



DELIVERING SUSTAINABLE GROWTH

Ferrexpo plc
Responsible Business Report
2020



1

WORKFORCE DEVELOPMENT

Ferrexpo's workforce, comprising its employees and contractors, are the platform on which the Group's successful pellet production is built.

Find out more
P16–21

Image: Lilia Zakharova, who recently became the first female Chief Surveyor at the Group's main operating entity, Ferrexpo Poltava Mining.

Ferrexpo's Responsible Business reporting covers four key areas as shown here. These areas collectively demonstrate the Group's approach to operating in a responsible and sustainable manner. Through its Responsible Business activities, Ferrexpo is able to produce iron ore pellets in a safe and ethical manner.



4

SUPPORTING COMMUNITIES

For the past ten years, Ferrexpo's own Charity Fund has helped to maintain and improve schools, kindergartens and hospitals in the local areas where the Group operates.

Find out more
P38–39

Image: local children visiting Ferrexpo's operations at the 2020 Metallurgical Day celebrations, July 2020.



3

ETHICAL BUSINESS

The Group's social licence to operate is based upon it conducting itself in a fair and ethical manner with all stakeholders.

Find out more
P33–37

Image: teamwork at Ferrexpo Belanovo Mining.

SUSTAINABLE ENVIRONMENTS

Ferrexpo aims to utilise industry best practice in its operations in order to protect the natural environment where it operates, whilst also producing a product that reduces emissions for steelmakers worldwide.

Find out more
P22–32

2



Image: newly installed solar power plant at Ferrexpo's operations in Ukraine.

Contents

2020 highlights	02
About Ferrexpo	03
About Green Steel	04
Review of 2020	05
Measuring performance	06
Value generation	07
Timeline	08
Pathway to low carbon production	09
Climate change strategy	10
Understanding Ferrexpo's role	11
Government and management framework	12
Materiality and stakeholders	13
Sustainable Development Goals	14
Workforce Development	15
Sustainable Environments	22
Ethical Business	33
Supporting Communities	38
Appendices	40

2020 highlights

SUPPORTING COMMUNITIES THROUGHOUT THE PANDEMIC

This report covers calendar year 2020 and aims to provide stakeholders with an overview of all the material aspects of Ferrexpo's interaction with its workforce, the environment, and local communities, as well as the Group's ethical conduct and governance structures. This report is published in accordance with the Global Reporting Initiative ("GRI") framework of reporting, and an index for all standards under this framework is provided in the Appendices from page 40. The Group also reports its Responsible Business in accordance with the Task Force on Climate-Related Financial Disclosures ("TCFD") and Sustainability Accounting Standards Board ("SASB"), with details of these disclosures available on pages 10 and 48 to 53.

In terms of external ESG ratings, the Group has a rating of BBB with MSCI¹, placing Ferrexpo in the top 40% of companies assessed in the steel sector, and the Group is placed 16th out of 144 companies in Ferrexpo's peer group. Ferrexpo has been a constituent of the FTSE4Good index since 2017 and recently joined the ResponsibleSteelTM initiative.



Safety and COVID-19 response

0.79

Lost time injury rate remains materially below the Group's five-year trailing average (1.01).

94%

Employee approval rate for Group's COVID-19 response (see page 17 for more details).

Governance

4

Number of Independent Non-Executive Directors increased to four (2019: three).

600

Participants at the Group's second annual Compliance Week.



Further reading

www.ferrexpo.com/responsibility

Sustainable environments

16%

Reduction in CO₂e per tonne by 16% in 2020 to 113kg/t.

12%

Seventh successive year of cutting water extraction from local supply network, falling by 12% in 2020.

Communities

US\$3.5^M

Funding approved to date for local communities in response to COVID-19.

10 years

Celebrating a decade of direct community support through the Ferrexpo Charity Fund (2011-2021).

¹ For further information on MSCI ESG Ratings please see www.ferrexpo.com/disclaimer.

Below are the key strategic focus areas of the Group, with examples given in the case studies that appear throughout this document.

SAFETY

Safety is at the heart of Ferrexpo's culture.

GROWTH

The Group is continually looking to invest and grow its business.

MODERN

Using modern technologies to position for the future.

PREMIUM

Through investment, the Group is able to produce a premium product that is marketed around the world to premium customers.

SUSTAINABLE

Sustainability is essential for any company in the modern era, including a consideration of all stakeholders, with companies expected to deliver much more than just financial results.

Image: local school children at Ferrexpo sponsored event.

About Ferrexpo



Ferrexpo plc (“Ferrexpo” or the “Group”) is a London listed producer of iron ore pellets, which are a premium product for steel mills to use in the production of premium types of steel. Ferrexpo’s pellets are exported worldwide, to customers in Europe, Asia, North America and the Middle East.

Scale: the Group is the third largest exporter of iron ore pellets globally, and the largest listed company with a sole focus on high grade iron ore pellet production, with high grade pellets representing 99% of total production in 2020.

Heritage and future: the Group has been in production for over 40 years, and has sufficient Ore Reserves to continue production for a further +50 years at current processing rates.

Low carbon: iron ore pellets offer the opportunity for steelmakers to reduce carbon emissions today by 40% for every tonne of sinter fines replaced, and the Group began producing commercial volumes of direct reduction (“DR”) pellets in 2020, which represent a pathway to Green Steel production, as explained further on the following page.

Established: the Group’s pellets are transported by rail, either to the port of Pivdenny in south west Ukraine, for export via the seaborne market, or west through Ukraine for customers in Europe. The Group also ships pellets on the River Danube, providing flexibility for delivery of pellets to European customers, as well as environmental benefits (see page 30 for more information).

Global: the Group has operations in Ukraine and corporate and marketing offices located around the world.

About Green Steel

DRAMATIC CHANGE UNDERWAY IN STEEL'S VALUE CHAIN

The shift towards Green Steel, which is steel produced without any carbon emissions, represents the largest single development in the steel sector in modern times. Currently, global steel production accounts for 7% of global carbon emissions¹, representing more than all of the emissions from the world's cars put together. Whilst this poses a significant challenge for governments to provide incentives for the decarbonisation of steelmakers, it also presents Ferrexpo with a significant opportunity, since iron ore pellets represent a pathway to Green Steel. Iron ore pellets are known as a direct charge material, which means they can be placed directly into blast furnaces and do not require sintering, unlike 63% of the iron ore consumed globally in 2020². This is important, since the sintering process traditionally requires additional amounts of coal and therefore generates a large amount of carbon emissions. With the lack of requirement for sintering, allied with the fact that Ferrexpo's pellets are high grade (65% Fe) and therefore require less coal within the blast furnace, this means that Ferrexpo's iron ore pellets reduce carbon emissions by 40% for every tonne of sinter fines replaced with pellets². The global average emissions from steelmakers is 1.85 tonnes of CO₂ per tonne of steel produced³, and therefore this 40% reduction accounts for a significant potential carbon saving.

However, the blast furnace steelmaking process still uses coal, and a large part of producing low carbon steel relates to cutting coal out of the production process. This is possible today through replacing coal with either natural gas or electricity. Both methods of steelmaking require a different type of pellet however – direct reduction (“DR”) pellets. This is a product that is higher grade (67% Fe) and lower impurity than other forms of iron ore. Ferrexpo has already embarked on this journey, producing over 300,000 tonnes of DR pellets in 2020, with plans to significantly increase the production of these pellets over time to meet customer demand and to help facilitate decarbonisation in the global steel industry.

Green Steel is the final end point in this journey – utilising green hydrogen instead of natural gas, and renewable forms of electricity to power equipment. The technology already exists, and in June 2021, it was announced that the first steel had been produced using green hydrogen by a plant in Sweden – an exciting development as this shift in the steel industry takes off. As an existing pellet producer, Ferrexpo is well positioned to take advantage of this opportunity, and the Group is looking forward to being part of the Green Steel revolution ahead.

1 Source: IEA.

2 Source: CRU.

3 Source: World Steel Association.

Image: steel produced from Ferrexpo's iron ore pellets is loaded at a customer's storage facility.



CHAIR'S REVIEW OF 2020

As Chair of the Health, Safety, Environment and Community Relations (“HSEC”) Committee, Independent Non-executive Director Fiona MacAulay reviews the Group’s performance in Responsible Business in 2020 and looks at the Group’s strategic direction for the years ahead.



Continued safe performance

0.79

Lost time injury frequency rate of 0.79, the second year of safety performance materially below trailing five-year Group average¹.

Carbon reduction

16%

on per tonne basis with reduction in both Scope 1 and Scope 2 emissions.

¹ Five-year trailing average covering 2015-2019.

As with any conversation around our HSEC Committee, **safety** remains the first topic, and it is with pleasure that we can report our second successive year of safety performance materially below the Group’s five-year trailing average in terms of lost time injury rate, recording a result of 0.79 against the historic five-year trailing average¹ of 1.01. It is, however, with regret that we report a fatality at our operations in 2020, with a contractor fatally injured in August whilst conducting maintenance in the Group’s beneficiation plant. Key lessons have been learnt from this incident and further details are provided on page 16 of this report. Also in safety, we are pleased with the recent accreditation of the Group’s Occupational Health and Safety Management System (ISO 45001) in December 2020, with the Group now having a best practice system for safety as a result of this work.

Carbon remains a key topic for the HSEC Committee, as well as stakeholders such as local communities, employees and investors alike. There is a clear focus on carbon today, not just on cutting our emissions footprint, which fell by 16% on a per tonne basis in 2020, but also the quality of our reporting. During 2020 we added both Scope 3 emissions and TCFD reporting to our annual reporting, and in 2021 we joined the ResponsibleSteel™ initiative, which is an initiative aimed at maximising steel’s contribution to a sustainable society.

At Ferrexpo we also understand the long-term, strategic shift that is underway towards **proactive climate change thinking**, as carbon controls are implemented around the world. Just as we understood the need to increase the Group’s product quality in 2010, a project that has now delivered 99% high grade pellets in 2020, we also understand the need to focus our efforts to deliver low carbon production as soon as possible. Further details of this carbon pathway are provided on page 9.

We are no stranger to Responsible Business reporting – this is our **sixth year of standalone reporting**, and as Chair of the HSEC Committee, I am pleased with the progress we are making. As such, I would like to thank our workforce for their proactive engagement with the environment, local communities and other key stakeholders, as well as embedding good practices in safety and governance, all of which are summarised in this report, and serve to maintain the Group’s social licence to operate going forward.

Fiona MacAulay
Chair, HSEC Committee

Measuring performance

Delivering growth through sustainability

The table below shows the performance of the Group across all key areas of Responsible Business, as presented in detail throughout this document.

Key performance area	Status	Performance in 2020	Comparator period (2019 unless stated)	Further information	
COVID-19	Workforce protection	✓	94% positive response rate by employees in relation to COVID-19 actions	Page 17	
		✓	40% of employees working remotely in Ukraine during peak of pandemic		
	Community protection	✓	US\$3.5M approved funding for COVID-19 Response Fund ¹	Page 39	
Health and Safety	Lagging indicators				
	Fatalities	↗	one fatality	zero fatalities	Page 16
	Lost time injury (“LTI”) frequency rate	↘	0.79 (-22%)	1.01 (five-year trailing average)	Page 16
	Significant incidents (incidents without LTI)	↘	17 (-43%)	30	Page 16
	Leading indicators				
	Training hours	↘	14,755 (-59%)	36,167	Page 16
	HSE inspections	↔	3,305 (-1%)	3,349	Page 16
Environment	Scope 1 emissions (CO ₂ e per tonne)	↘	50kg/t (-8%)	55kg/t	Pages 26-28
	Scope 2 emissions (CO ₂ e per tonne)	↘	62kg/t (-21%)	78kg/t	Pages 26-28
	Water extraction from local water network (megalitres)	↘	775,462ML (-12%)	881,876ML	Pages 23-24
Social (Workforce)	Female representation in management roles	↗	18.2%	17.5%	Pages 18-20
	Female representation at Board level	↗	29% (note: as at March 2021)	17%	Pages 18-20
Social (Communities)	Direct community support ¹	↗	UAH 158 million (+11%)	UAH 143 million	Page 39
Governance	Independent Non-executive Directors	↗	4	3	Page 34

¹ Including additional COVID-19 support approved in early 2021.

Value generation

INVESTING IN THE FUTURE

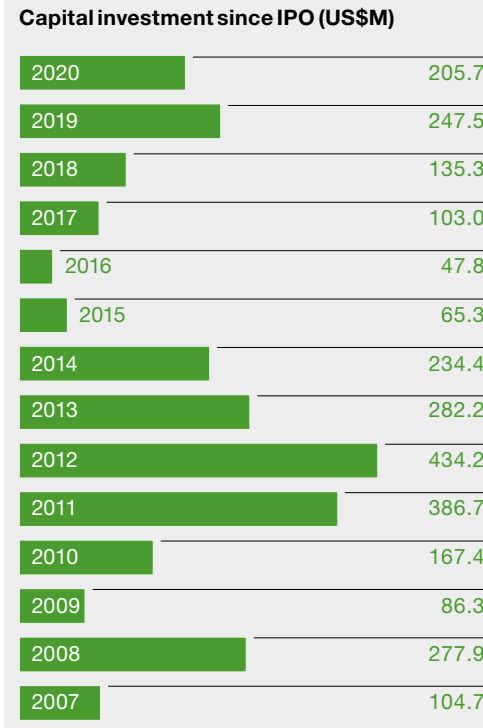
Ferrexpo has invested over US\$2.75 billion in its operations in Ukraine since its IPO in 2007, with US\$206 million of investment in 2020 alone (2019: US\$248 million). Significant investment in the Group's operating assets has seen production volumes grow by 24% since IPO in 2007, including a 200% increase in high grade production. The Group has invested heavily in its mining, processing and logistics capabilities within Ukraine, and was the first company to open a new mine following Ukraine's independence in 1991.

Ferrexpo also invests in local communities, with the equivalent of approximately US\$6 million invested in 2020 (2019: US\$6 million), with this investment focused on local projects and community development initiatives. Details of this work, which is coordinated through the Group's Charity Fund, is provided on pages 38 to 39 of this report.

Value generation waterfall (2020)



The figures above are taken from the Group's Annual Report and Accounts for the year 2020, which includes audited financial statements, and is available on the Group's website: www.ferrexpo.com/investor-relations/news/results-reports-presentations



Reinvesting to develop a world-class business

+US\$2.75^{BN}

re-invested by the Group in its assets since IPO.

Continued focus on the environment

US\$17^M

invested in environmental projects in 2020 (2019: US\$16M)

Continued focus on community support

US\$6^M

invested in local communities through the Ferrexpo Charity Fund in 2020 alone, including an approved US\$2.5M to fight COVID-19 in 2020 (further funds approved in 2021).

Recruiting locally

85%

Local recruitment at Ukrainian operations in 2020 (2019: 80%).

Timeline

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

2009

CSR Committee formed (now HSEC Committee).

2007

Ferrexpo's IPO and listing on the London Stock Exchange.

2011

Publication of CSR strategy goals. Formation of the Ferrexpo Charity Fund.

2015

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

2017

Ferrexpo included in FTSE4Good Index. Second Responsible Business Report published in July.

2016

First standalone Responsible Business Report published.

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. Introduction of Scope 3 reporting and reporting using the Greenhouse Gas Protocol. Group's MSCI rating upgraded to BBB.

2021

Expansion of Scope 3 CO₂ reporting to include wider range of downstream and upstream categories. Group joins ResponsibleSteel initiative™

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 Group adopted for the first time in its 2019 reporting. Additional information on the risks and opportunities posed by climate change can be found in the Appendices (pages 48 to 52).

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 50 years at current processing rates, with the potential to extend this through the development of assets currently not in production. The Group 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 steelmaking 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.

The information shown in Appendices (pages 48 to 52) 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.



Image: Evgeniy Chizh, Chief Power Engineer, inspects electrical infrastructure that supplies Ferrexpo’s operations in Ukraine.

Location of TCFD-aligned disclosures

Board oversight of climate change risks and opportunities:

- (a) Governance and Management Framework (page 12); and
- (b) Approach to Responsible Business (page 13).

Management’s role in assessing climate change related risks and opportunities:

- (a) Governance and Management Framework (page 12); and
- (b) Climate Change Risks and Opportunities (pages 48 to 52).

Organisational processes to identify, assess, and manage climate change related risks:

- (a) Governance and Management Framework (page 12);
- (b) Approach to Responsible Business (page 13); and
- (c) Climate Change Risks and Opportunities (pages 48 to 52).

TCFD-specific metrics and targets:

- (a) Addressing climate change (page 26 to 28); and
- (b) Sustainable Environments Appendix section (pages 62 to 68).

Understanding Ferrexpo's role

ALIGNED TOWARDS A SHARED PURPOSE

Purpose, strategy and direction

At Ferrexpo, it is well understood that the Group has a role in society that extends well beyond the mining of iron ore and production of iron ore pellets. The Group has a wide range of stakeholders, and it is important to align the activities of the Group with the needs of all stakeholders.

Through developing a deep understanding of the Group's stakeholders, the Group is able to determine a clear strategy that is beneficial for each stakeholder, which are mutually beneficial for all, since one stakeholder's priority may negatively impact another stakeholder's interests.

Each core value of the business, as shown here, highlights the key attributes expected of Ferrexpo's workforce, which together form the foundation for the Group's social licence to operate. It is with pride that the Group is able to fulfil its role as an employer, neighbour and investment, delivering value to all stakeholders. Through maintaining these values, in conjunction with prudent financial management and continued investment in the Group's operations, the Group hopes to continue to fulfil all these various roles for many years ahead.

SHARED PURPOSE

Ferrexpo's purpose is to produce and market premium quality iron ore pellets and concentrate, in a socially responsible and sustainable manner.

Ferrexpo has achieved this for a number of years through building constructive relationships with stakeholders and driving consistent and sustainable returns from its asset base in mining, processing and logistics.

CLEAR STRATEGY

Ferrexpo's strategic goal is to maximise value from its world class iron ore deposit, by producing high quality iron ore products that can be sold to the best steel producers in the world.

This is achieved through a well-invested asset base, an engaged workforce and a low cost of production, which enables further reinvestment in the Group's assets.

ETHICAL VALUES

Responsibility

Safety first, environmental responsibility, accountable to communities.

P16

Make it happen

Focused efforts to deliver superior business results, achieved through an engaged workforce.

P21

Integrity

Delivering high ethical standards and delivering on commitments. Accountability.

P34

Diversity within one team

Valuing difference in opinions and backgrounds. Building collective strength.

P19

Continuous innovation

Embracing change. Courage to improve and accepting new thinking.

