts (page 179). The Company confirms that there were no material changes to the Company's size, structure or supply chain during 2019.

Summary financials

US\$000	2019	2018
Direct economic value generated (revenue)	1,506,724	1,274,030
Operating expenses	(968,443)	(844,470)
Included in operating expenses: (but not limited to)		
– Employee costs (excluding logistics and bunker business)	(101,770)	(79,471)
– Royalties and levies	(30,506)	(29,742)
– Community support donations	(5,893)	(15,130)
– Suppliers ¹	(551,141)	(481,366)
Operating profit	497,143	427,579

¹ Inventories recognised as an expense upon sale of goods.

US\$m (unless otherwise stated)	2019	2018	Change
Pellet production from own ore (kt)	10,519	10,506	+0.1%
Pellet sales volumes (kt)	10,312	10,227	+0.8%
Average CFR 62% fines price (US\$/t)	93	69	+35%
Average CFR 65% fines price (US\$/t)	104	90	+16%
Average C1 cost (US\$/t)	47.8	43.3	+10%
Revenue	1,507	1,274	+18%
Underlying EBITDA	586	503	+17%
Underlying EBITDA margin	39%	39%	–
Profit after tax	403	335	+20%
Diluted earnings per share (cents)	68.4	56.7	+21%
Net cash flow from operating activities	473	292	+62%
Capital investment	247	135	+83%
Cash	131	63	+108%
Net debt	281	339	-17%
Net debt to EBITDA (x)	0.48	0.67	-28%

Pellet and concentrate sales by country

Export sales of iron ore pellets and concentrate by geographical destination showing separately countries that individually represented more than 10% of export sales in either the current or prior year were as follows:

US\$000	Year ended 31.12.19	Year ended 31.12.18
Central Europe	529,159	565,820
<i>Austria</i>	<i>331,964</i>	<i>290,825</i>
<i>Others</i>	<i>197,195</i>	<i>274,995</i>
Western Europe	183,560	193,540
<i>Germany</i>	<i>168,875</i>	<i>172,108</i>
<i>Others</i>	<i>14,685</i>	<i>21,432</i>
North East Asia	250,721	221,985
<i>Japan</i>	<i>161,186</i>	<i>127,336</i>
<i>Others</i>	<i>89,535</i>	<i>94,649</i>
China and South East Asia	412,613	176,135
<i>China</i>	<i>347,892</i>	<i>125,315</i>
<i>Others</i>	<i>64,721</i>	<i>50,820</i>
Turkey, Middle East and India	62,717	64,183
<i>Turkey</i>	<i>62,717</i>	<i>64,183</i>
Other	8,800	–
Total exports	1,447,570	1,221,663

Marketing and labelling

Due to the nature of the Company's product, which is primarily made from iron ore sourced from the Company's own operations in Ukraine, the Company is not required to label its own products. The Company's different pellet types are made to set specifications, which incorporate customers' needs and these specifications are tested both by Ferrexpo at the point of production and by customers on receipt of individual shipments.

The Company's pellets do not contain any substances that require specific labelling due to an environmental or social impact, and do not require labelling for their disposal.

Political donations

The Group can confirm that it made no political donations, political expenditure or political contributions during the year.

Blooming Land

The following text is taken from page 10 of the Company's 2019 Annual Report:

As announced in February 2019, the Group established an Independent Review Committee ("IRC") to investigate the use of funds donated by Ferrexpo to a Ukrainian charity called Blooming Land (the "Charity"). The work of the IRC and its advisers included a forensic review undertaken by BDO LLP, a review of relevant documentation, interviews with Ferrexpo employees and Directors, correspondence with the Charity and other third parties, together with advice from legal counsel in the UK and Ukraine.

The IRC was unable to conclude as to the ultimate use of all of Ferrexpo's funds by the Charity, a third party.

