



# Resilience and commitment

Ferrexpo is committed to responsible business practices to ensure a safe and sustainable business, for the benefit of all stakeholders.

The Group is a constituent of the FTSE4Good Index and has a MSCI ESG Rating of BBB.

**Responsible business performance highlights**

**6.1<sup>mt</sup>**

High grade pellet production (2021: 11.2mt)

**91<sup>kg/t</sup>**

Scope 1 and 2 emissions (2021: 92kg/t)

**US\$1.2<sup>bn</sup>**

Revenue generation (2021: US\$2.5bn)

**70+**

Projects supported through the Ferrexpo Humanitarian Fund

**Safety**

Safety remains the first priority, continuously implementing a culture of safety.

**0.51<sup>LTIFR</sup>**

Lost time injury frequency rate ("LTIFR") (2021: 041)

Injury frequency rate of 0.51, continuing below our historic average (0.83).

**Diversity**

Increasing women in leadership roles.

**21%**

Female diversity in management roles (2021: 20%)

Targeting 25% of management positions to be held by women by 2030.

**Emissions**

Reducing emissions, setting carbon targets and publishing a Climate Change Report.

**(31)%**

(31)% reduction in Scope 1 and 2 emissions<sup>1</sup>.

**Communities**

Committed to supporting the people of Ukraine.

**US\$15<sup>m</sup>**

Establishment of the Ferrexpo Humanitarian Fund in early 2022 to respond to the ongoing humanitarian crisis in Ukraine.

<sup>1</sup> Scope 1 and 2 emissions combined, on a per tonne of production basis, compared to the baseline year of 2019.

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## About this report

### Transparent stakeholder communications

Responsible business is a priority for Ferrexpo. We strive to minimise our impact and are committed to sharing timely and transparent information on our sustainability initiatives and performance with our stakeholders, who include governments, members of local communities, employees and investors.

This is our eighth annual Responsible Business Report and covers the period from 1 January 2022 to 31 December 2022. Russia's full scale invasion of Ukraine commenced on 24 February 2022, and the ongoing war has overshadowed the reporting period. Under very challenging circumstances, Ferrexpo has continued to operate, however, the conflict has placed considerable strain on our workforce, operations and supply chain. This report is therefore more limited than in previous years and has not been published in accordance with GRI standards, although the intention is to report against the revised standards once the situation in Ukraine is more stable.

The report has been reviewed and approved for release by Ferrexpo's Health and Safety, Environment and Communities Committee, which is a subcommittee of Ferrexpo's Board of Directors and is chaired by Non-executive Director, Natalie Polischuk. It has also been reviewed by the Executive Committee, which includes the Group's Executive Chair, Lucio Genovese.

### Scope of this report

This report covers the Ferrexpo business, which includes pellet production facilities in central Ukraine, and associated logistics operations, including the Ukrainian port of Pivdennyi (south west Ukraine) and our inland waterway business for shipping products along the River Danube. Entities within the Ferrexpo business, as outlined in the 2022 Annual Report and Accounts, are accounted for in this report if Ferrexpo holds a majority interest. Data is consolidated on a 100% basis for all entities operated and controlled by Ferrexpo, not on the basis of equity accounting.

References in this report to Ferrexpo, Group, Company, "we", "us" and "our" are all references to Ferrexpo Plc and its subsidiaries.

### External assurance

We worked with its independent auditors MHA MacIntyre Hudson ("MHA") to complete an external assurance process (ISAE 3000) on our reporting of greenhouse gas emissions and key safety metrics for 2022, with more details in this report and on our website ([www.ferrexpo.com](http://www.ferrexpo.com)).

### Future targets

Despite the ongoing war in Ukraine, we remain committed to our net zero pathway, however, it is important to acknowledge that we are operating in a challenging environment. While we are learning to adapt our business to challenging circumstances that are outside of our control, there is a risk that in the future we may also need to adapt our net zero targets and how we report them.

### Forward-looking statements

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

Actual results may differ materially from those expressed in such statements as a result of a variety of factors, including the Company's ability to profitably produce and transport iron ore to applicable markets; the impact of foreign currency exchange rates on the market price of iron ore that the Company produces; activities of government authorities in the countries where Ferrexpo operates, including increases in taxes, changes in environmental and other regulations and political uncertainty; labour unrest; and other factors identified in the risk factors set out in the Group's 2022 Annual Report and Accounts, available online at [www.ferrexpo.com](http://www.ferrexpo.com).

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

## About Ferrexpo

The high grades of iron ore we produce help steelmakers to improve productivity and reduce emissions, placing Ukraine at the forefront of the shift to green steel.

### What we do

#### 1 Extraction:

Our iron ore mines in central Ukraine have over 50 years of mine life remaining at present mining rates.

#### 2 Processing:

Through significant investment we are able to produce some of the highest quality iron ore products commercially available.

#### 3 Export:

Our products are sold to a network of premium steel mills around the world.