P7

Governance and management framework

OVERVIEW OF GOVERNANCE STRUCTURES

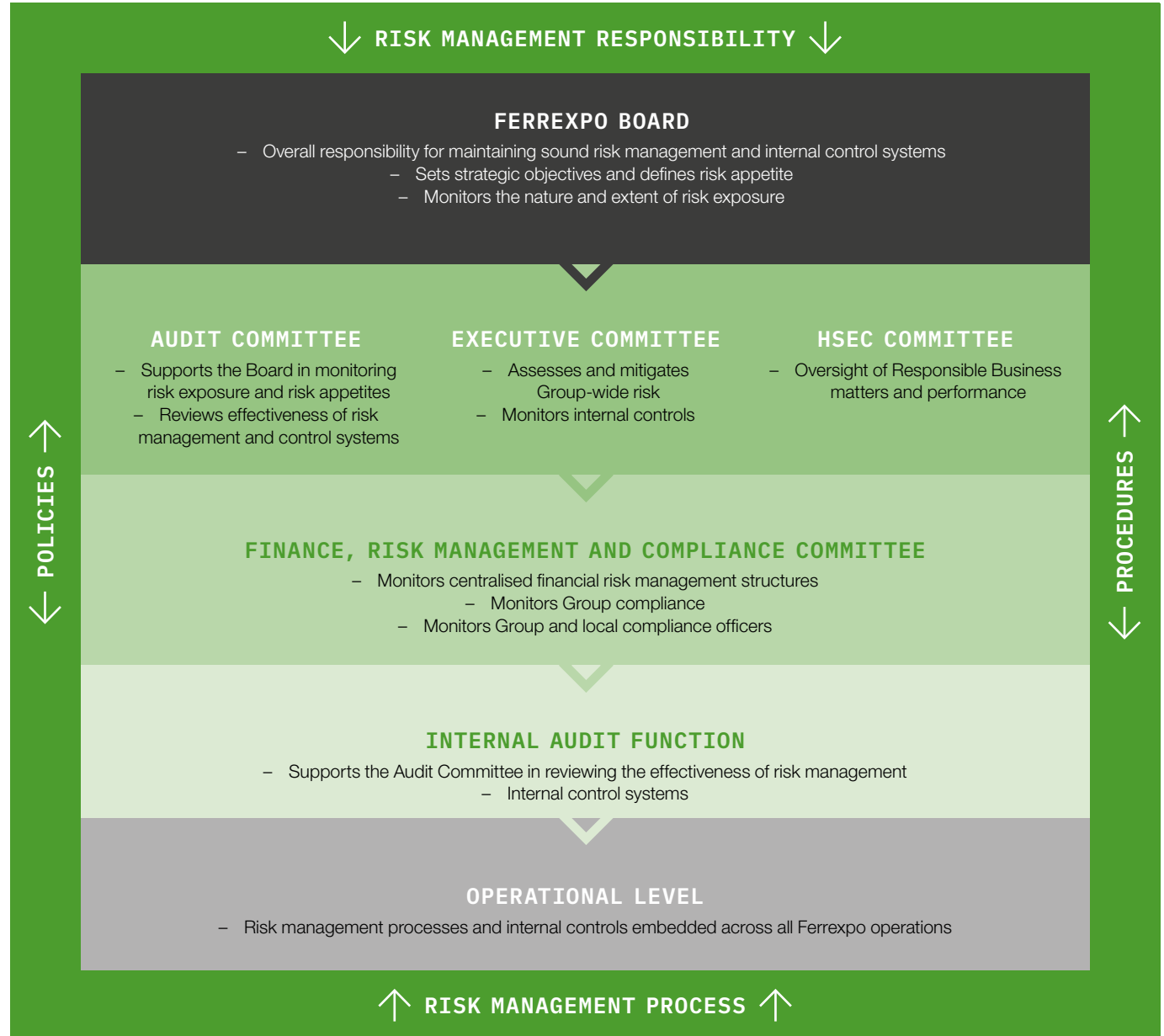
Ferrexpo's management structure for its Responsible Business Report is shown here, with the Group's Board of Directors ("Board") ultimately responsible for the Group's performance in all Responsible Business areas. The Board has a sub-committee – the Health, Safety, Environment and Community Relations ("HSEC") Committee, which focuses on all Responsible Business activities that are covered in this report. The Group's original committee for Responsible Business activities was formed in 2009 and the committee was reformed as the HSEC Committee in 2020 with a particular focus on: (1) health and safety; and (2) climate change.

As of the publication date of this year's report (August 2021), the HSEC Committee is comprised of the following members of the Ferrexpo team:

- Fiona MacAulay, Independent Non-executive Director (Chair);
- Ann-Christin Andersen, Independent Non-executive Director;
- Jim North, Interim CEO and Executive Director;
- Yuriy Khimich, General Director of Ferrexpo Belanovo Mining and Chair of the local CSR Committee; and
- Nataliya Storozh, Health & Safety Director, Ferrexpo Poltava Mining.

The HSEC Committee meets quarterly and, accordingly, four meetings were held in 2020.

Risks relating to Responsible Business activities are communicated to the Group'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). The risk register describes individual risks faced by the Group, 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.



Materiality and stakeholders

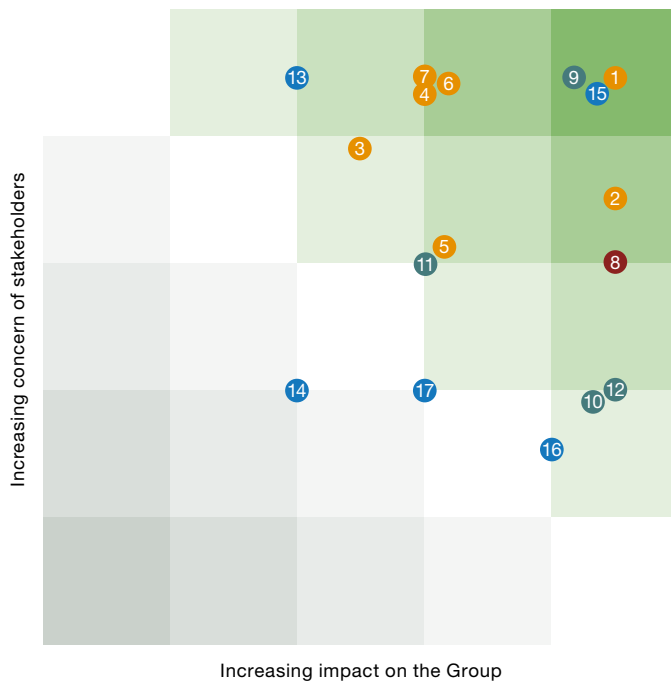
APPROACH TO RESPONSIBLE BUSINESS

Where issues are considered to be material to Ferrexpo stakeholders, they are included in the Group's priorities and managed as part of the Group's Responsible Business strategy. The diagram below details the key issues facing the Group and how these are assessed in terms of materiality.

Key to materiality matrix:

- Workforce Development related topics (for more information, see pages 15 to 21)
- Sustainable Environments related topics (for more information, see pages 33 to 37)
- Ethical Business related topics (for more information, see pages 22 to 32)
- Supporting Community related topics (for more information, see pages 38 to 39)








Responsible Business materiality matrix



Sustainable Development Goals

The United Nations' Sustainable Development Goals ("UN SDGs") 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.

UN Sustainable Development Goal	Topic	Performance in 2020	For further information
 3 GOOD HEALTH AND WELL-BEING	Safety and employee health has always been of paramount importance to Ferrexpo, but the global COVID-19 pandemic brought this into sharp focus in 2020. Protecting the Group's workforce from the immediate effects of COVID-19 was not only key to sustaining the Ferrexpo business throughout the pandemic, but the Group has also made efforts to sustain employees' mental health and wellbeing as COVID-19 has erected social barriers through social distancing that has been necessary to curb the spread of the virus.	<ul style="list-style-type: none"> One fatality in 2020 (2019: zero). Safety performance continues at a level materially below Ferrexpo's five-year trailing average, and lower than iron ore producing peers in Western Australia¹. Initiation of employee wellbeing programme, with intake of 120 people in 2020. US\$3.5 million of funding approved for COVID-19 Response Fund. 94% positivity rate amongst Ferrexpo's employees in relation to the Group's actions taken in response to COVID-19, as surveyed in the latest employee engagement survey. 	<ul style="list-style-type: none"> Safety: page 16 COVID-19 response: page 17 Employee wellbeing: pages 18 to 21 and 55
 4 QUALITY EDUCATION	Ferrexpo prides itself on the level of training and development provided to its employees, both through its own training centre and through external providers.	<ul style="list-style-type: none"> The equivalent of 86% of employees provided with annual training review in 2020. Over 6,500 training courses provided to employees in 2020, equivalent to 79% of Group employee workforce (2019: 15,586 courses). Equivalent of 24 hours of training provided per employee in 2020 (2019: 16 hours per employee). 135 sponsored learners in 2020 (2019: 129). 	<ul style="list-style-type: none"> Training: page 21 Workforce: page 18
 5 GENDER EQUALITY  10 REDUCED INEQUALITIES	Equality is a fundamental human right and the advancement of equal rights is a benchmark on which to judge a company's corporate culture. Ferrexpo operates in an industry that is male dominated and is working hard to increase female representation throughout its business.	<ul style="list-style-type: none"> Female representation in management positions increased to 18.2% (2019: 17.5%). Female representation at Board level increased to 29% (2019: 17%). Inaugural diversity and inclusion survey completed 1Q 2021. 	<ul style="list-style-type: none"> Diversity: pages 19 to 21 Workforce: page 18
 7 AFFORDABLE AND CLEAN ENERGY	In 2019, regulatory change in Ukraine made purchasing of electricity possible from individual suppliers of electricity. In 2020, the Group commenced its efforts to target purchasing of clean forms of electricity, such as hydroelectric and nuclear power.	<ul style="list-style-type: none"> 22% of the Group's electricity consumption sourced from low carbon sources in 2020, with an associated 21% decrease in Scope 2 CO₂e emissions on a per tonne basis. The Group expects to further increase this purchasing in 2021. 	<ul style="list-style-type: none"> Addressing climate change: pages 26 to 28 Climate change strategy: page 10 Pathway to low carbon production: page 9
 13 CLIMATE ACTION	Global warming is a critical concern for Ferrexpo, as well as the Group's stakeholders – for employees, communities, investors and governments alike. The Group is committed to achieving low carbon iron ore production through its activities that directly generate emissions (Scope 1), indirectly generate emissions (Scope 2) and emissions upstream and downstream of Ferrexpo's operations, which principally relates to emissions from steelmaking (Scope 3).	<ul style="list-style-type: none"> Delivering reductions in both Scope 1 (8%) and Scope 2 (21%) CO₂e emissions on a per tonne basis in 2020. Enhanced Scope 3 emissions reporting in 2020, now including upstream and downstream activities. Green Steel revolution: Ferrexpo's iron ore pellets offer steelmakers the ability to reduce CO₂ emissions by 40% today. By contrast, direct reduction pellets have even lower CO₂ emissions, with this steelmaking process having 80-100% lower carbon emissions than the blast furnace method of steelmaking (with a typical burden mix of mainly sinter fines). 	<ul style="list-style-type: none"> Climate change results: pages 26 to 28 Climate change strategy: page 10 Pathway to low carbon production: page 9
 14 LIFE BELOW WATER	Ferrexpo operates in close proximity with the water cycle, through dewatering activities at its mines, use of water in processing iron ore and location adjacent to the River Dnieper.	<ul style="list-style-type: none"> Cutting water extraction from local water supply network by 12% in 2020, and 7th successive year, reducing water strain on the local community water supply. River fish restocking project to improve river ecosystem. 	<ul style="list-style-type: none"> Water section: pages 23 to 24

¹ Latest available period: 12 months to June 2020. Read more: www.dmp.wa.gov.au/Documents/Safety/MSH_Stats_Reports_SafetyPerFWA_2019-20.pdf.

WORKFORCE DEVELOPMENT

As a major employer, Ferrexpo understands the need to ensure a safe, constructive, and fair working environment for all of the Group's workforce, with training and equal opportunities for all.

Safety first

0.79

Lost time injury frequency rate of 0.79 in 2020, 22% below the Group's five-year trailing average.

Key employer

10,000

Key business in central Ukraine with a workforce of over 10,000 in central Ukraine, generating 3% of Ukraine's export revenues in 2020 (2019: 2%).

Disability diversity

4.4%

Over 4% of the Group's employee workforce in Ukraine has a registered disability.

Measuring gender diversity

29.2%

Women represented 29.2% of Ferrexpo's overall employee workforce in 2020 (2019: 29.3%).

Promoting gender equality

18.2%

Increasing women in management roles to 18.2% in 2020 (2019: 17.5%).

Future gender balance

37%

Proportion of total Group recruitment in 2020 being female, helping improve overall gender balance within the organisation.

Focus on safety

EMBEDDING A SAFETY-FIRST CULTURE

It is of paramount importance that any business provides a safe working environment for its workforce, enabling each worker to return home safe after each shift.

Ferrexpo is proud to report on a second successive year whereby safety performance in terms of the Group's lost time injury frequency rate ("LTIFR") came in materially below the Group's five-year trailing average, as well as significantly below the Group's iron ore producing peers in Australia. Safety performance was, however, impacted by the fatality of a contractor at the Group's operations in August 2020, details of which are provided below.

Safety performance in 2020

The Group aims to provide a safe working environment to all workers. This, however, was not the case in 2020, with the tragic fatality of a maintenance contractor in August 2020, when the failure of a support sling during maintenance on a cone crusher resulted in an individual being struck on the helmet. Whilst the individual in question was standing the required distance from the equipment being installed, and had followed all procedures outlined for the task, the prescribed safety distance was not sufficient to account for an equipment failure during the procedure. Following an extensive internal investigation, recommendations have been implemented to improve practices for this type of work, including improved equipment for the lift of heavy machinery and increased safety

Relevant UN Sustainability Development Goals



distances for any workers required whilst lifting operations are underway. The Group deeply regrets any safety incident and endeavours to learn from each incident, to continually improve safety performance and embed a culture of safety.

The Group's LTIFR is one of the main metrics for measuring safety performance, and the Group's result for 2020 of 0.79 represented the second successive year whereby safety performance was materially below the five-year trailing average for the Group, which was 1.01 for full year periods between 2016-2020. For details of specific safety initiatives undertaken in 2020, please see the case study opposite. A full breakdown of lost time injuries ("LTIs") by gender and operating activity is provided in the Appendices.

Health and safety performance statistics

	2020	2019	Change
Lagging indicators			
Fatalities	1	0	-
Lost time injuries	17	10	+70%
LTIFR	0.79	0.58	+35%
TRIFR	1.25	0.86	+45%
Near miss events	7	26	-73%
Significant incidents	17	30	-43%
Road traffic incidents	31	35	-11%
Lost work days	1,046	1,336	-22%
Leading indicators			
HSE inspections	3,305	3,349	-1%
HSE meetings	1,528	1,347	+13%
HSE inductions	7,335	10,147	-28%
Training hours	14,755	36,167	-59%
Hazard reports	51	37	+38%
Management high visibility hours	131	231	-43%

Notes: LTIFR is based on lost time injuries recorded per million hours worked. Figures are shown for both employees and contractors combined.

As shown in the table below, the Group measures a wide range of leading and lagging indicators for safety performance. A number of leading indicators decreased during 2020 as a result of COVID-19 social distancing measures and remote working. A number of lagging indicators also fell as a result of COVID-19, for example road traffic accidents, which tends to be correlated to the degree of travelling between sites that workforce members undertake. The Group is looking to resume a number of safety monitoring efforts in 2021, as restrictions relating to the global pandemic subside.

CASE STUDY

📄
🔄
▶

SAFETY INITIATIVES THROUGHOUT THE GROUP



Image: three point seatbelts are now mandatory in all Ferrexpo vehicles, reducing injury rates in accidents.

In recent years, the Group has implemented a number of safety initiatives, and continues to implement projects, to maintain the Group's strong safety record.

In mining operations, the Group has implemented standardised personal protective clothing and regular high visibility management tours are conducted. Going forward, the Group is hopeful that the introduction of autonomous haul trucks will reduce injury rates further, as climbing in

and out of the cabins of these vehicles is a high risk activity for operators. In processing, the introduction of LED lighting has increased visibility throughout the processing plant, leading to safer working conditions. Finally, in logistics, the Group has introduced a series of contractual incentives and penalties relating to safety performance, which has helped contribute to the Group's barging subsidiary recording an entire year without a lost time injury in 2020.

COVID-19 response

PROTECTING EMPLOYEES AND COMMUNITIES

2020 presented communities around the world with an unprecedented set of challenges, with Ferrexpo working with its workforce and local communities to provide support and mitigate any risks.

Protecting the Group's workforce

Ferrexpo has a workforce of over 10,000 people, representing the Ferrexpo family at the Group's operations and offices worldwide. As the pandemic unfolded globally, the Group focused its efforts on shielding its workforce through remote working where this measure was feasible, demobilising 40% of the Group's workforce at its operations (over 3,000 people) during the initial peak of the pandemic in April and May 2020. For roles whereby remote working is not feasible, the Group moved swiftly to protect these individuals, such as truck drivers and plant operators, through social distancing measures and staggering shift times, in addition to an extensive testing regime with a capacity to conduct over 1,000 tests a month.

More recently, in 2021 the Group has moved to assist the Ukrainian authorities with the supply of vaccinations, with this workstream commencing in June 2021. The Group is also providing its local health centre to the local authorities as a location to administer vaccinations to the local population, enabling local hospitals to continue operating at full capacity.

Protecting local communities

To date, the Group has approved US\$3.5 million of funding to supply local hospitals, schools and other local institutions with medical equipment and personal protective equipment ("PPE") required to combat the effects of COVID-19, and limit its spread within the community. Details of the materials supplied under this initiative are provided in the case study opposite.

CASE STUDY



PROVIDING COVID-19 SUPPORT VIA THE FERREXPO CHARITY FUND



Image: x-ray equipment donated to a local hospital in Horishni Plavni, Ukraine.

As the scale of the global pandemic was becoming a known reality, Ferrexpo moved to approve a dedicated fund to coordinate the Group's response – the COVID-19 Response Fund, set up in March 2020 with an initial US\$2.5 million of approved funding, and a further US\$1 million approved in February 2021 to ensure this fund's work was sustained into 2021.

Initial expenditures under this programme focused on the supply of PPE to local schools and hospitals, providing over 600,000 items of medical equipment and pieces of PPE during 2020. In 2021, Ferrexpo's efforts have broadened to supply more general equipment such as ventilators, x-ray machinery (shown here) and sterilising equipment, to help in the fight against the longer term effects of COVID-19 on local healthcare facilities and communities.

Communities around the world are experiencing a significant strain on resources, and it is incumbent on companies such as Ferrexpo to step up to this challenge and fully utilise the resources at the Group's disposal to aid communities at this time of need. The Group will continue to act decisively as required during this time, to continue to support and reassure the communities in which the Group operates.

Employment

CONSTRUCTIVE WORKING ENVIRONMENTS

Total workforce (employees and contractors)

10,920

Total number of employees and contractors across the Group (2019: 11,157), including 8,664 employees (2019: 8,988).

Hiring from local communities

85%

Proportion of hiring of individuals located less than 30 kilometres from the Group's operations in Ukraine (2019: 80%).

Low turnover rate

1.3%

The rate of involuntary turnover across the Group remained low in 2020 (2019: 0.9%).