Donations to the Charity were suspended in May 2018, and in August 2019 the Group formally terminated the relationship. The Board's current policy regarding charitable donations is to only support causes or charities local to the Company's operations. Should the Company resume any national corporate social responsibility programme in Ukraine, the Board will ensure adherence to the highest standards of diligence, oversight, governance and reporting. For further information, see the Independent Review report in the Company's Annual Report (page 75).

Appendix – Ethical Business continued

Financial assistance from governments

The Company can confirm it did not receive any financial assistance from governments during the reporting period in the form of tax relief, subsidies, investment grants (or similar), awards, royalty holidays, or other financial incentives. The Company has however, received loans in the form of Export Credit Agency ("ECA") debt in the past, and continues to repay these loans in line with the terms of these facilities. As of 31 December 2019, the outstanding balance of ECA debt was US\$5 million (31 December 2018: US\$14 million). This ECA debt was provided by Sweden. The Company can confirm that no government is present in its shareholding structure.

Defined benefit pension plan obligations

The Company's arrangements with regard to pension plans and retirement plans for its employees remained materially unchanged in 2019. In some jurisdictions, for example Switzerland and the UK, the Company has pension plans for employees, while in others, for example Ukraine and China, the Company contributes towards state retirement plans operating under the social benefit framework provided in the country in which the employee resides. A full, audited summary of the Company's pension plans for each location where these operate, including any defined benefit liabilities, is provided in Note 22 of the Company's 2019 Annual Report (pages 151 to 155).

Anti-corruption

The Company can confirm that there were no confirmed incidents of corruption in 2019 (2018: zero) either with employees or with Ferrexpo's business partners. Nor were there any public legal cases brought against the Company.

As of 31 December 2019, all Ferrexpo subsidiaries have been assessed for risks relating to corruption, with specific procedures put in place for any dealings between Ferrexpo companies and third parties that are deemed be high risk.

Anti-competitive behaviour, anti-trust and monopoly practices

The Company can confirm that it is not subject to any legal actions regarding anticompetitive behaviour or any violations of anti-trust or anti-monopoly legislation.

Appendix – Sustainable Environments

The following Appendix section presents information required for publication by various reporting frameworks that specifically relate to environmental factors.

Climate change

The table below shows the Group's CO₂-equivalent emissions by source in 2018 and 2019.

(All figures CO ₂ , kilotonnes)			2018	2019	% Change
Scope 1	Hydrocarbons	Diesel	241.8	247.0	+2%
		Petrol	1.9	1.6	-17%
		Gasoil	82.3	88.6	+8%
		Burning oil FPM	0.2	0.2	-9%
		Burning oil FYM	0.0	0.0	+11%
		Natural gas	255.6	240.3	-6%
		Coal	0.7	0.5	-31%
	Explosives	Heavy anfo	0.0	0.0	-29%
		Emulsions	0.0	0.0	-28%
	CFCs / HCFCs	0.5	0.2	-48%	
	Other	5.8	1.0	-82%	
Scope 1 subtotal			588.8	579.4	-2%
Scope 2	Electricity	1,897.6	1,916.0	+1%	
	Steam (heating)	28.1	24.6	-12%	
Scope 2 subtotal			1,925.7	1,940.6	+1%
Scope 3	Downstream sources:				
	Third party distribution to customers		104.0	133.7	+29%
	Conversion of product to steel		9,838.4	9,908.6	+1%
Scope 3 subtotal			9,942	10,042	+1%
Pellet production (Mt)			10.6	10.5	-1%
Intensity ratios (kg CO ₂ per tonne produced)					
Scope 1 (Ferrexpo operations only)			55.5	55.1	-1%
Scope 2 (Ukrainian grid)			181.5	184.5	+2%
Scope 3 (downstream use of pellets)			937.3	954.7	+2%
Biofuels			90.6	104.3	+15%

Appendix – Sustainable Environments continued

All emissions reported here are gross emissions and are not subject to offsetting, credits or similar mechanisms that reduce or compensate for emissions. Ferrexpo does not participate in any such offsetting programmes. The Company currently does not apply an internal carbon price for new capital projects.