Relevant UN Sustainability Development Goals



The Group has a workforce of over 10,000 people in Ukraine, and is a major employer in the Poltava Region of Central Ukraine.

The Group's main operations are situated next to the city of Horishni Plavni, which has a population of 50,000 people, and therefore the Group is closely linked to its local communities through the employment it provides and good working practices across its sites.

Total workforce

Ferrexpo's workforce is a global team spread across 11 different countries. The Group had a total workforce of 10,920 in 2020 (2019: 11,157), with this decrease primarily reflecting a 3% reduction at Ferrexpo Poltava Mining ("FPM"), relating to the Group's innovation strategy to drive safety and productivity improvements throughout the production process. The Group's workforce comprised 8,664 employees and 2,256 contractors in 2020, with 95% of the Group's workforce located at the Group's operating base in Ukraine. A full breakdown of the Group's employees and contractors by function and location is provided in the Appendices.

Employee hiring

Ferrexpo believes in supporting local communities through hiring of local individuals, to develop a close relationship with the communities in which the Group operates. The Group also operates a business model whereby it is important to embed new skillsets within a community through training, mentoring and long-term development, without relying on expatriate workers where possible. This approach is not possible for certain specialist roles, but the Group typically manages to source talented individuals to fill vacancies from communities located less than 30 kilometres from the Group's operations.

The Group hired a total of 563 individuals across its business in 2020 (2019: 733), with this decrease in hiring in 2020 related to the global COVID-19 pandemic. The proportion of local hires increased in 2020 to 85% (2019: 80%), which in part also reflects the reduction in regional and international travel during 2020. A breakdown of employees hired in 2020, including a summary of local hiring by location, is provided in the Appendices.

Employee turnover

Ferrexpo aims to recruit and retain its workforce through best practice in workforce development and career planning. The Group has consistently maintained a long-serving workforce, with 58% of the employees at FPM and 41% of the employees at Ferrexpo Yeristovo Mining ("FYM") having been with the Group for more than five years (2019: 74% and 52% respectively), representing a combined 55% of these two subsidiaries' employees. Involuntary turnover equated to just 1.3% in 2020 (2019: 0.9%), which continues to remain at a low level, and reflects the stability of the Group's workforce.

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 Group'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 Group considers that Ferrexpo workers have a 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 procedures agreed with the Group.

Of the Group's employees in Ukraine, 87% were represented by a works council or recognised labour union (2019: 90%). The Group's logistics subsidiary in central Europe also has employees in Austria that have their rate of pay set by a local labour union, representing 29% of this particular subsidiary's employee workforce.

Both the Code of Conduct and Code of Conduct for Business Partners support the Group's position in supporting workers' rights. www.ferrexpo.com/responsibility/governance

Ferrexpo's agreements with the labour union present at its operations in Ukraine covers health and safety topics and specifies the standards of personal protective equipment provided to those covered by the Group's collective bargaining agreement. Such agreements with the unions at Ferrexpo's operations typically run for two years and the latest agreement was agreed as of February 2020.

Equal rights

UNDERSTANDING THE IMPORTANCE OF DIVERSITY

Gender diversity

Ferrexpo understands the need for diversity of its leadership team and broader workforce, as diversity drives better decision making and a more inclusive, productive working environment. Diversity is often associated with gender and race, but also relates to different social and ethnic backgrounds, sexual orientation, age, physical ability, and national origin, amongst others.

In terms of Ferrexpo as a whole, the Group's employee workforce was 29.2% female in 2020 (2019: 29.3%) and the Group's management team was 18.2% female (2019: 17.5%). The Group has a medium-term target of increasing its female representation at management level to 25% by 2030 and has a number of initiatives to promote progress towards this goal that include the following:

- Fe Munity Programme – training programme specifically tailored towards advancing the careers of high potential females – see page 21 for more details.
- An analysis of gender balance throughout the Group's operational entities in 2020, to identify where women are under-represented, and targeted projects to promote greater female participation in key departments such as Production and Maintenance.
- A graduate bursary programme agreed in 2020, which is linked to the Group's five-year workforce plan and diversity targets.

Relevant UN Sustainability Development Goals



Gender diversity

29.2%

Female representation in Ferrexpo's employee workforce (2019: 29.3%).

Empowering those with disabilities

4.4%

Proportion of Ferrexpo's employee workforce in Ukraine with a disability (2019: 4.4%).



CASE STUDY

INAUGURAL DIVERSITY AND INCLUSION SURVEY

Image: 'STEM Streamers' event for local schoolchildren, a programme of interactive talks on gender diversity and inclusion.

In the first quarter of 2021, the Group completed its first anonymous survey on diversity and inclusion topics at its operating entities in Ukraine, reaching over 630 employees. The survey is the Group's first study into topics such as gender identification, sexual orientation, nationality and other forms of diversity, as well as raising forms of discrimination that have been encountered by members of the Group's workforce.

Results from this survey have highlighted an increased level of interest in diversity and inclusion within Ferrexpo's workforce and an increased level of educational resources for these fields that are available to the Group's workforce, compared to white collar roles at other companies within Ukraine.

Recommended next steps from the survey include the development of anti-discriminatory campaigns, references to inclusion in regular internal communications, volunteering programmes for inclusivity, and adoption of initiatives to promote equal pay.

Equal rights

continued

Ferrexpo's Board of Directors is the Group's primary governance body, which comprises two women and five men (as of March 2021), and is therefore 29% female (2019: 17%). Whilst the Group made progress in recently appointing an additional woman to its Board in March 2021, the Hampton-Alexander Review, which is an initiative aimed at improving gender balance in FTSE leadership teams, advises that companies target a minimum gender balance of 33% women, and the Group intends to continue its progress towards this goal. Another area of focus highlighted by the Hampton-Alexander Review is the Group's Executive Committee and its direct reports, which was 15.6% female at the time of the last Hampton-Alexander Review (2019: 14.5%). A table showing a breakdown of the Group's diversity statistics is provided in the Appendices.

Recruitment

A long term indicator of improving gender balance can be seen in a Group's overall recruitment, which is reflective of a company's future direction. The Group is proud to report a significant increase in female recruitment in 2020, which represented 37% of new recruits during the year, up from 24% in 2019.

Training initiatives

In 2020, the Group initiated its first gender-specific fast-track programme for high potential women within the Group's employee workforce, referred to as the 'Fe Munity' programme. Details of this particular project are provided in the Training section, on page 21.

Disability inclusion

The Group employs a number of individuals with disabilities, representing 4.4% of the Group's employee workforce in Ukraine and exceeding the statutory requirement for 4%.

Parental leave

Ferrexpo understands the importance of a healthy work-life balance, and the Group also understands the benefit of both parents having the opportunity to care for their children. As such, all of the Group's employees in Ukraine are entitled to paid parental leave regardless of gender.

The Group had 57 individuals that went on parental leave during the year (57 females), and 48 individuals that returned to work in 2020 following parental leave. A further 29 employees did not return to work in 2020 following parental leave, representing a return-to-work rate of 62%, which is a figure in line with the prior year (2019: 64%).

Parental leave statistics 2019-2020

	2020			2019		
	Female	Male	Total	Female	Male	Total
Total number taking parental leave	57	–	57	49	–	–
Total number returning to work after parental leave	48	–	48	60	2	62
Total number returning to work after parental leave and employed 12 months later	n/a	n/a	n/a	51	2	53
Total number opting to not return to work after parental leave	29	–	29	35	–	35
Return to work rate	62%	–	62%	63%	100%	64%

Fair pay and local hiring

The Group believes in fair pay for its workforce across the Ferrexpo business and paying a decent living wage to all members of the Ferrexpo family. As such, the Group can confirm that none of its employees in Ukraine were paid a minimum wage in 2020 (2019: none). The Group employs the majority of its workforce on the basis of permanent, full-time employment contracts, minimising part-time and casual employment of individuals, as this leads to greater employee engagement and opportunities to develop the Group's employees through training and development programmes. Employees with full-time, permanent contracts with the Group represented 99% of all employees in 2020 (2019: 98%).

Ferrexpo plays an important role in the local communities in which the Group operates, and aims, where possible, to hire individuals from local communities to drive community engagement and provide a direct positive impact to communities through the provision of employment and employee benefits. Of the 563 new hires to the Ferrexpo Group in 2020, 85% were from local communities (2019: 80%), reflecting continued progress in targeting local talent. Furthermore, of the senior roles that were recruited in 2020, 60% were hired from local communities (2019: 33%), which provides additional long-term benefits through the increased awareness of local considerations within the Group's management team as well as the increased level of benefits going to local communities that are associated with senior positions.

Ferrexpo also believes that senior management teams should represent the local communities in which the Group operates, with two of the Group's six-person Executive Committee based at the Group's operations in Ukraine.



Image: each year, families are invited to site as part of the annual 'Metallurgical Day' celebrations, a traditional holiday in Ukraine.

Training and development

INVESTING IN PEOPLE



Image: geologists inspecting core samples at Ferrexpo's Poltava Mine.

Relevant UN Sustainability Development Goals



Training programmes in 2020

Ferrexpo prides itself on its talented and engaged workforce, with over 8,500 employees across the globe, 95% of which are employed at the Group's operating entities in Ukraine. Through training and development, the Group aims to retain talented individuals, and operate with a stable working environment. This is evidenced in the longevity of the workforce at the Group's main operations, with over half of these individuals working for the Group for more than five years – see page 18 for more details.

The Group focuses its training efforts on safety and skills training through both its own training centre as well as external consultants. In 2020, over 4,000 individuals completed safety training and over 1,700 individuals completed skills training, despite significant restrictions on the Group's ability to host face-to-face training sessions as a result of the global pandemic. Whilst the Group's training programmes were less able to reach the broad numbers of employees normally trained, the Group was able to increase training hours per employee by 48% to 24 hours in 2020, reflecting the continued efforts to provide development opportunities to workers.

An initiative that commenced in October 2020 is the "Fe Munity" programme, which specifically targets the development of high potential female employees for career progression. In the first intake into this initiative, 72 women from across Ferrexpo's businesses in Ukraine were invited to participate in a three-month programme covering ten modules in topics such as leadership, negotiation and mediation. Additionally, the Group has a mentoring scheme, with 94 internal trainers progressing in 2020, and the Group continues to operate its internal training programme "School of Masters", whereby experienced specialists provide training internally.

Ferrexpo understands the importance of recruiting and developing talented individuals throughout its business, in both blue and white collar roles, and the Group had a total of 135 sponsored learners in 2020, including both bursaries and apprentices. This figure is below 2019 (207 individuals), reflecting the conditions faced during the global COVID-19 pandemic in 2020 and reduced level of training opportunities possible with social distancing and remote working conditions. Ferrexpo also provides extensive compliance training to its workforce, further details of which are provided on pages 33 to 37.

A overview of the statistics for training provided in 2020 is also shown in the Appendices.

Extensive employee training

6,863

Training courses completed by employees in 2020 (2019: 11,586), despite global COVID-19 pandemic.

Safety focus

59%

Proportion of training in 2020 that related to safety (2019: 71%).

SUSTAINABLE ENVIRONMENTS

The health of the local environment, ranging from emissions, to waste generation and biodiversity, is a demonstration of the Group's understanding of its corporate role. Through investing in the environment, the Group aims to realise the benefit of healthy ecosystems, ranging from clean air and water supplies, to positive relations with local communities.

Emissions reduction

16%

Reduction in Group CO₂e emissions on a per tonne basis in 2020 alone.

Clean air

#1

Research determines local city of Horishni Plavni has cleanest air of Ukraine's 39 industrial cities.

Promoting biodiversity

1,500

Over 1,500 trees planted around Ferrexpo's operations in Ukraine in 2020.

Reducing water footprint

7th

Consecutive year of reducing extraction from local water supply.

Solar power plant

5MW

Pilot project to test effectiveness of solar at the Group's location, implemented in 1H 2021.

Limiting water losses

98%

Water recycling within Ferrexpo's processing plant continued at 98% in 2020 (2019: 98%).

Water resources

WATER STEWARDSHIP FOR EVERYONE'S BENEFIT

Water supply is an essential part of everyday life at Ferrexpo, from servicing the needs of the Group's workforce and local communities, to the needs of wildlife and natural habitats in the local vicinity of the Group's operations.

Water is particularly evident at the Group's operations in Ukraine, where the River Dnieper, one of Europe's great rivers, runs close to Ferrexpo's processing facilities. Whilst the Group does not directly interact with the River Dnieper, local communities are dependent on it for hydroelectric power generation as well as sports and leisure activities, in addition to the abundant local wildlife. Both the river itself, and the broader water cycle that is apparent at the Group's operations, are key features in Ferrexpo's social licence to operate.

Water balance

The Group monitors its usage of water at its operations in Ukraine, with the Group's water balance shown opposite. Please note that the figures shown are direct measurements, with the exception of unrecorded water losses. Figures are shown in terms of megalitres ("ML").

Relevant UN Sustainability Development Goals



WATER WITHDRAWAL (2020)

Water withdrawn total

37,095^{ML}

(+1% vs. 2019)

Including:
Surface water extracted

749^{ML}

(+6% vs. 2019)

Including:
Ground water extracted

35,571^{ML}

(+1% vs. 2019)

Including:
Local water supply

775^{ML}

(-12% vs. 2019)

Third party withdrawals = zero.

WATER USAGE (2020)

Including:

- Process water
- Dewatering of open pits
- Potable water

Recycling of water within processing plant circuit.

98%

(2019: 98%)

Water extracted and reused.

9,078^{ML}

(-25% vs. 2019)

WATER RETURN (2020)

Water return total (recorded)

28,020^{ML}

(+14% vs. 2019)

Including: water return without use: 25,508 (+10%)

Comprising:

- Surface dewatering wells: 15,688ML (+18%)
- Dewatering of open pits: 9,820ML (-13%)

Including: water return after use (recorded): 2,512 (+100%)

Comprising:

- Dust suppression: 2,104ML (+154%)
- Other (drinking water, pit water): 408ML (-5%)

Excluding: water return after use (unrecorded)

Comprising:

- Water entrained in tailings
- Evaporation
- Groundwater drainage

Water resources

continued

Water extraction

96%

Majority of water extraction in 2020 related to dewatering wells in open pit mines (2019: 96%).

High level of water recycling

98%

Water recycled within processing plant in 2020 (2019: 98%).

Protecting air quality

+154%

154% increase in dust suppression activities in 2020.



Image: View across River Dnieper, located adjacent to Ferrexpo's operations in Ukraine.

Water availability

In terms of overall water availability, Ferrexpo operates in an area regarded to be low to medium risk in relation to water stress, as evaluated by the World Resources Institute's Aqueduct Water Risk Atlas¹. This evaluation of Horishni Plavni and the surrounding region is unchanged from 2019. This however does not preclude responsible water use, which is summarised in this section.

Water withdrawal

Water withdrawal at Ferrexpo's operations is primarily in the form of dewatering of the Group's three open pit mines, with this activity representing 96% of overall water extraction in 2020 (2019: 96%).

Ferrexpo understands the need for local communities to take priority in the supply of water, and 2020 represented a further year of reducing the Group's reliance on the local water supply network. Water extraction from this source fell for a seventh consecutive year, falling by 12% in 2020 to 775ML.

Water consumption, recycling and reuse

The Group uses water in the processing of iron ore, which is used to remove waste elements that are naturally present in the Group's iron ore reserves. Processing of iron ore involves a recirculating load of water that is continually pumped around the Group's processing plant, carrying ore as a slurry, and reclaimed from the Group's tailings management facility before being pumped back to the Group's processing facilities at FPM. In 2020, the Group recycled over 98% of water already in use as process water, a figure in line with 2019. Of the water extracted at FPM during 2020, 80% was subsequently recycled (2019: 91%), with this decrease in the proportion of water recycled partially relating to a 1,200ML increase in dust suppression activities at FPM in 2020. The opportunity for water recycling only exists at FPM however, where processing facilities provide an opportunity to utilise pit water in significant volumes. Without processing facilities, the Group's mining operations at FYM and FBM do not require sufficient volumes of water to necessitate infrastructure to recycle water, and therefore the Group's overall recycling of water was 24.5% (9,078ML) of the total water extracted in 2020 (2019: 34.9%/12,087ML).

¹ www.wri.org/applications/aqueduct/water-risk-atlas, accessed July 2021.

Water discharged

Where possible, Ferrexpo either immediately discharges water extracted as part of pit dewatering activities, and recycles any water used in its processing operations. A component of water, however, cannot be reclaimed, such as the water entrained in tailings after material has been processed, or water used in dust suppression activities. Water discharged without use represented 69% of water extracted in 2020 (2019: 64%), and this increase reflects the deepening of mining operations at FYM, where water discharge without use increased by 10% during the year.

Water that is discharged by the Group through its dewatering activities is routinely tested for its chemistry prior to discharge, to ensure it is not harmful to the environment. A full listing of the chemical elements that the Group tests for is provided in the Appendices. Water discharge is conducted via discharge channels into a local tributary of the River Dnieper, and the Group adheres to high water quality standards for water discharged, as set by local authorities, with regular test work conducted to ensure compliance. The Group can confirm that it did not incur any penalties in 2020 relating to water quality (2019: none).

Water discharged after use predominantly relates to dust suppression activities in each of the Group's three open pit mines, accounting for 84% of such water discharge in 2020 (2019: 66%). This work is conducted for the health and wellbeing of the Group's operators working close to active mining areas, to local communities and local stakeholders that might also be affected by the presence of dust. Water volumes utilised in dust suppression activities increased by 154% in 2020, reflecting warmer, drier conditions in 2020, and an increase in the mining footprint to include the Lavrykivske deposit within the Poltava mine plan.

WORKING IN TANDEM WITH NATURE



Image: aerial view of the sailing club on the River Dnieper in Horishni Plavni, a community project assisted by Ferrexpo.

Ferrexpo operates with a close connection to the air, water and woodland habitats surrounding its operations in Ukraine, and maintaining a clean, healthy ecosystem is an integral part of the Group's role as a good corporate citizen.

Ferrexpo is continually seeking new ways to direct its efforts in biodiversity and habitat management, and has recently completed baseline studies with external consultants to evaluate the next steps for protecting local wildlife.

Biodiversity assessment

As reported in previous Responsible Business Reports, the Group initiated a project in 2019 to assess the biodiversity around the Group's operations in Ukraine and to assist in the protection of habitats. Working with specialists at the Kyiv Zoological Center, the Group conducted preliminary work with a focus on the avian population during the 2019/2020 winter season, identifying a total of 75 species of birds, including eight rare species of birds that are present in winter, including the field harrier, small falcon and horned lark. These rare species appear in the Red Book of Ukraine and are protected under national legislation. This ongoing work is expected to map changes that occur as a result of the Group's activities and work that can be conducted to mitigate any effects on habitats. Work to date has established that the avian flora around the Group's operations is diverse and comparable to other parts of the Middle Dnieper region, and includes aquatic, near-water synanthropic and dendrophilous bird species. Recommendations for further work include educational programmes for local communities on the importance of protecting rare bird species, the installation of feeding platforms and the possibility of establishing a protected area for wildlife.

In addition, the Group has commenced a three-year project in partnership with the Ostrogradsky Kremenchuk University to assess biodiversity, recording over 890 species of plants, fungi and animals in preliminary samples around Ferrexpo's operations in Ukraine.

Tree planting

The Group regularly plants trees around its operations for the benefit of the natural environment and local habitats, in addition to stabilising slopes and helping to improve air quality. The Group has typically planted 400-500 trees a year on average for the past 15 years. In 2020, the Group joined the initiative "Greening Ukraine", which includes a pledge to plant seedlings to restore ecosystems, and this project is part of a broader initiative across 100 countries. As a result, the Group planted over 1,500 trees in 2020, predominantly around the Group's processing plant and maintenance workshops, consisting primarily of silver birch, maple and poplar trees, all of which are native to Ukraine.

The Group is also currently operating a pilot project planting samples of Paulownia (foxglove tree) to assess the effectiveness of CO₂ absorption.

River stocking

In November 2020, the Group initiated a project to specifically assist the river ecosystem that exists in the River Dnieper adjacent to the Group's operating base, through restocking of this river with fish to help combat harmful blue-green algae that accumulates during the summer months. This project, proposed by a Ferrexpo employee, was conducted in conjunction with the Poltava Fishery Protection Patrol, and reintroduced approximately 7,000 silver and grass carp to the River Dnieper, which are effective species for combating the occurrence of algae. This project is expected to be continued on an annual basis, to gradually improve water quality in the river over time, with results expected within the next three to four years.

Protected wildlife

Ferrexpo's operations in Ukraine are situated within an Important Bird Area ("IBA", Psel river valley near Komsomol's'k¹) as defined by Birdlife International ("Birdlife"). Species as listed by Birdlife that carry a conservation concern for this IBA are the Ferruginous Duck (Birdlife classification: "Near Threatened"), White-tailed Sea-eagle (Birdlife classification: "Least Concern") and the Lesser Kestrel (Birdlife classification: "Least Concern"). Ferrexpo does not operate within any other areas that are classified as protected on a national or international basis.

Relevant UN Sustainability Development Goals



¹ BirdLife International (2021) Important Bird Areas factsheet: Psel river valley near Komsomol's'k (www.birdlife.org). Accessed in April 2021.

Addressing climate change

DEVELOPING A CLEAR STRATEGY ON EMISSIONS

Ferrexpo's direct, indirect and value chain emissions are detailed in this section, with the Group producing iron ore pellets that have the potential to help decarbonise the wider steel sector.

The following sections focus on the Group's direct (Scope 1) and indirect (Scope 2) emissions, which relate to the production of iron ore pellets, with an intensity ratio for these two aspects of the Group's carbon footprint shown in the table above. The Group also provides information on its value chain (Scope 3) emissions (see over the page) separately on the basis of GRI guidelines. Scope 3 activities primarily relate to the conversion of iron ore pellets to steel, as opposed to the Group's day-to-day activities. A breakdown of the CO₂e emissions by geographic location is provided in the Appendices.

Relevant UN Sustainability Development Goals



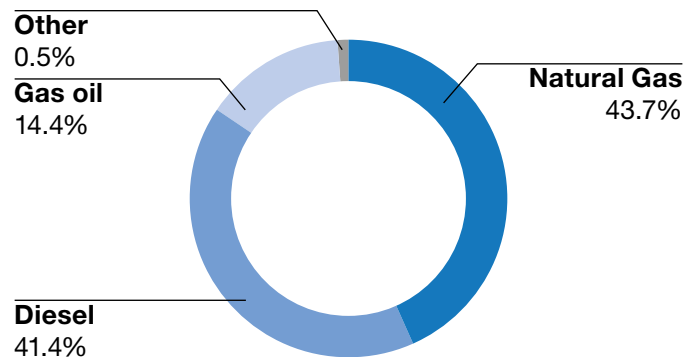
GHG emissions and energy consumption	2020	2019	% change
CO ₂ e emissions (tonnes)	1,262,614	1,404,878	-10%
– Scope 1 (direct, tonnes)	565,552	579,415	-2%
– Scope 2 (indirect, tonnes)	697,062	825,462	-16%
Pellets produced (tonnes, 000s)	11,218	10,519	+7%
Intensity ratio (kg per tonne pellets)	113	134	-16%
– of which Scope 1	50	55	-8%
– of which Scope 2	62	78	-21%
Emissions from biofuels (tonnes)	125,360	104,313	+20%
Energy (kWh)	5,203,263,593	5,036,590,365	+3%

Note: the table above shows carbon-equivalent emissions, with the following gases included in calculations: CO₂, CH₄ and N₂O. During 2020, the Group consulted with external consultants regarding its carbon footprint in 2020, and as a result, the Group has updated the carbon emissions factor from emissions factors estimated by the EBRD in 2010 to the latest factors published by the IEA (published in September 2020). Scope 2 emissions are therefore restated for 2019. Ferrexpo uses coefficients provided by the Greenhouse Gas Protocol to calculate its emissions.

Direct (Scope 1) greenhouse gas (“GHG”) emissions

Ferrexpo's Scope 1 GHG emissions primarily relate to the Group's consumption of diesel in its mining fleet, natural gas in pelletising operations and fuel utilised in barging operations along the Danube River. A split of Scope 1 emissions is provided in the chart shown opposite.

Sources of Scope 1 emissions (2020)



Ferrexpo utilises sunflower husks in its pelletiser as a biofuel, which acts as a substitute for the natural gas that represents the majority of the fuel used to indurate the Group's pellets. In 2020, the Group increased its consumption of sunflower husks by 20% to 172kt (2019: 143kt). Under the guidance issued by the GRI, this consumption and associated GHG emissions are reported separately to the Group's Scope 1 emissions, on the basis that sunflower husks are an abundant biofuel in Ukraine. For more information on the Group's usage of sunflower husks, please see the case study on page 29.

Energy indirect (Scope 2) GHG emissions

Ferrexpo procures electricity from the Ukrainian national grid for its mining and processing operations, with electricity used to power the Group's processing plant, selected excavators and administrative buildings. Prior to 2020, under Ukrainian legislation, the Group procured all of its electricity supply from the Ukrainian electricity network as a whole, without the ability to selectively purchase clean forms of electricity. Deregulation in 2019 resulted in the establishment of an electricity market that has enabled purchasing of specific forms of electricity, and further development of this market in 2020 has enabled the Group to begin purchasing the required volumes of electricity for its operations.

Addressing climate change

continued

From June 2020, the Group successfully purchased clean forms of electricity from either nuclear or hydro sources, representing 22% of total electricity purchases in 2020, and resulting in a significant decrease in Scope 2 carbon emissions. The Group expects to continue this strategy in 2021, realising a full year of savings associated with its Scope 2 emissions. The only other source of energy indirect emissions for the business is the purchase of steam from the Ukrainian authorities, which is used for heating purposes, and represented 3% of Scope 2 emissions in 2020 (2019: 3%).

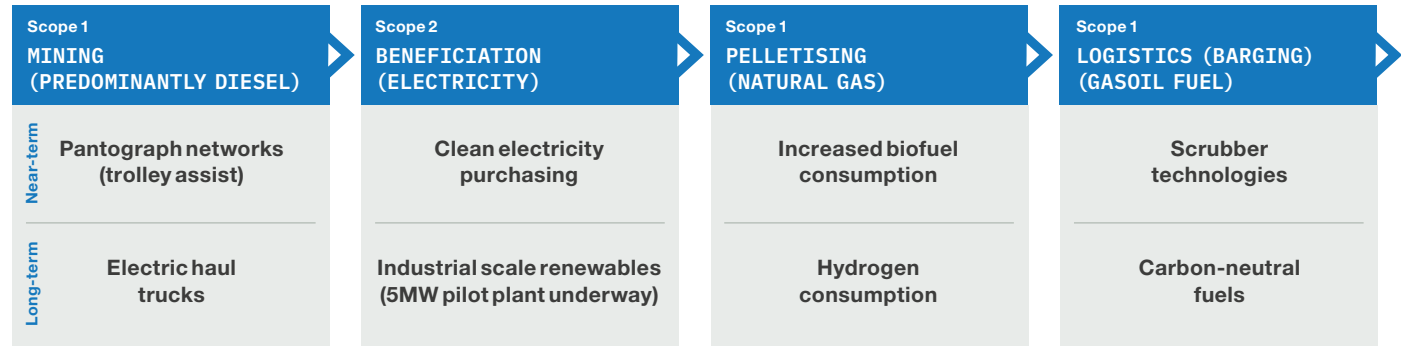
Baseline calculation

2019 is selected as a baseline year for the Group's emissions as this is the first year of emissions reporting for the Group's Scope 3 emissions, and the final year before the Group began to proactively address numerous aspects of its GHG emissions profile. Projects to proactively manage and publicise the Group's emissions that commenced in 2020 include the purchasing of clean electricity, accreditation of the Group's energy management system at FPM (ISO 50001:2018) in December 2020, and steps to join the ResponsibleSteel™ initiative (with the Group becoming a member in early 2021), all of which lay the foundation for the Group to advance its carbon-reduction goals. Emissions in the base year (2019) are shown in the table on the previous page, with an 8% reduction in Scope 1 emissions and 21% reduction in Scope 2 emissions in the first year of reporting against this baseline.

Scope 3 emissions

The Group began reporting Scope 3 emissions related to downstream activities in its 2019 Responsible Business Report, and with the assistance of external consultants, expanded this reporting to include both upstream and downstream activities in its 2020 Annual Report and Accounts. Examples of activities included in the Group's Scope 3 emissions are as follows:

- Upstream activities: employee commuting, purchased goods (bentonite, tyres and water supply), and well-to-tank allowances for natural gas and liquid fuels.
- Downstream activities: distribution of the Group's iron ore products by rail and ocean-going vessel and the processing of the Group's iron ore products into steel.



The Group's Scope 3 emissions were 12.1Mt of CO₂ in 2020, or the equivalent of 1.082 tonnes of CO₂ per tonne of pellet production (2019: 1.020 tonnes CO₂ per tonne of pellet production). The dominant activity for the Group's Scope 3 emissions is the processing of iron ore into steel, which represented 94% of this category of emissions in 2020 (2019: 91%). Distribution of pellets via ocean-going freight and rail combined represented a further 5% of total Scope 3 emissions (2019: 6%). A full breakdown of the Scope 3 emissions sources considered in the Group's calculation is provided in the Appendices.

GHG emissions reduction programme

Ferrexpo is committed as a business to a low carbon future and understands the need to reduce Scope 1, 2 and 3 greenhouse gas emissions. The Group assesses its progress in regards of emissions reductions on a per tonne basis as this removes the impact of emissions increases or decreases that relate to movements in production volumes.

As shown in the table on page 26, the Group successfully achieved an 8% reduction of Scope 1 emissions on a per tonne basis and a 21% reduction in its Scope 2 emissions per tonne, combining for a 16% reduction in a single year. With further productivity gains, increasing production volumes and a full year of targeted purchasing of clean electricity, the Group anticipates a second consecutive year of materially reducing its CO₂e footprint on a per tonne basis.

The Group is pursuing the projects outlined in the table above throughout its business to reduce Scope 1 and Scope 2 emissions, including the following projects:

- Solar power project – in 2021, the Group has initiated installation of a 5MW solar power pilot plant, which will assess the potential for a larger plant at its operations in Ukraine.
- Mining electrification:
 - Pantograph network: in mining, the largest area of diesel consumption is in the ascent of fully loaded haul trucks from the base of the Group's mines to the surface. Implementation of a pantograph network of overhead electric cables, and conversion of mining trucks to access this power, will enable haul trucks to significantly reduce fuel consumption. This project is expected to be implemented by 2023.
 - Longer term, the Group intends to implement electric haul trucks at its mines, having operated electric excavators in its mines for over ten years.
- Clean power purchasing – as outlined in this section, the Group is now able to acquire electricity directly from producers, enabling the Group to increase its supply of power sourced from hydroelectric and nuclear providers within Ukraine. In 2020 as a whole, the Group purchased 22% of its electricity from clean electricity providers, with this project commencing in June 2020, resulting in a 21% decrease in Scope 2 emissions during the full year. Longer term, the Group intends to reduce its Scope 2 emissions to near-zero through this initiative.

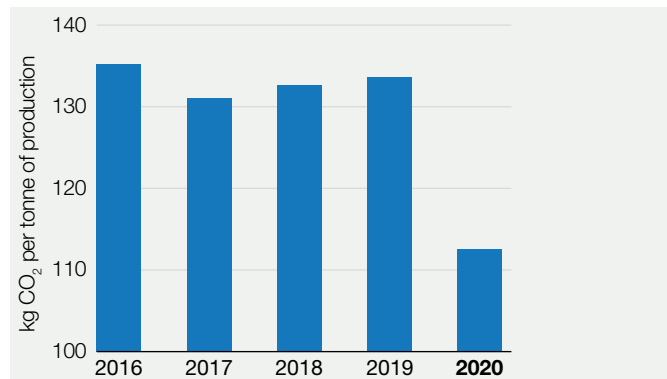
Addressing climate change

continued

- Biofuel substitution – the Group benefits from operating in the country that is the largest global producer of sunflowers, and therefore has an abundant supply of sunflower husks that can be used in the Group’s pelletiser as a substitute for natural gas. In 2020, the Group increased consumption of sunflower husks to 25% of total pelletiser energy, up from 22% in 2019.
- Hydrogen – the Group is currently reviewing the opportunity for longer-term usage of hydrogen in its pelletiser, instead of natural gas. Hydrogen represents an opportunity to reduce the Group’s carbon emissions from its pelletiser to zero (currently 44% of Scope 1 emissions).

The Group’s Scope 3 emissions footprint is primarily driven by the types of iron ore pellet produced. By using 2019 as a baseline, this represents the year in which pellet production was 100% in the form of iron ore pellets for customers utilising the blast furnace method of steel production. From 2020 onwards, the Group commenced production of commercial volumes of direct reduction (“DR”) iron ore pellets, which are processed using either electricity or gas as the main source of energy (versus coal for blast furnace producers), and therefore have a significantly lower carbon footprint. The Group therefore has the potential to significantly reduce its Scope 3 emissions on a per tonne basis through increasing its production of DR iron ore pellets.

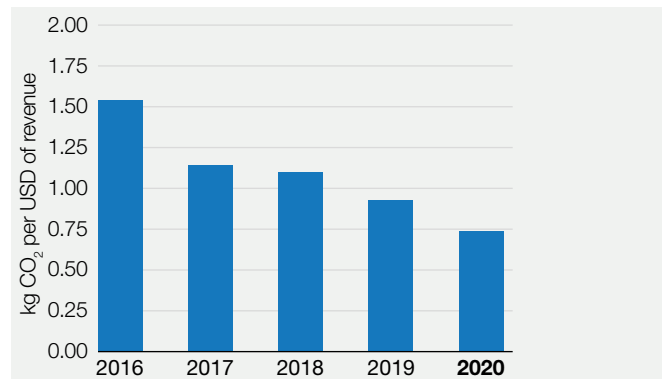
GHG Emissions per tonne – 16% reduction in 2020



Emissions of other gases

Ferrexpo records its emissions of gases from its stationary sources (such as the Group’s processing plant) and mobile sources (such as mining equipment) separately under Ukrainian legislation. Gaseous emissions of nitrogen dioxide (“NO₂”), sulphur dioxide (“SO₂”) and carbon monoxide (“CO”) from stationary sources rose by 3% in 2020, reflecting the 4% increase in material processed in 2020. Dust emissions from stationary and mobile sources both fell in 2020 by 5%, with the Group increasing its usage of water in dust suppression activities by 154% in 2020. Emissions of NO₂, SO₂ and CO from mobile sources fell by between 5% and 7%, despite a 1% increase in mining activity in 2020. This decrease in emissions reflects a 5% reduction in the consumption of liquid fuels in mining activities, and an increase in the reliance on the Group’s existing fleet of electric excavators. A full breakdown of emissions is provided in the Appendices. The Group uses chlorofluorocarbons (“CFCs”) and hydrochlorofluorocarbons (“HCFCs”) in air conditioning units at site and is progressively reducing its consumption of these substances over time. In 2020, the Group utilised the equivalent of 2kg of CFC-11 (trichlorofluoromethane), a 47% reduction on 2019. A full overview of the CFCs and HCFCs utilised at the Group’s operations is provided in the Appendices.

GHG Emissions per dollar – 20% reduction in 2020



CASE STUDY ▶

AIR QUALITY



Employees competing Ferrexpo's annual "Ferrexpo Cup" football tournament, May 2021.

Award for clean air

#1

Horishni Plavni confirmed as having the cleanest air of 39 industrial cities in Ukraine.

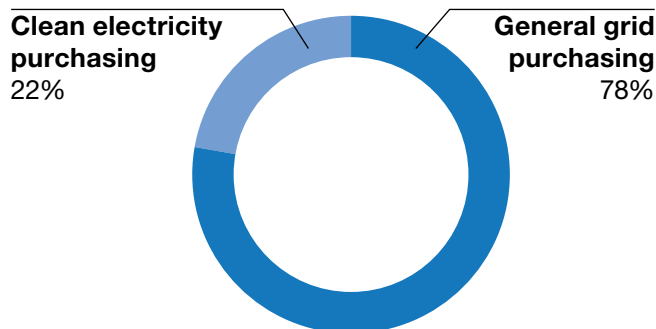
In April 2021, independent research released by Ukraine’s Central Geophysical Observatory showed that Horishni Plavni, the city located adjacent to the Group’s operations, had the cleanest air of all 39 industrial cities in Ukraine in 2020. Cities were assessed on the basis of 22 atmospheric pollutants by the state monitoring system of the hydrometeorological service. In 2020, the Group invested US\$17 million in environmental projects (2019: US\$16 million), to modernise equipment for monitoring the Group’s environmental impact and to reduce emissions.

Energy

RESPONSIBLE SOURCING TO MEET ENERGY REQUIREMENTS

Energy intensity	2020	2019	%
Pellets produced (kt)	11,218	10,519	+7%
Energy consumed (PJ)	18,732	18,132	+3%
Energy intensity (GJ/Tonne)	1,670	1,724	-3%

	Electricity consumption (kWh per tonne pellets)	Gas consumption (m ³ per tonne pellets)
2007	190.9	18.4
2020	176.6	11.7
%	-6%	-37%



Relevant UN Sustainability Development Goals



Energy consumption

The consumption of energy is a fundamental aspect of mining, processing and transporting iron ore, from the consumption of electricity in the Group's processing plant and electric excavators, to diesel in haul trucks and natural gas in the pelletiser. As the Group grows its production and modernises its operations, productivity improvements will gradually minimise wastage and reduce overall energy consumption, which was evidenced in the 3% reduction in the overall energy intensity that was seen in 2020 – as shown in the table opposite. As the Group automates its operations however, electricity will become an increasingly important source of energy going forward. In 2020, electricity consumption increased in line with pellet production (+7%), but the proportion of total energy related to electricity increased to 39% (2019: 37%), underlining the growing importance of sourcing low carbon sources of electricity going forward – for more information on the Group's new power purchasing strategy, see pages 26 to 27.