Emissions presented in this report are calculated using the Greenhouse Gas Emissions Protocol. Greenhouse gases included in the Company's calculations for CO₂-equivalent tonnes are: CO₂, CH₄ and N₂O, which are all calculated using the emissions factors provided by the Greenhouse Gas Emissions Protocol. Additionally, hydrofluorocarbons ("HFCs") are included in this calculation. Gases included in SASB Accounting Metrics that are not covered in this calculation are perfluorocarbons ("PFCs"), sulphur hexafluoride (SF₆) and nitrogen trifluoride (NF₃). As Ferrexpo's understanding and reporting Responsible Business activities develops over time, the Company intends to include these additional gases in its calculations.

Ferrexpo's direct emissions are covered by Ukrainian legislation, which applies a carbon tax to emissions in Ukraine.

Emissions are reported in this report for entities that Ferrexpo has financial control, which is defined as a minimum shareholding of 50%. This includes all Ferrexpo mining entities (FPM, FYM and FBM) in Ukraine, as well as the Company's barging subsidiary (DDSG) in Central Europe. This however excludes the port operator TIS Ruda, in which Ferrexpo holds a 49% shareholding.

Ferrexpo does not set absolute targets for its emission reduction programme due to the weighting of Ferrexpo's total emissions towards the Company's Scope 2 emissions that relate to electricity consumption. Under Ukrainian legislation, sourcing of electricity in Ukraine is legally required to take place through third-party traders, with which companies cannot specify the source of electricity. This legislation prevents Ferrexpo sourcing electricity directly from operators of low-carbon electricity sources (nuclear, hydroelectric), and therefore the Company is exposed to the high carbon intensity of the Ukrainian national grid. The Company is reviewing the possibility of utilising solar power, or alternative renewable energy sources, at its operations, but there can be no guarantee over the availability or applicability of this technology at Ferrexpo's operations. In the meantime, the Company continues to implement multiple energy efficiency programmes across its business to reduce electricity consumption where possible.

Energy use

	Purchases from third parties			Ferrexpo operations (terajoules used)						DDSG	Total
	Electricity used	Steam used	Natural gas	Burning oil	Diesel	Petrol	Domestic coal	Coking coal	Sunflower husks	Gas oil	
2019	6,749	431	4,882	3	3,534	24	4	0.1	1,393	1,112	18,132
2018	6,658	492	5,192	3	3,460	28	6	0.2	1,210	1,032	18,084
Percentage change ('18 vs. '19)	+1%	-12%	-6%	-8%	+2%	-17%	-32%	-14%	+15%	+8%	+0.3%
Percentage of 2019 total	37%	2%	27%	0.02%	19%	0.1%	0.02%	0.001%	8%	6%	100%
Renewable?	–	–	–	–	–	–	–	–	Yes	–	–

Energy intensity

		2018	2019	% change
Pellets produced	(Mt)	10,607	10,519	-0.8%
Energy consumed	(PJ)	18,084	18,132	+0.3%
Energy intensity	(GJ/tonne)	1.70	1.72	+1.1%

Energy reported in the table above only includes energy directly consumed by the Group during the reporting periods. Ferrexpo does not self-generate electricity, except for small generators for individual pieces of equipment.

Energy use is calculated using the coefficients provided by the US Government Energy Information Authority ("EIA") and the International System of Units (for conversion of kilowatt-hours to joules). Link to EIA conversion factors can be found at the following location: <https://www.eia.gov/energyexplained/units-and-calculators/>.

The Company only reports energy consumption from activities within the Company. The three main components of the Group's energy consumption in 2019 were electricity (37% of total energy), natural gas (27%), and diesel (19%), which collectively account for 84% of the total energy consumed and are the only sources that are greater than 10% of the total.