Energy-saving initiatives

Electricity and natural gas have consistently represented the two largest sources of energy consumption across the Group's operations, accounting for 39% and 27% of total energy usage respectively in 2020. Since IPO in 2007, the Group has reduced its consumption rates for these consumables through modernising production processes, delivering savings as shown in the table opposite. Savings in gas consumption have been possible through the Group's partial substitution of natural gas with sunflower husks, a project initiated in 2015 (for further details, please see case study opposite). Electricity savings have been implemented throughout the Group's plant, as well as processing of additional higher grade ores following the opening of the Group's Yeristovo mine in 2011, enabling greater plant productivity. Through productivity initiatives, the Group reduced consumption rates of natural gas and diesel by 4% and 5% respectively in 2020.

For further details, please see page 26 to 27 for the Group's power purchasing strategy for targeting low carbon forms of electricity.

CASE STUDY



CASE STUDY: SUNFLOWER HUSKS AS A BIOFUEL SUBSTITUTE FOR NATURAL GAS



Using biofuels since

2015

Saving the equivalent of over 165 million cubic metres of natural gas during this time.

Natural gas substitution representing

25%

Sunflower husks representing 25% of total pelletiser energy in 2020 (2019: 22%).

Ferrexpo's operations are in Ukraine, which was the largest global producer of sunflower oil in 2019/20 and therefore the Group has good access to sunflower husks, which are a by-product of this industry. The Group has utilised this waste material as a biofuel in its pelletisers since 2015, as a partial replacement for natural gas, with pelletisation a processing step whereby iron ore concentrate is heated to 1,300°C in a series of rotating kilns. In 2020, the Group increased usage of sunflower husks to 25% of the total energy utilised in its pelletisers (2019: 22%), the equivalent saving of over 40 million cubic metres of natural gas, or the equivalent of over 80,000 tonnes of carbon in a single year.

Image: sunflowers represent a substantial source of energy for Ferrexpo's pelletising operations.

CASE STUDY

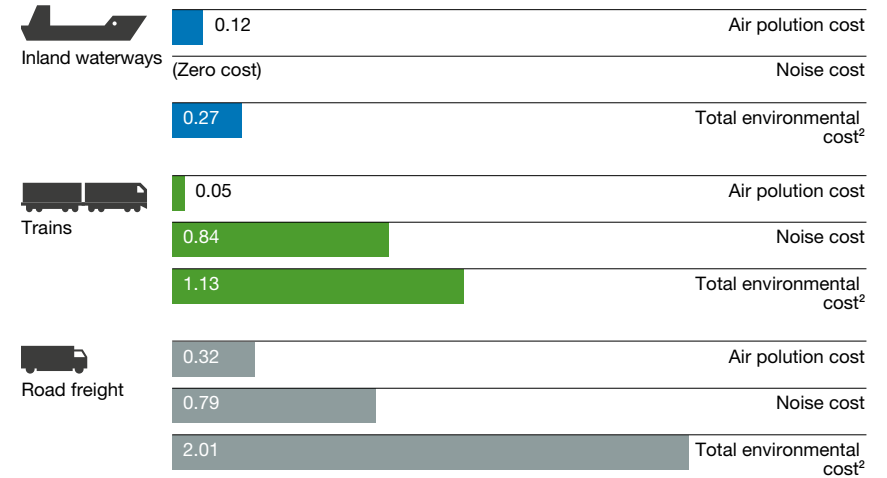
FIRST-DDSG: UTILISING TRADITIONAL WATERWAYS FOR A LOWER ENVIRONMENTAL FOOTPRINT

For centuries, the River Danube has served as a natural thoroughfare linking east and central Europe, and Ferrexpo utilises this waterway as a means of transporting iron ore pellets to customers in central Europe. By transporting pellets via inland waterways, the Group not only helps to maintain a historic waterway that has seen a 45% reduction in the number of vessels carrying cargo in the past 30 years¹, but inland waterways also have a lower overall environmental footprint than alternative modes of transport, as shown in the charts opposite. Independent research shows that transport via inland waterways has a 76% lower external cost than rail transport, which relates to lower levels of noise and air pollution, as well as costs associated with climate change and accidents. The second chart opposite shows that transport via inland waterway emits the same level of greenhouse gas emissions as rail, showing it is a sustainable alternative to the Group railing its products to Central Europe. Inland waterways also represent a more direct route to a number of the Group's customers, with a distance approximately three times shorter than ocean-going freight routes.

The Group has 214 vessels on the River Danube, and represents a sustainable alternative to supplying customers compared to rail and ocean-going freight. Further underlining First-DDSG's environmental credentials, this business achieved accreditation for its environmental management system (ISO 14001:2015) in 2021.



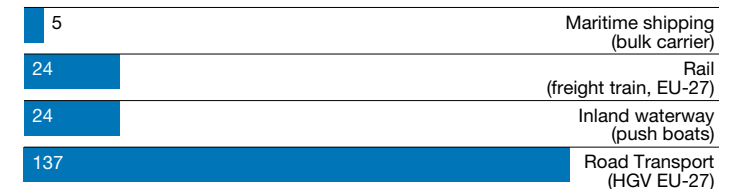
External costs of freight transport (Euro-cent per tkm)



² Total environmental cost includes costs for: air pollution, noise, accidents and climate change.

Source: PLANCO Consulting GmbH. Verkehrswirtschaftlicher und Ökologischer Vergleich der Verkehrsträger Straße, Bahn und Wasserstraße. 2007.

GHG Emissions per tonne-kilometre (gCO₂e/tkm)



Source: European Environment Agency, www.eea.europa.eu/publications/rail-and-waterborne-transport



Image: First-DDSG vessel pushing 12 barges, carrying iron ore pellets at kilometre 285 of the River Danube.

Waste generation

MINIMISING ENVIRONMENTAL IMPACT

Mining

In order to access iron ore, which is processed into Ferrexpo's iron ore pellets, the Group extracts hard rock and sand that is stored in waste facilities within the Group's mining areas, with these facilities designed by the Group's mining engineers using a strict set of predetermined criteria. Waste facilities are located around the perimeter of the Group's open pit mines, and when the development of each facility is concluded, the Group rehabilitates each surface to encourage vegetation as this increases slope stability, provides natural habitats for flora and fauna and also acts as a visual screen between mining operations and local communities.

In 2020, waste volumes fell by 1%, largely as a result of reduced sand mining activities at FPM. Waste rock mining activities, which is an activity that applies to both FPM and FYM, was in line year on year, with 73Mt of rock waste mined. A table showing mining waste by type is provided in the Appendices.

Processing

Iron ore processing requires the separation of native iron in the Group's iron ores, which accounts for approximately 30-35% of the ore being mined by weight. Processing of magnetite iron ores requires the comminution (crushing and grinding) of material until it is a fine material, before the iron ore separated out using magnets, leaving behind waste material. This processing method therefore does not require the input of harmful chemicals like processing techniques for other metals, nor does the separation process produce large volumes of harmful substances.

Relevant UN Sustainability Development Goals



CASE STUDY



CONVERTING WASTE FACILITIES TO SOLAR GENERATION

Image: 5MW solar power plant installed at Ferrexpo's Poltava Mine.

The Group's tailings are inert and stored in a managed facility that is built to industry best practice and inspected regularly by both the Group and independent inspectors. In 2020, the Group produced 14 million tonnes of tailings, all of which was contained at the Group's owned tailing facility, located one kilometre to the east of the Group's processing plant.

The Group's processing operations also produce gravel, which occurs in small quantities as a by-product, and represents the harder portions of the ore that do not fully break down when processed. The Group produced 2.2 million tonnes of gravel in 2020, representing 7.3% of material processed (2019: 7.3%), with this material either used by the Group for road construction, or sold to third parties for the same purpose. A table showing processing waste by type is provided in the Appendices.

Logistics

The Group's barging subsidiary First-DDSG operates a cleaning facility in Linz, Austria, for treating waste water on the River Danube. In 2020, the Group's facility treated 563,000 litres of waste water (2019: 647,500 litres), and has the ability to process and clean water with oil impurity concentrations of up to 16%.

Solar power plant

5MW

Pilot plant constructed in 1H 2021 and officially opened in July 2021. Project to serve as a trial for potentially building a larger industrial-scale solar power generation.

The Group has commenced a project to utilise former waste dumps – south-facing areas of brownfields land – for trialling solar power generation at the Group's operations in Ukraine. If successful, the Group is contemplating further solar power generation on former waste dumps and its tailings facility.

Waste generation

continued

CASE STUDY



TAILINGS DAM MANAGEMENT AND MONITORING

Image: aerial view over Ferrexpo's tailings storage facility. The Group's facility is segmented into multiple internal compartments.

Ferrexpo operates its own tailings dam, which is located immediately adjacent to the Group's processing plant, and is the facility that receives the Group's inert tailings that are left over from the extraction of iron units from the Group's ores. Tailings are pumped with water to the tailings dam in the form of a slurry, with this water subsequently collected and returned to the Group's processing plant to create a closed-loop for utilising process water, which minimises the Group's requirement for any additional water.

The Group's tailings dam is constructed on flat land, and tailings are deposited in smaller paddocks, measuring 400m by 400m, within the larger facility. This method serves to lower the risk associated with the overall facility, as any failure would likely be limited to these smaller, active subsections of the larger facility. The facility's walls are constructed at an angle of 1 in 5, which is shallower than the 1 in 3 seen at peers' tailings dams. To further reduce the risk, the facility has 34 piezometers installed around its perimeter to monitor for any signs of water build-up within the dam, an issue identified in the design of recent dam failures in Brazil. The Group's

tailings dam is also surrounded by a two to three metre wide outer drainage channel, which acts as a safety feature.

The Group's tailings facility was originally designed by external consultants and is maintained by an in-house team of specialist engineers. Biannual inspections are carried out by the Ukrainian authorities to ensure compliance with local legislation, as well as additional inspections by third party consultants. An example of this would be in 2019, following a number of high profile failures of iron ore tailings dams in Brazil in recent years, the Group engaged with Knight Piésold to provide an independent review of the Group's tailings dam. As recorded in the 2019 Annual Report, this report concluded that there were no material concerns relating to the Group's tailings facility. The Group has sufficient Ore Reserves to continue mining and processing for a further 50 years at today's rates, and the Group intends to continue operating its tailings facility for the duration of processing operations. Full remediation is planned for the end of mine phase of the Group's assets.

Conservative design

1 in 5

Slope angle of wall designs, compared to 1 in 3 in other jurisdictions, which is steeper than the Group's facility in Ukraine.

Constant monitoring

34

Piezometric boreholes monitoring water levels within tailings facility.

ETHICAL BUSINESS

Strong corporate governance structures are the hallmark of a modern company, providing stakeholders with clarity and transparency in the Group's operations. Good corporate governance provides a platform on which the Group can build a positive relationship with all stakeholders, including employees, local communities, customers, investors and providers of capital.

Independent Non-executive Directors

4

Four independent Non-executive Directors, representing 57% of the Board.

New appointments to Board of Directors

2019

Five out of seven Directors on the Board have been appointed since 2019.

Generating value

Top **100**

Inclusion in "Top 100" tax payers, as published by Ukrainian tax authorities for 2020.

Supplier's Code of Conduct

87%

Of all agreements referencing Supplier Code of Conduct as of 2020.

Annual Compliance Week

2nd

Company hosted its 2nd Compliance Week with various external speakers promoting Compliance awareness.

Promoting Compliance

600

Over 600 employees completed Compliance Tests in 2020, promoting the Group's Code of Conduct.

PROMOTING COMPLIANCE AWARENESS

Independent Non-executive Directors

4

Four independent Non-executive Directors, representing 57% of the Board.

New directors

2019

Five out of seven Directors on the Board have been appointed since 2019.

Promoting compliance

600

Participants at the Group's second annual Compliance Week.

Relevant UN Sustainability Development Goals



Image: participants in the inaugural year of the 'Fe Munity' training programme, specifically focused on advancing the Group's future female leaders, which included compliance training as part of this programme.

Independent Board of Directors

Ferrexpo's Board of Directors (the "Board") comprises of six Directors and a Chair, and is responsible for the Group's efforts to maintain good corporate governance practices. Out of the Group's Non-executive Directors, four are classed as Independent, with biographies of all Directors available at the following address: www.ferrexpo.com/about-us/corporate-governance/board-directors.

Anti-corruption and anti-competitive behaviour

Ferrexpo regularly assesses its operations for risks related to corruption, with risk registers updated monthly and reported internally to the Group's Executive Committee via the Finance and Risk Management and Compliance Committee. Through this activity, a number of corruption related risks are identified in the Group's risk register.

The Group's efforts in training around anti-corruption policies and procedures in 2020 focused on modules for Ferrexpo's corporate ethics principles, raising awareness for the Group's Integrity Line for reporting concerns anonymously and testing employee's understanding of the Code of Conduct and compliance programme.

Compliance training

In May 2020, the Group held its second Compliance Week, which was held online due to social distancing requirements, and had over 600 participants from across the Group's Ukrainian operations. Goals for the week included raising awareness around compliance and anti-bribery topics, promotion of the Ferrexpo Integrity Line and a platform to provide face-to-face training sessions on ethical leadership. The Group also initiated its first Compliance Championship in 2020, with contests held to further raise awareness of compliance topics and to showcase workers' understanding of key compliance policy documents such as the Code of Conduct, Integrity Line and compliance programmes.

The Group's Compliance Knowledge Day was held in 2020 for individuals holding mid-level management roles and comprised of 14 speakers, from both within Ferrexpo and external parties, to discuss compliance topics over two separate sessions.



The Group's Compliance Forum, which is held annually, is a similar event but with a focus on providing a platform for top level management to discuss ongoing initiatives in the field of good governance.

Plans for 2021

The Group intends to continue its efforts in providing extensive training in compliance throughout 2021. Additional programmes planned include additional online courses, to supplement existing learning modules, and the addition of "Ethical Leadership" modules into the existing Masters School training programme that is held at Ferrexpo's own training facility in Horishni Plavni.

Online training modules planned for 2021 include topics such as: the Ferrexpo Code of Conduct, the Personal Integrity "Barometer" and "Leading with Integrity".

Governance in supply chains

DEVELOPING ETHICAL PARTNERSHIPS



Image: modern maintenance facilities at Ferrexpo's Yeristovo Mine.

Relevant UN Sustainability Development Goals



Supplier screening

Ferrexpo's suppliers are expected to adhere to the Group's Code of Conduct for Suppliers, and includes provisions on social issues such as the Modern Slavery Act and environmental compliance. The Group conducts regular screening of its suppliers to ensure that suppliers adhere to industry best practice and are not considered to be high risk entities to do business with. In 2020, a total of 2,428 suppliers were screened for a range of risk factors, including 903 third parties with a turnover of greater than UAH 500,000. A total of 43 were considered to be potentially high risk for compliance and were therefore subject to further screening and/or increased monitoring.

Partnering with local suppliers

Ferrexpo understands the importance of retaining value created within the local communities in which the Group operates, and as a result aims to do business with local entities as much as it is practical. In 2020, 94% of the goods and services procured by the Group's operating entities in Ukraine were from Ukrainian businesses (2019: 87%), with 31% of the overall total coming from entities local to Horishni Plavni, where the Group is based (2019: 33%). The Group's focus on hiring and retaining local talented individuals is also demonstrated in the proportion of salaries paid to those local to Horishni Plavni – representing 100% of the total salaries paid by the Group's operating entities in 2020 (2019: 100%).

For over 20 years, Ferrexpo has partnered with the local company "Zeppelin" for the maintenance of its Caterpillar mining equipment, with the Group having over 150 Caterpillar machines in operation across the Group's three mines. Through this close relationship, Ferrexpo is able to benefit from the experience and care that Zeppelin provides, and local employees of Zeppelin are trained to Caterpillar's industry best practice in care and maintenance. Today Zeppelin employs over 200 engineers that provide 24/7 service to Ferrexpo's mining fleet – a great example of collaboration with local specialists for mutual benefit.

RESPONSIBLE CORPORATE CITIZENSHIP

Approach to tax

Ferrexpo aims to balance tax compliance with ethical, societal and sustainable development-related expectations. Through its role as a good corporate citizen, the Group generates value through a range of activities, including the provision of employment to individuals, tax revenues to governments, and investments in local communities, as shown in the high proportion of expenditure that the Group makes with local businesses (for more detail, please see page 35).

Ferrexpo's tax strategy is approved by the Group'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 Group's tax strategy. Risks associated with tax are identified and monitored through the Group's risk register, which is maintained by the Group's 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.

In line with common practice with other publicly listed companies, assurance in tax matters is sought from independent tax consultants and auditors of the Group's financial accounts. For more information, please see the Audit Committee Report and Auditor's Report in the Group's 2020 Annual Report and Accounts, available on the Group's website (www.ferrexpo.com).

In terms of stakeholder engagement on tax matters, the Group does not engage in public policy matters, including advocacy on tax, and the Group 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.

Taxes paid in 2020

The Group paid taxes and royalties of US\$100 million in 2020 (2019: US\$114 million), with this amount paid through royalties on the extraction of iron ore in Ukraine and taxes on revenues generated through the sale of iron ore pellets and concentrate to Ferrexpo's global network of customers.

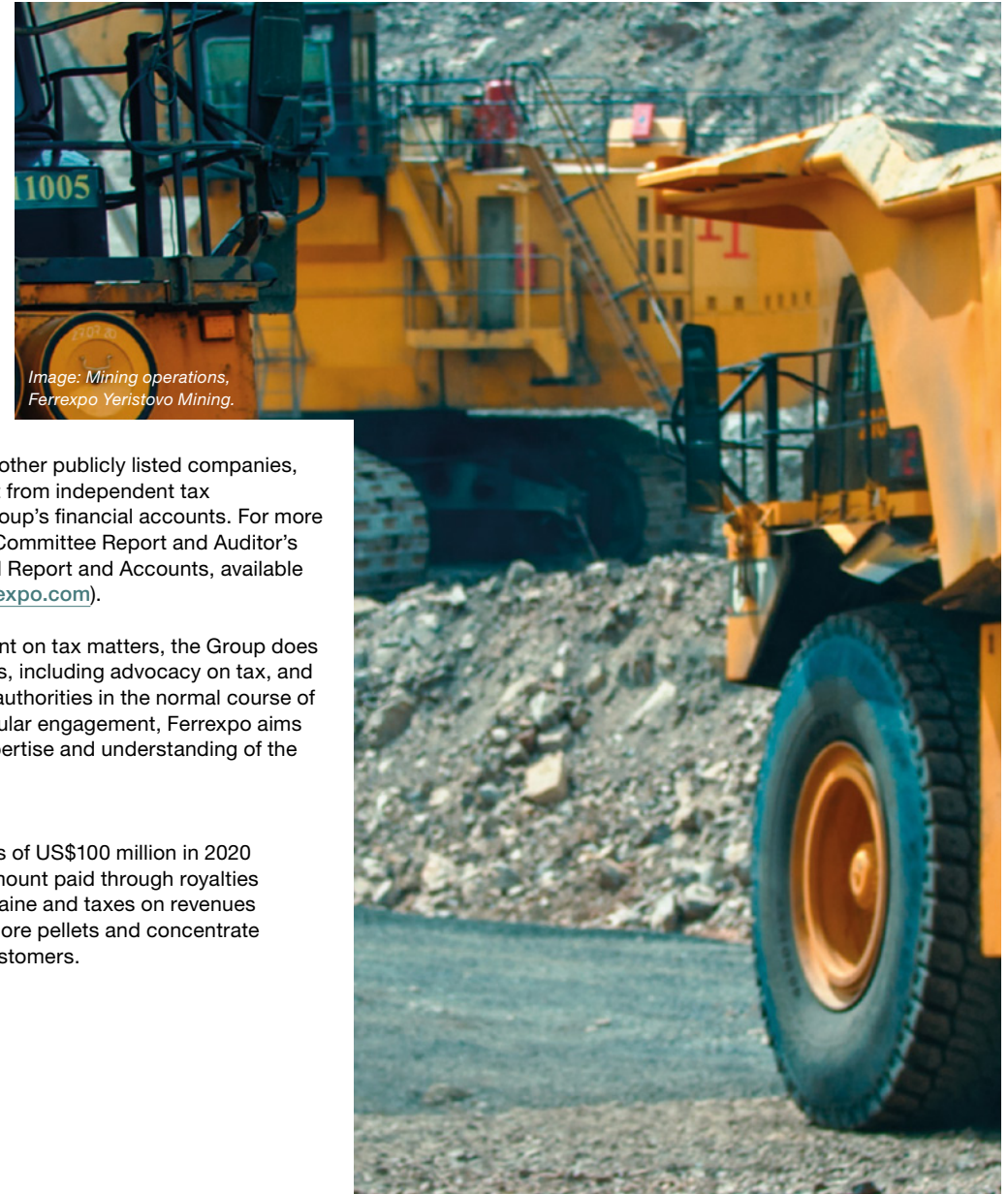


Image: Mining operations, Ferrexpo Yeristovo Mining.

Relevant UN Sustainability Development Goals



DOING THE RIGHT THING

Approach to ethical business

Ferrexpo's Code of Conduct covers the Group's employees, and alongside the Group's Code of Conduct for Suppliers, covers the minimum standards expected of the Group in respect of its ethical business activities – including topics such as confidentiality, human rights, equality and diversity, workplace conduct, the environment, anti-bribery, anti-corruption and conflicts of interest. A copy of the Group's Code of Conduct is available online at the following address: www.ferrexpo.com/responsibility/governance.

Five values

Ferrexpo's core values are provided in detail in the Code of Conduct and are as follows: (1) act responsibly, (2) make it happen, (3) integrity in what we do, (4) diversity within one team and (5) continuous innovation. The Group's managers and supervisors are expected to lead by example, coach individuals, and communicate the Group's principles and its expectations to members of their teams.

The Group's Chief Executive Officer is responsible to the Ferrexpo Board for upholding the Code of Conduct and the ethical conduct of the Group in general. Every person at Ferrexpo has a responsibility to conduct themselves to a high standard of business conduct within the Group.

Relevant UN Sustainability Development Goals



Reporting concerns

Ferrexpo's Code of Conduct prohibits any form of discrimination, and covers employees and contractors alike. The Group can confirm that no cases of discrimination were brought against it during 2020 (2019: zero). Ferrexpo has established channels through which any concern can be raised anonymously, either electronically or by phone, using the Ferrexpo Integrity Line (ferrexpo.com/integrityline). The formal review process for any issue raised via this channel is outlined in the Group's Compliance Framework.

Modern Slavery Act

The Group is determined to ensure that modern day slavery is not present in its supply chain, and the Group's Code of Conduct for Suppliers includes provisions to this effect. The Group conducts risk assessments on any third party considered to be high risk, with these reviews submitted to the Finance, Risk Management and Compliance Committee, for review as to whether they can be used on certain conditions (such as more detailed checks and monitoring), or avoided altogether.

Human Rights

Ferrexpo believes in fundamental human rights and in dignity for all people, as set out in the Universal Declaration of Human Rights. The Group support the UN Guiding Principles on Business and Human Rights which outline the duties and responsibilities of industry to address business-related human rights issues.

Information security

Ferrexpo's data and information technology systems are a vital resource for the Group and safeguarding these systems and data are a key responsibility for all those involved in the Group's activities. Effective cyber security has never been more important for the Group to continue to deliver uninterrupted operational and financial performance.

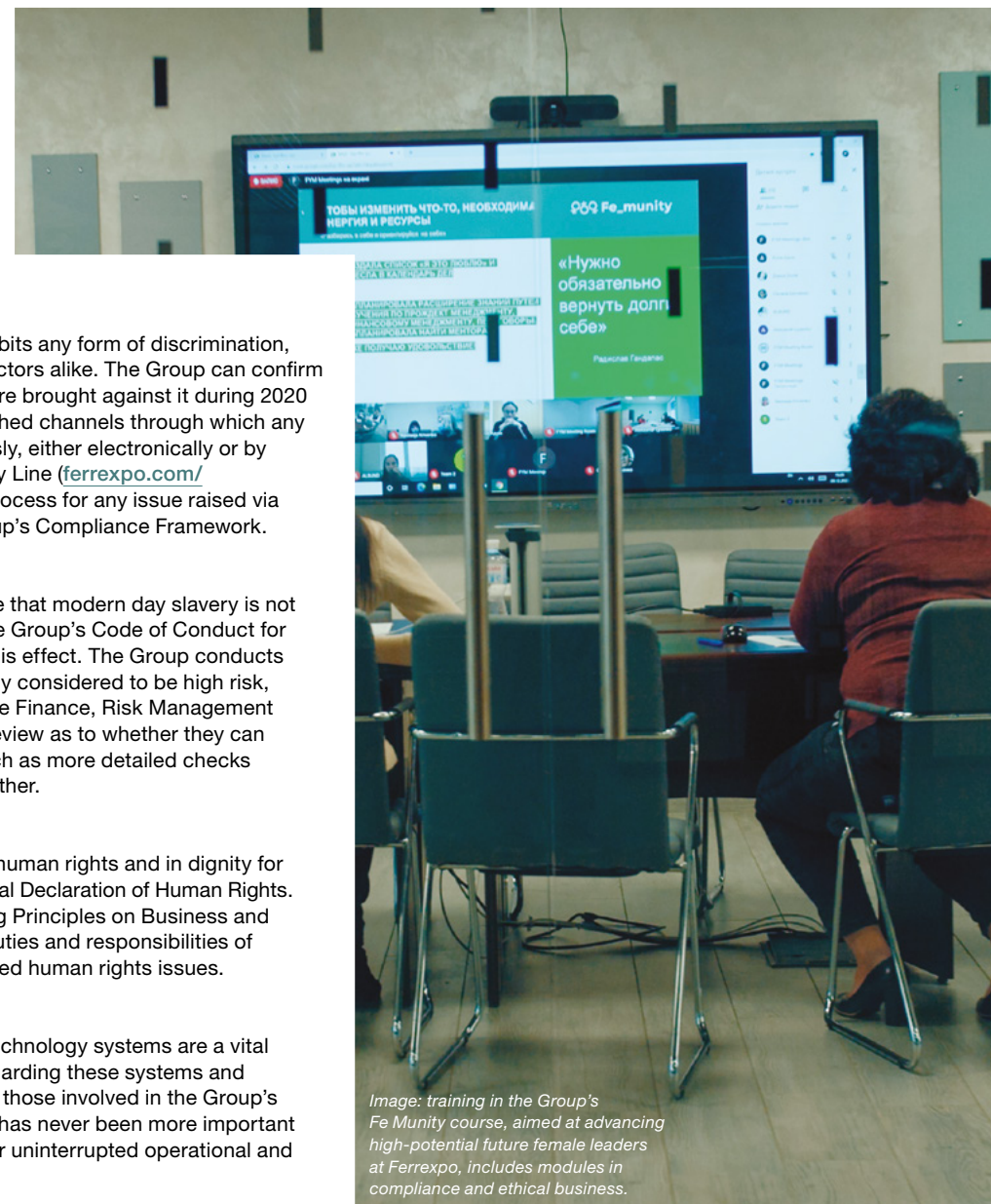


Image: training in the Group's Fe Munity course, aimed at advancing high-potential future female leaders at Ferrexpo, includes modules in compliance and ethical business.

SUPPORTING COMMUNITIES

Ferrexpo understands the important link between the health and wellbeing of local communities and its ability to operate a successful business model. From direct assistance to individuals, to refurbishment projects for local schools and hospitals, to supporting communities through specific issues such as responding to COVID-19. Through local CSR committees at each of the Group's three operating mines, the Group is in constant dialogue with local community leaders to understand the changing needs of local communities over time.

Direct aid to individuals in need

4,672

Number of individuals supported through direct aid initiative 'Social Store' in 2020 (2019: 4,646), providing local residents with essential care packages.

Community support in 2020

US\$5.9M

The equivalent of US\$5.9 million of funding provided to local community projects in 2020 alone.

COVID-19 Response Fund

US\$3.5M

Total approved funding of US\$3.5 million for local hospitals to respond to COVID-19, to help protect local communities.



Ferrexpo Charity Fund

CELEBRATING A DECADE OF DIRECT SUPPORT

Healthcare facilities supported

Over **30**

Hospitals and healthcare facilities refurbished by the Ferrexpo Charity Fund in the past 10 years.

Educational projects supported

Over **90**

Refurbishment projects in schools and kindergartens by the Ferrexpo Charity Fund in the past 10 years.

Providing direct support to individuals

Over **4,000**

Direct aid provided in the form of funding of medical procedures or other essential support to over 4,000 people by the Ferrexpo Charity Fund in the past 10 years.

Relevant UN Sustainability Development Goals



Celebrating ten years of Ferrexpo's Charity Fund

In March 2021, Ferrexpo's Charity Fund, through which the Group coordinates its community engagement initiatives in Ukraine, celebrated its tenth anniversary. In this period, the Group has funded over 90 education projects, over 30 healthcare projects at local hospitals and medical centres, over 50 sports facilities such as indoor tennis courts and artificial football pitches, and direct aid to over 4,000 individuals.

Ferrexpo's Charity Fund coordinates community support projects and funding through a local organisational committee, which works directly with community representatives to determine projects that are relevant to each community's needs. The committee works to identify vulnerable groups, which in Ukraine include the elderly and those that were involved in the country's efforts to remedy the Chernobyl disaster, known as "Chernobyl liquidators", for example. The Charity Fund can then focus its efforts on specifically supporting the groups of vulnerable local residents that have been identified.

The Charity Fund is also structured to enable effective reporting by communities to the Group around the potential or actual negative impacts of the Group's business activities on local communities. Through the provision of regular communication, the Charity Fund serves as an effective tool for directing the Group's activities to avoid negative impacts in future. Examples of typical reporting of negative consequences of the Group's activities by local communities may include reporting around dust emissions from mining, or regular maintenance of local roads. The Group can confirm that no significant negative impacts were reported to it by local communities during 2020 (2019: none).

Separately, the Group works directly with worker representatives on health and safety committees to ensure that workforce wellbeing and safety issues are appropriately addressed – please see the Workforce Development Section that begins on page 15 for more information.



Image: Paracanoe world champion Mykola Fedorenko in training, supported through Ferrexpo's Charity Fund.

Local partnerships along the Danube River

Through Ferrexpo's barging subsidiary that operates on the River Danube, First-DDSG, the Group also engages with host communities along this river to help promote the waterway and its importance for both businesses and communities' cultural heritage.

Examples of these community projects include:

- First-DDSG supports the Ukrainian Saturday School in Vienna. Founded in 2010, this project promotes Ukrainian culture and hosts weekly events for up to 300 people.
- 12 cadets from the Odessa National Maritime Academy supported on First-DDSG vessels in 2020.
- Sponsorship of the volunteer fire brigade in Hainburg, Austria, on the Danube River, which has 117 members and provides support for both fire and flood protection.

APPENDICES

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

The following sections are aimed at providing the additional information required for this report to comply 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.

In this section:

Global Reporting Initiative Index	41
Climate Change Risks and Opportunities	48
Index of reporting under Sustainability Accounting Standards Board	53
Appendix – workforce development topics (various)	54
Appendix – sustainable environment topics (various)	62
Appendix – ethical business topics (various)	69
Appendix – supporting communities topics (various)	70

*Image: Stanislav Manko,
Tyre Repairman at Ferrexpo
Yeristovo Mining, helping to
maintain the Group's mining fleet.*

Appendix – Global Reporting Initiative Index

The Group 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 Group’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 – Ethical business, page 69 – Ferrexpo Annual Report and Accounts for 2020, pages 16 to 17 – The Group does not provide a breakdown of value generated and distributed by country on the basis that the Group’s production facilities are based in one country – A breakdown of sales by country is provided on page 136 of the Group’s Annual Report and Accounts for 2020
201-2	Financial implications and other risks and opportunities due to climate change	– Appendix – Climate change risks and opportunities, pages 48 to 52
201-3	Defined benefit plan obligations and other retirement plans	– Appendix – Ethical business (pension plan obligations), page 69
201-4	Financial assistance received from government	– Appendix – Ethical business, page 69
GRI-202	Market Presence	
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	– Average salaries for Ferrexpo’s entry level positions (Grade 1) are 3.4% above the Ukrainian minimum wage for women and 1.3% above the minimum wage for men
202-2	Proportion of senior management hired from the local community	– Appendix – Workforce development, page 56
GRI-203	Indirect Economic Impacts	
203-1	Infrastructure investments and services supported	– Supporting Communities section, pages 38 to 39
203-2	Significant indirect economic impacts	– Ethical Business section, pages 35 to 36
GRI-204	Procurement Practices	
GRI 204-1	Proportion of spending on local suppliers	– Ethical Business section (Partnering with local suppliers), page 35

Appendix – Global Reporting Initiative Index continued

Disclosure number	Disclosure title	Where to find this information
Economic Standards and Business Ethics		
GRI-205	Anti-Corruption	
205-1	Operations assessed for risks related to corruption	– Ethical Business section, supplier screening, page 35
205-2	Communication and training about anti-corruption policies and procedures	– Ethical Business section, corporate governance, page 34
205-3	Confirmed incidents of corruption and actions taken	– Appendix – Ethical Business, page 70
GRI-206	Anti-Competitive behaviour	
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	– Appendix – Ethical Business, page 70
GRI-207	Tax	
207-1	Approach to tax	– Ethical Business section, supplier screening, page 36
207-2	Tax governance, control, and risk management	– Governance and Management Section, page 12 – Ethical Business section, supplier screening, page 36
Environmental Standards		
GRI-301	Materials Used	
301-1	Materials used by weight or volume	– Appendix – Sustainable environments, page 68
301-2	Recycled input materials used	– Appendix – Sustainable environments, page 68
301-3	Reclaimed products and their packaging materials	– Appendix – Sustainable environments, page 68
GRI-302	Energy Usage	
302-1	Energy consumption within the organisation	– Sustainable Environments Section (Energy), page 29 – Appendix – Sustainable environments, page 66
302-2	Energy consumption outside the organisation	– Not applicable
302-3	Energy intensity	– Sustainable Environments Section (Energy), page 29 – Appendix – Sustainable environments, page 66
302-4	Reduction of energy consumption	– Sustainable Environments Section (Energy), page 29 – Appendix – Sustainable environments, page 66
302-5	Reductions in energy requirements of products and services	– Sustainable Environments Section (Energy), page 29 – Appendix – Sustainable environments, page 66

Appendix – Global Reporting Initiative Index continued

Disclosure number	Disclosure title	Where to find this information
Environmental Standards		
GRI-303	Water and Effluents	
303-1	Water withdrawal	– Sustainable Environments Section (water resources), pages 24 to 25
303-2	Water consumption	– Sustainable Environments Section (water resources), pages 24 to 25
303-3	Water discharge	– Sustainable Environments Section (water resources), pages 24 to 25
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), pages 26
304-2	Significant impacts of activities, products, and services on biodiversity	– Sustainable Environments Section (biodiversity), pages 26
304-3	Habitats protected or restored	– Sustainable Environments Section (biodiversity), pages 26
GRI-305	Emissions	
305-1	Direct (Scope 1) GHG emissions	– Sustainable Environments Section (addressing climate change), pages 26 to 28
305-2	Energy indirect (Scope 2) GHG emissions	– Sustainable Environments Section (addressing climate change), pages 26 to 28
305-3	Other indirect (Scope 3) GHG emissions	– Sustainable Environments Section (addressing climate change), pages 26 to 28
305-4	GHG emissions intensity	– Sustainable Environments Section (addressing climate change), pages 26 to 28
305-5	Reduction of GHG emissions	– Pipeline to low carbon production, page 9 – Climate change strategy, page 10 – Sustainable Environments Section (addressing climate change), pages 26 to 28
305-6	Emissions of ozone-depleting substances	– Appendix – sustainable environments, page 65
305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	– Appendix – sustainable environments, page 65
GRI-306	Waste	
306-1	Water discharge – N/A	– Standard incorporated into GRI-303 (2018)
306-2	Waste by type and disposal method	– Sustainable Environments Section (waste generation), pages 31 to 32 – Appendix – sustainable environments, waste, page 67
306-3	Significant spills	– Appendix – sustainable environments, waste, page 67
306-4	Transport of hazardous waste	– Appendix – sustainable environments, waste, page 67
306-5	Water bodies affected by discharge	– Appendix – sustainable environments, waste, page 62

Appendix – Global Reporting Initiative Index continued

Disclosure number	Disclosure title	Where to find this information
Environmental Standards		
GRI-307	Environmental Compliance	
307-1	Non-compliance with environmental laws and regulations	– Appendix – sustainable environments, waste, page 67
GRI-308	Supplier Environmental Assessment	
308-1	New suppliers that were screened using environmental criteria	– Ethical Business section (governance in supply chains), page 35 – Ethical Business section (Code of Conduct), page 37
308-2	Negative environmental impacts in the supply chain and actions taken	– Appendix – ethical business, page 68
People and Workforce Standards		
GRI-401	Employment	
401-1	New employee hires and employee turnover	– Appendix – workforce development (employee turnover), page 58
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	– Workforce Development section (equal rights), page 20
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 – workforce development, page 54
403-2	Hazard identification, risk assessment, and incident investigation	– Appendix – workforce development, page 55
403-3	Occupational health services	– Appendix – workforce development, page 55
403-4	Worker participation, consultation, and communication on occupational health and safety	– Appendix – workforce development, page 54
403-5	Worker training on occupational health and safety	– Workforce Development section (focus on safety), page 16 – Appendix – workforce development, page 54
403-6	Promotion of worker health	– Appendix – workforce development, page 55
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	– Appendix – workforce development, page 55