Ferrexpo's intensity ratios are based on tonnes of iron ore sold, with peers assessed based on the same basis in the benchmarking chart. Tonnages are used as a denominator for this metric as it directly reflects the amount of energy required for each tonne of material processed, and is not affected by external factors such as the iron ore price.

An overview of a number of energy saving projects that the Company is current undertaking is provided in the Sustainable Environments section, Energy Consumption (pages 42 to 43). The Company provides energy consumption data in absolute terms, rather than relative to a predetermined baseline year, as this enables transparent comparisons of each reported year. Year-on-year reductions in energy consumption are provided in percentage terms.

Emissions (NO₂, SO₂, CO and dust)

Emissions in Ukraine are categorised by the authorities according to the source of those emissions, either from fixed sources (processing plants and dust from waste dumps), or mobile sources (mobile mining equipment). Emissions from fixed and mobile sources are presented below for FPM and FYM.

	FPM emissions (fixed sources, tonnes)				FPM emissions (mobile sources, tonnes)					
	NO ₂	SO ₂	CO	Solid emissions	NO ₂	SO ₂	CO	Solid emissions	NMVOCs	Other
2018	3,479	1,876	1,486	2,336	1,820	244	2,999	351	469	31
2019	3,474	1,894	1,466	2,609	1,875	252	3,074	364	481	34
Percentage change	-0%	+1%	-1%	+12%	+3%	+3%	+3%	+4%	+3%	+10%

	FYM emissions (fixed sources, tonnes)				FYM emissions (mobile Sources, tonnes)					
	NO ₂	SO ₂	CO	Solid emissions	NO ₂	SO ₂	CO	Solid emissions	NMVOCs	Other
2018	14	18	44	1,283	589	80	707	72	157	6
2019	10	13	36	1,878	619	85	736	76	164	6
Percentage change	-30%	-27%	-18%	+46%	+5%	+5%	+4%	+5%	+5%	+4%

Note that the Company does not currently publish information on emissions of manganese oxide (MnO), lead (Pb), volatile organic compounds ("VOCs"), and polycyclic aromatic hydrocarbons ("PAHs").

Emissions (ozone depleting substances)

Further to the above, the Company utilised 56kg of hydrofluorocarbons (Kyoto Blends: 2kg R404A and 53kg R410A, and 69kg of Montreal Protocol Blends R22) in 2019. This represents a 67% decrease in usage of R410A and 13% decrease in usage of R22 compared to 2018, these substances are utilised in air conditioning units at the Company's operations in Ukraine, which the Company plans to phase out from use over the next five years as individual units are replaced.

Waste management

The Company can confirm that its operations do not generate hazardous waste, nor does the Company transport any hazardous waste. There were no significant spills recorded at the Company's operations in 2019 (2018: none).

Waste water that is discharged by the Company after use is first processed through a bioengineering facility, to ensure water quality is sufficiently high enough to ensure this water does not compromise the natural environment when it is discharged. Water quality is checked regularly during the year against 13 chemical elements or similar factors, as determined by the Ukrainian government authorities, and the Company can confirm that it remained in compliance with all measures during 2018 and 2019.

Environmental compliance

The Company can confirm that it was not subject to any environmental fines, sanctions or disputes relating to its environmental footprint in 2019 (2018: none), nor has it made any provisions in its financial accounts for any fines or settlements.

Ferrexpo's Code of Conduct for its Business Partners, which was unveiled in 2018, also covers environmental compliance for companies seeking to do business with Ferrexpo and as of 2019, 73% of contracts have this new Code of Conduct incorporated into them (92% of contracts with an annual value of more than UAH500,000).