Appendix – Global Reporting Initiative Index continued

People and Workforce Standards		
403-8	Workers covered by an occupational health and safety management system	– Appendix – workforce development, page 55
403-9	Work-related injuries	– Workforce Development section (focus on safety), page 16 – Appendix – workforce development, page 54
403-10	Work-related ill health	– Appendix – workforce development, page 55
GRI-404	Training and Education	
404-1	Average hours of training per year per employee	– Appendix – workforce development, page 59
404-2	Programmes for upgrading employee skills and transition assistance programmes	– Workforce Development section (training and development), page 21 – Appendix – workforce development, page 55
404-3	Percentage of employees receiving regular performance and career development reviews	– Appendix – workforce development, page 59
GRI-405	Diversity and Equal Opportunity	
405-1	Diversity of governance bodies and employees	– Workforce Development section (equal rights), pages 19 to 20 – Appendix – workforce development, page 60
405-2	Ratio of basic salary and remuneration of women to men	– In 2020, the average entry level salary for women at Ferrexpo's Ukrainian operations was 102% of the equivalent for men.
GRI-406		
406-1	Incidents of discrimination and corrective actions taken	– The Group can confirm that there were no incidents of discrimination in 2020 (2019: 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	– Workforce Development section (employment), pages 18

Appendix – Global Reporting Initiative Index continued

People and Workforce Standards		
GRI-408	Child Labour	
408-1	Operations and suppliers at significant risk for incidents of child labour	– Appendix – workforce development, page 60
GRI-409	Forced or Compulsory Labour	
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	– Appendix – workforce development, page 60
GRI-410	Security Practices	
410-1	Security personnel trained in human rights policies or procedures	– The Group aims to train all employees, including security personnel, in the Group’s Code of Conduct, which includes training on human rights. – Ethical Business section (Code of Conduct), page 37
GRI-411	Rights of Indigenous Peoples	
411-1	Incidents of violations involving rights of indigenous peoples	– The Group can confirm that there were no identified incidents of violations involving the rights of indigenous peoples during the reporting period (2019: none).
GRI-412	Human Rights Assessment	
412-1	Operations that have been subject to human rights reviews or impact assessments	– The Group can confirm that it was not subject to a human rights review in 2020 (2019: none).
412-2	Employee training on human rights policies or procedures	– The Group aims to train all employees in the Group’s Code of Conduct, which includes training on human rights. – Ethical Business section (Code of Conduct), page 37
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	– As of 2020, 94% of the total number of agreements signed by Ferrexpo’s operating entities that have a value of over UAH 500,000 included references to Ferrexpo’s Code of Conduct for Business Partners, which covers human rights screening (87% of total number of contracts).
GRI-413	Local Communities	
413-1	Operations with local community engagement, impact assessments, and development programmes	– The Group has three operating entities in Ukraine, which all have local community engagement programmes. In addition, the Group’s barging subsidiary in Central Europe also has a community engagement programme.
413-2	Operations with significant actual and potential negative impacts on local communities	– Appendix – ethical business, page 70

Appendix – Global Reporting Initiative Index continued

People and Workforce Standards		
GRI-414	Supplier Social Assessment	
414-1	New suppliers that were screened using social criteria	– Ethical Business section, page 35
414-2	Negative social impacts in the supply chain and actions taken	– The Group identifies high risk entities in its supply chain through regular monitoring, and finds alternative suppliers where possible. As of the end of 2020, no negative social impacts were identified in the Group's current supply chain (2019: none).
GRI-415	Public Policy	
415-1	Political contributions	– The Group can confirm that it made no political donations during 2020 (2019: 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 Group 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 2020 (2019: none).
GRI-417	Marketing and Labelling	
417-1	Requirements for product and service information and labelling	– Appendix – ethical business, page 70
417-2	Incidents of non-compliance concerning product and service information and labelling	– The Group can confirm that there were no incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labelling in 2020 (2019: none).
417-3	Incidents of non-compliance concerning marketing communications	– The Group can confirm that there were no incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications in 2020 (2019: none).
GRI-418	Customer Privacy	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	– The Group can confirm that there were no substantiated complaints received during 2020 regarding breaches of data privacy (2019: none).
GRI-419	Socioeconomic Compliance	
419-1	Non-compliance with laws and regulations in the social and economic area	– The Group can confirm that it remains in compliance with local laws and regulations in the countries in which it operates.

MITIGATING RISKS, 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 Directors 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 Group’s emerging and principal risks. The Chief Executive Officer, 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 UAH 0.41 per tCO ₂ e to UAH 10 per tCO ₂ e, with further planned increases of UAH 5 per year for the following 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 reached a price of €34 per tCO ₂ e in January 2021, representing a potential increase to the Group’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, under local legislation, the Group is required to report emissions of a number of gaseous emissions on both a quarterly and annual basis to local authorities, including CO ₂ , SO ₂ , NO ₂ , 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.

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				
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 below.	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 the Group's GHG emissions.
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 Sustainable Environments section (addressing climate change), on pages 26 to 28).	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 Group 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 Group 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.

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				
Technology opportunities (related to the transition to a lower-carbon economy)				
8) Successful investment in new technologies	The Group 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 Group's iron ore pellets under long-term contracts, the risk exists that customers may elect to receive iron ore (pellets, sinter or lump) from alternative sources. Examples for this risk include financial, political or climate-related reasons (perceived or actual).	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.
11) Increased cost of raw materials/access to raw materials	The Group 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.

Appendix – Climate Change Risks and Opportunities

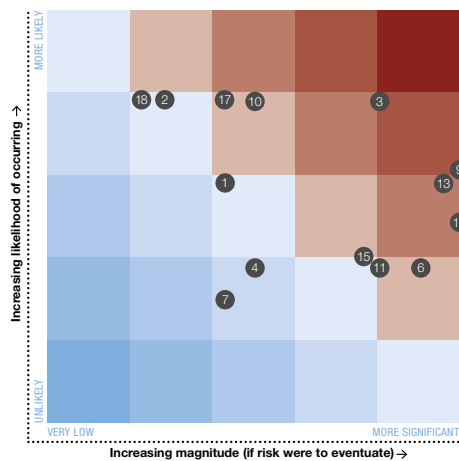
continued

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				
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 Group'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.

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 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	<p>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 Group’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 Group’s operations.</p> <p>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 Group’s ability to dewater its mines, which would temporarily restrict access to the mining of iron ore.</p>	<p>Physical.</p> <p>Long term.</p>	<p>Restricted access to mining operations.</p> <p>Increased operating costs.</p> <p>Reduced revenue.</p>	Operational best practices.
18) Changes in precipitation patterns and extreme variability in weather patterns	<p>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 Group’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.</p>	<p>Physical.</p> <p>Long term.</p>	<p>Capital expenditures.</p> <p>Reduced revenues.</p>	Operational best practices.



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

Appendix – Index of reporting under Sustainability Accounting Standards Board

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, pages 63 to 65
	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	Pathway to low carbon production, page 9 Climate change strategy, page 10
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 ₂), (6) lead (Pb), (7) volatile organic compounds (“VOCs”), and (8) polycyclic aromatic hydrocarbons (“PAHs”).	EM-IS-120a.1	Appendix – Sustainable environments, page 65
Energy management	(1) Total energy consumed, (2) percentage grid electricity, and (3) percentage renewable.	EM-IS-130a.1	Sustainable Environments section, pages 29 to 30 Appendix – Sustainable environments, page 66
	(1) Total fuel consumed, (2) percentage coal, (3) percentage natural gas, and (4) percentage renewable.	EM-IS-130a.2	Appendix – Sustainable environments, page 66 Coal represented 0.025% of the energy consumed in 2020 (2019: 0.025%). Natural gas represented 27% of the energy consumed in 2020 (2019: 27%). Renewables represented 9% of total energy use in 2020 (2019: 7%).
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	Sustainable Environments section (water resources), pages 23 to 24 Appendix – sustainable environments, page 62
Waste management	Amount of waste generated, percentage hazardous, percentage recycled.	EM-IS-150a.1	Sustainable Environments section (waste generated), pages 31 to 32 Appendix – sustainable environments, page 67
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	Workforce Development section (focus on safety), page 16 Appendix – sustainable environments, page 54
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 Group does not source iron ore or coal from third parties, the Group does conduct third party due diligence and compliance checks on those it does business with. See Ethical Business section on page 35 for more information.
Activity metric (applicable to iron ore producers)	Total iron ore production.	EM-IS-000.B	Ferrexpo produced 11.2Mt of iron ore products (pellets) in 2020 (2019: 10.5Mt).

Appendix – Workforce development

Safety statistics by region

Jurisdiction	Ukraine		Central Europe		
Subsidiary	FPM	FYM	FBM	First-DDSG	Group
2020 data					
Fatalities	1	–	–	–	1
Fatality frequency rate per million hours worked	0.058	–	–	–	0.046
Lost time injuries	16	1	–	–	17
Lost time injury frequency rate per million hours worked	0.92	0.39	–	–	0.79
Lost days	1,037	20	–	–	1,057
2019 data					
Fatalities	–	–	–	–	–
Fatality frequency rate per million hours worked	–	–	–	–	–
Lost time injuries	12	–	–	1	13
Lost time injury frequency rate per million hours worked	0.67	–	–	0.91	0.58
Lost days	1,190	23	–	1	1,214

In 2020, the Group recorded 16 LTIs at its main operating subsidiary, Ferrexpo Poltava Mining (“FPM”), two of which involved women (2019: 12 LTIs at FPM, four of which involved women). At the Group’s second largest operating entity – Ferrexpo Yeristovo Mining (“FYM”), the Group recorded one LTI in 2020, which involved a male (2019: zero LTIs). The Group’s barging subsidiary in central Europe recorded zero LTIs in 2020 and one LTI in 2019, which involved a male. The gender ratio of LTIs at Ferrexpo’s operations (18% relating to females in 2020), broadly mirrors the overall gender balance of roles within the Group’s operational activities.

The Group recorded seven near miss events across the Group in 2020, representing a near miss frequency rate of 0.32 per million hours worked. Whilst this represents a significant reduction (-72%) compared to rate seen during 2019 (1.17), the Group understands the impact of COVID-19 and social distancing measures during 2020 on near miss reporting, and therefore expects this frequency rate to increase back towards historic levels in future years.

Safety management systems

The Group successfully achieved accreditation for ISO 45001 (occupational health and safety management systems) at FPM in December 2020, a significant achievement in the development of the business, with FPM representing 82% of the hours worked by the Group’s workforce (employees and contractors) in 2020. Further to this accreditation, FYM has ISO 18001:2010 accreditation for its operational health and safety system, which was achieved in 2016, and FBM expects to achieve this level of certification in the second half of 2021.

Safety representation

Ferrexpo operates with a health and safety committee that has employee representation through the workforce union that is present at Ferrexpo’s operations. Committee members include Executive Committee members of the wider Ferrexpo Group, with 87% of the Group’s employees in Ukraine represented by the recognised labour union (2019: 90%). The Group has a labour union, which sets the rate of pay for 23 employees at its barging subsidiary (First-DDSG), which operates in Central Europe (representing 29% of the total employees of this subsidiary).

Appendix – Workforce development

continued

Safety training

The Group aims to promote worker safety through its own training programmes, to help foster a safety-first culture within the business. In 2020, 4,068 employees undertook safety training, despite extensive remote working and social distancing measures that were in place due to the global COVID-19 pandemic (2019: 8,266). Furthermore, the Group trained an additional 242 contractors in safety (2019: 333), as the Group reviews safety performance across its sites equally, regardless of an individual's contract status.

Occupational disease

The Group had no recorded incidents of occupational diseases during 2019 or 2020.

Health and safety topics in formal agreements

Ferrexpo's employee workforce at its operations in Ukraine have a recognised labour union, with which the Group has a series of agreements governing the Group's interaction with its employee workforce. Included within these agreements are provisions for health and safety topics, such as an individual's right to personal protective equipment of a specific standard and safety training provisions. The labour union at Ferrexpo's operations represented 87% of the Group's employees at its operations in 2020 (2019: 90%).

Environmental management systems

As at the end of 2020, the Group had achieved certification for ISO 14001:2015 at its main operating entity, Ferrexpo Poltava Mining. This certification was also achieved by the Group's logistics subsidiary in central Europe, First-DDSG in July 2021. The scope of the ISO accreditation is on the basis of individual business entities, including all employees and contractors that work within each entity. The Group does not selectively cover working areas with ISO practices over others.

Safety: 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 2020, a total of 3,305 safety inspections were carried out across Ferrexpo's operations in Ukraine (2019: 3,349).

Occupational health

The Group 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.

In 2020, the Group undertook a series of wellbeing seminars for employees in February and March 2020, with 120 employees completing this course.

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. In 2020, the Group's medical centre provided medical checks to 3,750 employees (2019: 8,281 checks), with the decrease in appointments in 2020 related to COVID-19 social distancing measures. Further to the Group's own medical centre, the Group funds local government-run hospitals and medical centres, which provide free healthcare to local residents and employees. Local residents, including based employees based locally, are able to apply to the Group'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 were no incidences of work-related ill health in 2020 (2019: one). Ferrexpo's Code of Conduct for Business Partners also makes provisions for the Group's suppliers to provide a healthy and safe working environment to employees of Business Partners, amongst other provisions.

Appendix – Workforce development

continued

Total global workforce

Employee and contractor numbers by location (2020)	Location	Employees	Contractors	Total
Operations	Europe	8,518	1,897	10,415
Logistics and marketing	Asia, Europe, MENA	121	357	478
Corporate	Europe	25	2	27
Total		8,664	2,256	10,920

Local hiring

New hires to Ferrexpo Group in 2020 (by location)

	Operations (Europe)	Logistics and Marketing (Asia, MENA, Europe)	Corporate (Europe)	Ferrexpo Group Total (2020)	Ferrexpo Group Total (2019)
Number of Workers and Administrators hired from local community	375	12	–	387	504
Number of Specialists hired from local community	77	3	1	81	73
Number of Managers hired from local community	8	–	1	9	13
Total number of hires from local community	460	15	2	477	590
Number of Workers and Administrators hired (non-local)	62	6	–	68	117
Number of Specialists hired from elsewhere (non-local)	11	1	–	12	19
Number of Managers hired from elsewhere (non-local)	6	–	–	6	7
Total number of hires (non-local)	79	7	–	86	143
Total number of all new hires	539	22	2	563	733
% hires from local community	85%	68%	100%	85%	80%

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

Appendix – Workforce development

continued

New hires to the Ferrexpo Group in 2020 (by age, gender and location)

New hires in 2020 by age, gender and location	Operations (Europe)	Logistics and Marketing (Asia, MENA, Europe)	Corporate (Europe)	Ferrexpo Group Total (2020)		Ferrexpo Group Total (2019)	
Number of new hires – ages 18-29 years	146	–	–	146	26%	313	43%
Number of new hires – ages 30-39 years	162	10	1	173	31%	185	25%
Number of new hires – ages 40-49 years	105	7	–	112	20%	124	17%
Number of new hires – ages 50-59 years	60	3	1	64	11%	62	8%
Number of new hires – ages 60 years and above	66	2	–	68	12%	49	7%
Number of new hires – Male	338	18	1	357	63%	555	76%
Number of new hires – Female	201	4	1	206	37%	178	24%
Number of new hires – Male (%)	63%	83%	50%	63%		76%	
Number of new hires – Female (%)	37%	17%	50%	37%		24%	

Appendix – Workforce development

continued

Employee turnover

Employees departing Ferrexpo Group in 2020 (by age, gender and location)

	Operations (Europe)	Logistics and Marketing (Asia, MENA, Europe)	Corporate (Europe)	Ferrexpo Group Total (2020)	Ferrexpo Group Total (2019)
Total number of resignations	297	16	1	313	493
Total number of retirees or departures for health reasons	563	2	1	566	289
Total number of involuntary leavers	108	1	–	109	80
Total	968	20	2	989	862
Breakdown by age					
18-29	122	1	–	123	246
30-39	167	4	–	171	203
40-49	131	2	1	133	149
50-59	149	7	–	156	104
60+	399	6	–	405	160
Total	968	20	1	989	862
Total male departures	624	14	–	638	641
Total female departures	344	6	1	351	221
% Turnover (male)	10.3%	15.9%	–	10.4%	10.1%
% Turnover (female)	13.8%	18.2%	11.1%	13.9%	8.4%
% Turnover (overall)	11.4%	15.7%	8.0%	11.4%	9.6%
% Turnover (involuntary)	1.3%	0.8%	0.0%	1.3%	0.9%
Total Female workforce	2,487	33	9	2,529	2,637
Total Male workforce	6,031	88	16	6,135	6,351

Minimum notice periods

Before any major changes are enacted within the employee structure, under Ukrainian legislation, the Company must provide the labour union with a minimum of three months' notice and affected employees with a minimum of two months' notice.

Appendix – Workforce development

continued

Employee benefits

The Group 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.

Training offered

Training undertaken in 2020	Operations (Europe)	Logistics and Marketing (Asia, MENA, Europe)	Corporate (Europe)	Total 2020	Total 2019	% Change
Employees						
Safety training courses undertaken by employees	4,016	52	–	4,068	8,266	-51%
Skills training courses undertaken by employees	1,681	36	–	1,717	5,862	-71%
Other functional training courses undertaken by employees	1,074	4	–	1,078	1,458	-26%
Training courses undertaken by employees	6,771	92	–	6,863	15,586	-56%
Number of workers and administrators trained (All)	3,859	65	–	3,924	7,836	-50%
Number of specialists trained (All)	2,244	8	–	2,252	6,387	-65%
Number of managers trained (All)	668	19	–	687	1,363	-50%
Total number of workers, administrators, specialists and managers trained	6,771	92	–	6,863	15,586	-56%
Total number of training hours for employees trained	164,912	1,843	–	166,755	256,707	-35%
Average number of training hours per employee trained	24	20	–	24	16	+48%
Sponsored learners (graduates, apprentices, bursaries & other trainees)	134	1	–	135	207	-35%
Contractors						
Safety training courses undertaken by contractors	242	–	–	242	333	-27%
Skills training courses undertaken by contractors	241	–	–	241	955	-75%
Other functional training courses undertaken by contractors	7	–	–	7	–	–
Total number of contractors trained	490	–	–	490	1,288	-62%
Total number of training hours for contractors trained	5,648	–	–	5,648	9,340	-40%
Average number of training hours per contractor trained	12	–	–	12	7	+59%

As of 2020, a total of 7,434 employees of the Group were covered by a policy providing for an annual training and development review (2019: 7,628), representing 86% of the Group's employees in 2020. 99% of the Group's employees are covered by a training and development policy (2019: 99%).

Appendix – Workforce development

continued

Diversity at Board level

Governance bodies as at 31.03.2021	Under 30		30 -50 years		Over 50 years		Total	
	Male	Female	Male	Female	Male	Female	Male	Female
Board of Directors	–	–	3	–	2	2	5	2
HSEC Committee	–	–	1	–	–	1	1	1

Please note that in March 2021, the Group appointed an additional Independent Non-executive Director Ann-Christin Andersen to the Group's Board of Directors, increasing female representation to two out of seven Board members (29%).