Appendix – Sustainable Environments continued

As shown in the table of energy sources on page 78, renewable sources of energy (biofuels) account for 6% of the Company's total energy mix. Ukraine is the world's largest producer of sunflower oil by volume, producing 6.8Mt in 2019 (source: United States Department of Agriculture¹), with this industry producing a large excess volume of sunflower husks as a by-product. Sunflower husks are classified as a biofuel under the Green-e Framework for Renewable Energy Certification² as it is an agricultural crop residue that is unmerchantable locally as either a food or an animal feed (due to the large volumes of husk material available locally compared to the relatively small size of the livestock farming industry in Ukraine).

Since it is specified in the Sustainability Accounting Standards Board ("SASB") documentation that companies shall report energy consumption in terms of gigajoules, Ferrexpo can confirm its energy consumption figure for 2019 was 18,131,725 gigajoules (2018: 18,083,821 gigajoules).

The Company can confirm its calculation of energy consumption is based on actual fuel consumption, rather than design parameters. Coal consumption represented 0.025% of the Group's total energy consumed in 2019 (2018: 0.037%).

Water – extraction, reuse and discharge

Ferrexpo aims to reuse as much water as possible in its operations, with used water typically sourced from the Company's tailings dam, and returned as used (process) water to the Company's processing plant for reuse in processing iron ore. This process occurs at FPM, where the Company's processing and tailings facilities are located, and represented 91% of the total water extracted at FPM in 2019 (2018: 92%). There are no processing facilities at either FYM or FBM and therefore it is not possible to reuse water at these operations.

Ferrexpo can confirm that its operations are located in areas of low to medium baseline water stress, as defined by the World Resources Institute's Water Risk Atlas Tool³. None of the Company's operations are located in an area defined by the Water Resources Institute as being either high or extremely high baseline water stress.

Materials utilised

	UoM	2018	2019	Percentage change
Grinding bodies (steel balls, bars, and cylpebs)	(tonnes)	52,066	56,224	+8.0%
Flotation reagent	(tonnes)	1,334	1,262	-5.4%
Bentonite	(tonnes)	172,368	168,725	-2.1%
Limestone	(tonnes)	86,738	69,165	-20.3%
Dewaterer	(tonnes)	1,549	1,430	-7.7%

The materials used in mining and processing the Company's iron ore are non-renewable, aside from the sunflower husks utilised in part to fuel the Company's pelletiser (less than 1% of total tonnes used). The Company does not utilise any recycled materials in the production of its iron ore pellets. Iron ore pellets are sold unpackaged, and therefore the Company is not able to utilise any recycled packaging in its operations.

1. <https://www.indexmundi.com/agriculture/?commodity=sunflowerseed-oil&graph=production>

2. <https://www.green-e.org/docs/energy/framework/Green-e%20Framework%20for%20Renewable%20Energy%20Certification.pdf>

3. https://www.wri.org/applications/aqueduct/water-risk-atlas/#/?advanced=false&basemap=hydro&geoStore=d67be9a8f9856564324e127039b2795f&indicator=w_awr_def_tot_cat&lat=49.20189680915228&lng=33.20892333984376&mapMode=analysis&month=1&opacity=0.5&ponderation=DEF&predefined=false&projection=absolute&scenario=optimistic&scope=baseline&timeScale=annual&year=baseline&zoom=10

Appendix – Supporting Communities

The following Appendix section presents information required for publication by various reporting frameworks that specifically relate to community factors.

Political donations

The Company can confirm that it made no political donations during the reporting year.

Artisanal mining

The ores that Ferrexpo mines typically have an iron ore content of less than 40%, which requires significant beneficiation before it reaches a saleable grade. There is, therefore, no artisanal mining conducted on Ferrexpo's properties.

Government relations

Ferrexpo remains in full compliance with all local laws and regulations, both in Ukraine and in the other jurisdictions in which it operates, and has not been subject to any significant fines (monetary or otherwise) for non-compliance with any laws. The Company can also confirm that it has not been subject to any legal action for anti-competitive behaviour or violations of anti-trust or monopoly legislation.

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