Diversity within employee workforce

The table below shows the gender split of employees by age at the Group's operating entities in Ukraine.

Age	FPM		FYM		FBM		Total Operations		
	Male	Female	Male	Female	Male	Female	Male	Female	% Female
18-30	1,095	210	137	22	8	0	1,240	232	16%
31-40	1,395	607	345	76	16	14	1,756	697	28%
41-50	1,368	745	253	64	10	4	1,631	813	33%
51-60	1,043	651	195	23	2	3	1,240	677	35%
60+	130	61	34	7	0	0	164	68	29%
Subtotal (male/female)	5,031	2,274	964	192	36	21	6,031	2,487	29%
Total	7,305		1,156		57		8,518		

Incidents of discrimination

The Group can confirm that there were no incidents of discrimination reported in 2020 (2019: none).

Policies to protect against modern day slavery

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 Finance, Risk Management and Compliance Committee for review as to whether they can be used on certain conditions (such as more detailed checks and monitoring) or avoided altogether.

As of 2020, 94% third-party contracts contain clauses that relate to the Company's Code of Conduct for Business Partners, which was implemented in 2019 and also includes anti-slavery clauses.

Further details on the Group'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 Group's website.

Appendix – Workforce development

continued

Policies to protect against child labour

Ferrexpo does not permit the employment of child labour and does not allow forced or other forms of involuntary labour. The Group 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.

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

Ferrexpo's approach to human rights is described in the Group's Code of Conduct and Code of Conduct for Business Partners. Both are key policy documents, which state that the Group 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 Group's website.

The Group can confirm that there were no incidences of non-compliance with labour standards in 2020 (2019: none).

Supplier Code of Conduct

Ferrexpo's Code of Conduct for Business Partners includes provisions to protect Ferrexpo's supply chain from human rights abuses. As of 2020, 87% of the total number of contracts signed by the Group's main operating entities include reference to this document (2019: 69%). Furthermore, 94% of the total number of contracts with a value of over UAH 500,000 include reference to compliance clauses, emphasising the enhanced level of scrutiny applied to larger contracts (2019: 92%).

Security personnel training in human rights

The Group aims to train all of its employees in the Code of Conduct, which includes provisions for human rights, and training provided by the Group's compliance team included modules on human rights topics.

Reported incidents relating to the rights of indigenous peoples

The Group can confirm that there were no identified incidents of violations involving the rights of indigenous peoples during 2020 (2019: none).

Operations that have been subject to human rights reviews or impact assessments

The Group can confirm that its operations have not been subject to human rights reviews or impact assessments in 2020 (2019: none).

Employee training on human rights policies or procedures

A total of 860 individuals completed training on the Group's Code of Conduct in 2020, which includes modules for human rights.

Appendix – Sustainable environments

Emissions intensity ratios (Scope 1+2 basis)		2016	2017	2018	2019	2020	% (2019-2020)
Scope 1+2	Tonnes	1,514,788	1,369,250	1,407,151	1,404,878	1,262,614	-10%
Production	Million tonnes	11.20	10.44	10.61	10.52	11.22	+7%
Revenue	USD '000s	986,325	1,197,494	1,274,030	1,506,724	1,700,321	+13%
Emissions per tonne of production	kg CO ₂ per tonne	135.2	131.1	132.7	133.6	112.6	-16%
Emissions per USD revenue	kg CO ₂ per USD	1.54	1.14	1.10	0.93	0.74	-20%

Water withdrawal

Ferrexpo does not extract water for the purposes of cooling. Water withdrawal by source is provided on the basis of direct measurements, and the Group does not model its water usage. The Group does not operate in a region considered by the World Resources Institute to be significantly affected by the withdrawal of water.

Water recycled and reused

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 2020 (2019: 91%). 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 Tool (<https://www.wri.org/>, accessed July 2021). The Group does not operate in an area of high water stress, as considered by the World Resources Institute, and therefore does not discharge water into an environment considered to be under stress in respect of water.

Water discharge

The Group tests its discharge water from all three mining operations for the following chemical elements to ensure natural habitats are not damaged by water extracted and then discharged:

- Biological oxygen demand
- Total suspended solids
- Salt content mg/l
- Ammonium nitrogen
- Nitrites
- Nitrates
- Fe
- Oil products
- Chlorides
- Sulphate
- Phosphate
- Ca
- Mg

Appendix – Sustainable environments continued

Emissions reporting

Ferrexpo's GHG emissions are reported on a 100% basis of the Group's activities, rather than equity accounting. Entities covered in Ferrexpo's reporting are those whereby Ferrexpo is the operator, such as its mining, processing and logistics businesses, including its barging subsidiary DDSG. The Group's berth at the Port of Pivdenny is excluded from Ferrexpo's environmental reporting on the basis that the Group has a minority (49.9%) shareholding in this operation.

The Group does not engage in carbon trading and therefore this is not a feature of the GHG emissions reported in the Group's Responsible Business Reports.

Scope 1 and Scope 2 emissions by geographic location

	Scope 1 Emissions										Scope 2 Emissions		Scope 1 subtotal	Scope 2 subtotal	Other emissions
	Fuels (liquid)				Fuels (solid)		Miscellaneous				Electricity	Steam	Biofuels		
	Diesel	Petrol	Gasoil	Other liquid fuels	Coal	Natural Gas	Lubricants	Explosives	CFCs/HCFCs						
Location	Ukraine	Ukraine	Central Europe	Ukraine	Ukraine	Ukraine	Ukraine	Ukraine	Ukraine	Ukraine	Ukraine	Ukraine			Ukraine
Predominant activity	Mining	Mining	Logistics (barging)	Mining	Heating	Pelletiser	Miscellaneous	Mining	Miscellaneous	Processing	Heating				Processing
2019 total (tCO ₂)	246,975	1,590	88,561	190	490	240,263	1,026	5	245	800,884	24,578	579,345	825,462	104,313	
2020 total (tCO₂)	234,264	959	81,327	126	510	247,218	56	5	1,007	672,742	24,319	565,471	697,062	125,360	
%	-5%	-40%	-8%	-34%	+4%	+3%	-94%	-2%	+312%	-16%	-1%	-2%	-16%	+20%	
2019 total per tonne (tCO ₂)	23.5	0.2	8.4	0.0	0.0	22.8	0.1	0.0	0.0	76.1	2.3	55.1	78.5	9.9	
2020 total per tonne (tCO₂)	20.9	0.1	7.2	0.0	0.0	22.0	0.0	0.0	0.1	60.0	2.2	50.4	62.1	11.2	
%	-11%	-43%	-14%	-38%	-2%	-4%	-95%	-8%	+286%	-21%	-7%	-8%	-21%	+13%	

Please note that intensity ratios are provided on the basis of emissions per tonne of production, as this directly correlates to the consumption of materials described in the table above.

Appendix – Sustainable environments continued

The breakdown of activities considered in the Group's Scope 3 reporting is shown in the table below.

Scope 3 emissions	2019	2020	Unit
3.1 Purchased Goods and Services			
Water supply	316	280	tCO ₂ e
Bentonite	3,603	3,812	tCO ₂ e
Tyre usage	2,731	1,873	tCO ₂ e
3.3 Fuel and Energy related activities			
Electricity transmission and distribution losses	17,803	19,030	tCO ₂ e
Diesel – well-to-tank (“WTT”)	61,003	57,863	tCO ₂ e
Petrol – WTT	420	253	tCO ₂ e
Natural gas – WTT	33,662	34,636	tCO ₂ e
Fuel oil – WTT	1,253	1,169	tCO ₂ e
3.5 Waste Generated in Operations			
Municipal waste	2,645	2,645	tCO ₂ e
Organic waste	1,872	1,872	tCO ₂ e
Inorganic waste	2,198	2,198	tCO ₂ e
3.7 Employee Commuting			
Motorbike	418	403	tCO ₂ e
Own vehicle	6,270	6,044	tCO ₂ e
Bus	8,361	8,059	tCO ₂ e
3.9 Downstream Transportation and Distribution			
Pellets shipped via rail	632,254	536,648	tCO ₂ e
Pellets shipped via vessel	29,893	35,601	tCO ₂ e
3.10 Processing of Sold Products			
Processing of iron ore pellets to steel	9,920,144	11,426,961	tCO ₂ e
Total Scope 3	10,724,845	12,139,348	tCO ₂ e
Total production	10,519	11,218	tCO ₂ e
Footprint	1.020	1.082	tCO ₂ e

Ferrexpo's Scope 3 emissions predominantly relate to the emissions produced through the conversion of the Group's iron ore products to steel, which occurs across the Group's global customer base and therefore not in any single country.

Appendix – Sustainable environments continued

Emissions of other gases (NO₂, SO₂ and CO) and dust

The Group's emissions of other gases (NO₂, SO₂ and CO and dust) in 2020 were as follows:

(Figures shown: tonnes)	Stationary sources (Predominantly relates to processing operations)				Mobile sources (Predominantly relates to mining operations)					
	NO ₂	SO ₂	CO	Solid emissions	NO ₂	SO ₂	CO	Solid emissions	NMVOCs	Other
2019	3,484	1,907	1,502	4,487	2,494	337	3,810	440	645	40
2020	3,595	1,964	1,548	4,278	2,371	320	3,558	417	581	34
%	+3%	+3%	+3%	-5%	-5%	-5%	-7%	-5%	-10%	-13%

Emissions shown here are published for the Group's main operating entities – FPM and FYM, with these two business units collectively covering the Group's only processing operations and 99.0% of mined volumes in 2020 (2019: 99.6%). Data is calculated here using direct measurement of gases where possible, and estimates for emissions of dust (in line with calculation methodology provided by the Ukrainian authorities).

Usage of ozone-depleting substances (“ODSs”)

The Group utilises ODSs in air conditioning units at its operations as follows:

- R404A consumption in 2020: nil (2019: 2kg)
- R410A consumption in 2020: 451kg (2019: 53kg)
- R22 consumption in 2020: 36kg (2019: 69kg)

Using conversion factors provided by the Montreal Protocol¹, R22 is considered to have an ozone-depleting potential (“ODP”) of 0.055, whilst R410A and R404A are considered to have ODP factors of zero. Based on these factors, the Group has calculated its consumption to be the equivalent of 2kg of CFC-11 (trichlorofluoromethane), compared to the equivalent of 4kg in 2019 (representing a 47% reduction year-on-year).

¹ The Montreal Protocol on Substances that Deplete the Ozone Layer. UNEP, 2000 (ISBN ISBN 92-807-1888-6).

Appendix – Sustainable environments continued

Energy consumption by source

	Ferrexpo operations (Terajoules used)										Total
	Purchases from third parties		Ferrexpo's own usage (Ukraine)						First-DDSG		
	Electricity used	Steam used	Natural gas	Burning oil	Diesel	Petrol	Domestic coal	Coking coal	Sunflower husks	Gas oil	
2020	7,214	426	5,023	2	3,352	14	5	0.1	1,674	1,021	18,732
2019	6,749	431	4,882	3	3,534	24	4	0.1	1,393	1,112	18,132
% change	+7%	-1%	+3%	-34%	-5%	-40%	+6%	-41%	+20%	-8%	+3.3%
% of 2020 total	39%	2%	27%	0.01%	18%	0.1%	0.02%	0.000%	9%	5%	100%
Renewable	2020: 4% hydroelectric	–	–	–	–	–	–	–	Yes	–	

Energy reported in the table above only includes energy directly consumed by the Group during the reporting periods. As of the end of 2020, Ferrexpo did not self-generate electricity, except for small generators for individual pieces of equipment. The Group completed construction of a pilot solar power plant in July 2021 and will report on electricity produced by this facility in the 2021 version of this report.

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). A link to the EIA’s conversion factors can be found at the following location: <https://www.eia.gov/energyexplained/units-and-calculators/>.

The Group only reports energy consumption from activities within the Ferrexpo Group. The three main components of the Group’s energy consumption in 2020 were electricity (39% of total energy), natural gas (27%), and diesel (18%), which collectively account for 83% of the total energy consumed (2019: 84%) and are the only sources that are greater than 10% of the total.

Ferrexpo’s intensity ratios are based on tonnes of iron ore produced. 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.

Renewable sources of energy

Renewable electricity (hydroelectric) represented 4% of the Group’s electricity consumption in 2020, or approximately 1.5% of the Group’s energy consumption (2019: none). Furthermore, the Group uses biofuels in its pelletiser, which represented 8% of total energy consumption in 2020 (2019: 7%). Collectively these two activities accounted for 9% of energy consumption in 2020 (2019: 7%).

Appendix – Sustainable environments continued

Waste generated

The table below shows the waste generated across the Group's three open pit mines, with mining waste stored in waste dumps situated adjacent to each mining operation, and processing waste (tailings) stored in the Group's tailings facility. Gravel produced by the business is either used in road construction around the Group's operations, or sold to third parties.

(all figures million tonnes)	Overburden (rock)	Overburden (sand)	Total overburden	Tailings	Gravel
FY2019	72.6	23.0	95.3	13.7	2.1
FY2020	72.5	21.8	94.0	13.8	2.2
%	0%	-5%	-1%	+1%	+5%

The Group manages all of its own waste disposal and does not engage in third parties for the storage of mining or processing waste. The Group sells a portion of the gravel produced to third parties for use as a construction material for local roads.

Data for mining waste is calculated using detailed surveying of the Group's mining operations, whilst processing waste is calculated based on meter readings at the Group's processing plant. Owing to the nature of the Group's business, with ore located at depth and grading 30-35% Fe, there is little the Group can do to limit mining and processing waste generated through its day-to-day operations.

(Figures shown: tonnes)	2020	2019	Delta
Domestic waste	8,323	3,672	+127%
Industrial waste			
– Used moulding sand	4,935	5,425	-9%
– Foundry slag	553	548	+1%
– Construction waste	13,510	3,287	+311%
Total waste	27,321	12,932	+111%

The Group saw an increase in both domestic and industrial waste at its operations in Ukraine in 2020, reflecting maintenance and upgrade work carried out during the year, which requires the demolition and dismantling of old infrastructure, prior to investment in new infrastructure. Waste is transferred to waste facilities managed by municipal facilities.

The Group does not generate hazardous waste through its day to day activities in the production of iron ore pellets, nor does it transport hazardous waste. The Group can confirm that there were no significant spills recorded at the Group's operations in 2020 (2019: none).

Environmental compliance in 2020

The Group has not identified any non-compliance with environmental laws and/or regulations in 2020 (2019: none).

Appendix – Sustainable environments continued

Measures to ensure environmental protection by business partners

Ferrexpo's Code of Conduct for Business Partners stipulates that partners must act in accordance with applicable standards regarding environmental protection, and adhere to applicable environmental laws to ensure responsible practices. Where these requirements are less stringent than Ferrexpo's own standards, business partners must exceed statutory requirements wherever possible. Ferrexpo's business partners are required to remedy any activity that adversely affects human life, wildlife, and the environment. As of 2020, 87% of agreements signed by Ferrexpo's business partners at the Group's operation in Ukraine included references to Ferrexpo's Code of Conduct for Business Partners (2019: 92%).

As of 2020, the Group had not identified any negative environmental impacts in its supply chain and regularly assesses key suppliers on an ongoing basis.

Materials used

(tonnes)	2020	2019	% Change
Grinding bodies	57,689	52,066	+11%
Flotation agent	1,294	1,334	-3%
Bentonite	178,512	172,368	+4%
Limestone	75,401	86,738	-13%
Dewaterer	2,028	1,549	+31%

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

Appendix – Ethical business

Group structure

The Ferrexpo Group structure is shown in the Additional Disclosures section of the 2020 Annual Report and Accounts (page 185). The Group confirms that there were no material changes to the Group's size, structure or supply chain during 2020.

Summary financials

US\$000	2020	2019
Direct economic value generated (revenue)	1,700,321	1,506,724
Operating expenses	(1,018,109)	(968,443)
Included in operating expenses: (but not limited to)		
– Employee costs (excluding logistics and bunker business)	(106,782)	(101,770)
– Royalties and levies	(34,596)	(30,506)
– Community support donations	(5,800)	(5,893)
– Suppliers ¹	(582,796)	(551,141)
Operating profit	748,667	497,143

¹ Inventories recognised as an expense upon sale of goods.

Pension plan obligations

The Group's arrangements with regard to pension plans and retirement plans for its employees remained materially unchanged in 2020. In some jurisdictions, for example Switzerland and the UK, the Group 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.

The Group's defined benefit pension liability was US\$32 million as at 31 December 2020 (31 December 2019: US\$34 million). A full, audited summary of the Group's pension plans for each location where these operate, including any defined benefit liabilities, is provided in Note 22 of the Group's 2020 Annual Report (pages 156 to 160).

Political contributions

The Group can confirm that it does not practice in political lobbying and did not make any political donations, political expenditure or political contributions during the year (2019: none).

Government financial assistance

The Group does not benefit financially from government initiatives such as tax relief, tax credits, subsidies, investment grants, awards, royalty holidays, or other financial incentives. In the normal course of business, the Group utilises financing provided by an export credit agency as a means to acquire equipment for the mining and processing of iron ore. As at 31 December 2020, the Group had no export credit agency loans outstanding (31 December 2019: US\$5 million).

Health and safety impact assessments

The Group produces iron ore pellets and concentrate, which are utilised by steelmakers to produce steel, and as such the Group does not conduct health and safety impacts for the use of its products. The Group has not received any notifications of non-compliance with regulations or voluntary codes in the past 12 months (2019: none).

Appendix – Ethical business continued & Supporting Communities

Marketing and labelling

The Group produces iron ore products that are made to specifications as agreed with each customer. The Group is not required to label its products according to the content, safe use, disposal or other usage of its products. The Group sources all of the iron ore that is utilised for its products from its own mines in Ukraine. The Group did not have any incidents of serious non-compliance with product information in 2020 (2019: none), and each supply contract includes financial provisions for the non-compliance of the Group's iron ore products.

The Group did not receive any notifications regarding non-compliance of its marketing communications in 2020 (2019: none).

Data privacy

The Group did not have any complaints concerning breaches of customer privacy or losses of customer data in 2020 (2019: none).

Non-compliance with social and economic laws

The Group did not incur any significant fines or non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area in 2020 (2019: none).

Anti-corruption

The Company can confirm that there were no confirmed incidents of corruption in 2020 (2019: zero) either with employees or with Ferrexpo's business partners. Nor were there any public legal cases brought against the Group.

As of 31 December 2020, 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 to 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 anti-competitive behaviour or any violations of anti-trust or anti-monopoly legislation.

Infrastructure investments by Ferrexpo Charity Fund

The Group can confirm that investments by the Group's Charity Fund in Ukraine are pro bono engagements and are not provided for commercial gain.

Protecting communities

The Group maintains close contact and regular dialogue with the communities located close to its operations in Ukraine and logistics business in central Europe, and can confirm that there were no significant potential risks or incidents of actual harm identified in 2020 (2019: none).

WWW.FERREXPO.COM



FERREXPO PLC
55 ST JAMES'S STREET, LONDON SW1A 1LA
T +44 (0)20 7389 8300