Before Russia's full scale invasion of Ukraine, Ferrexpo was the world's third largest exporter of iron ore pellets, with operations in central Ukraine and customers across the globe. We are a significant contributor to the Ukrainian economy. With a workforce of over 7,500 people in Ukraine, we are one of the largest employers in the Poltava Region. We paid US\$164m of taxes and royalties in 2022, and generated 3% of Ukraine's export revenues during the year (2021: 4%). Since listing in 2007, we have invested US\$3bn of capital in high-grade, high-quality forms of iron ore.

Headquartered in Switzerland and quoted on the London Stock Exchange, Ferrexpo is a constituent of the FTSE 250 and FTSE4Good Index.



### Our business model

## A simple model to grow stakeholder value.



Underpinned by our values

→ Responsibility

→ Make it happen

→ Integrity

→ Diversity within one team

→ Continuous innovation

## Our responsible business reporting milestones

The timeline below provides an overview of key developments in our sustainability reporting since Ferrexpo listed on the London Stock Exchange in 2007.



Conflict in Ukraine

# Sustained resilience and commitment in Ukraine

For Ferrexpo, 2022 will be defined not only by the events since Russia’s invasion of Ukraine on 24 February 2022, but also by the remarkable resilience of our workforce and communities across the country.

## US\$3.3<sup>bn</sup>

Committed to Ukraine with more than 16 years of investment since our IPO in 2007.

## 3%

Of Ukraine’s export revenues in 2022 generated by Ferrexpo (2021: 4%), despite a decline in production and iron ore prices.

## 70+

The Ferrexpo Humanitarian Fund has supported more than 70 projects and initiatives since the outset of the war in Ukraine.



<sup>1</sup> As at 30 June 2023.

## Our performance

## Performance review table

## Delivering growth through sustainability

The table below shows the performance of the Group across all key responsible business categories, as presented in detail throughout this document.

Key performance areas in 2022		Performance in 2022 (Brackets denote performance versus comparator)	Comparator period (2021 unless stated)
<b>Humanitarian support</b>	Humanitarian support	<b>US\$15m</b> humanitarian support provided to date, including the Ferrexpo Humanitarian Fund, assisting 70+ projects	
<b>Health and safety</b>	<b>Lagging indicators</b>		
	Fatalities <sup>1</sup>	<b>Zero</b>	Zero
	Lost time injury ("LTI") frequency rate <sup>1</sup>	<b>0.51 (+24%)</b>	0.41
	Significant incidents (incidents without LTI) <sup>2</sup>	<b>9 (-47%)</b>	17
	<b>Leading indicators</b>		
	Training hours in safety <sup>2</sup>	<b>7,767 (-34%)</b>	11,786
	Health, safety and environmental ("HSE") inspections <sup>2</sup>	<b>5,413 (+64%)</b>	3,293
<b>Environment</b>	Scope 1 emissions (CO <sub>2</sub> e per tonne)	<b>55 (-3%)</b>	57
	Scope 2 emissions (CO <sub>2</sub> e per tonne)	<b>36 (+3%)</b>	35
	Water extraction from local water network (megalitres)	<b>717,706 (-11%)</b>	810,446
<b>Social (Workforce)</b>	Female representation in management roles	<b>20.9% (+4%)</b>	20.1%
	Female representation at Board level	<b>42.9% (+14%)</b>	37.5%
<b>Social (Communities)</b>	Direct community support <sup>3</sup>	<b>UAH 191m (+8%)</b>	UAH 177m
<b>Governance</b>	Independent Non-executive Directors	<b>5 (0%)</b>	5

1 Group level safety indicator.

2 Safety indicator for Ukrainian operations only.

3 Including additional Covid-19 support approved in 2020 and 2021.



## Executive Chair's statement

This year's Responsible Business Report provides an opportunity to highlight some of the remarkable achievements of our team in the most difficult of circumstances. In 2022, we continued our long tradition of supporting our stakeholders and generating value by producing iron ore pellets in a safe, sustainable and ethical manner. Since the outbreak of war in Ukraine in early 2022, we have, however, had to adopt an agile approach to ensuring that our sustainability efforts are concentrated in the most critical areas.

Our primary focus has been to protect our workforce as the war continues, helping colleagues' families to remain safe and providing wellbeing initiatives. We have also prioritised humanitarian support more broadly, donating US\$15 million to more than 70 projects and initiatives that were approved by our HSEC Committee after a thorough review process. In addition to this, we are proud to have supported internally displaced people fleeing the war through the provision of aid, accommodation and employment services.

Our actions illustrate the strength of our shared values and ethical approach to business underpinned by our commitment to responsibility, action, integrity, diversity and innovation, which will ensure that Ferrexpo continues to grow, prosper and be the kind of business we all want it to be.

Workplace safety is at the core of our day-to-day activities, and I am pleased to note the strong performance in 2022, with Ferrexpo's lost time injury frequency rate ("LTIFR") of 0.51 remaining below our historical average. During the year we continued to advance our approach and efforts around diversity, equity and inclusion, and published our inaugural Climate Change Report, the culmination of an initial phase of analysis of climate change risks and opportunities, including a decarbonisation pathway for the Group.

Intent on focusing on the sustainability issues that matter most to our stakeholders, as well as those that are integral to the long-term future of the business, we have commissioned Ricardo plc to conduct a double materiality assessment which will inform the content of our 2023 Responsible Business Report.

As we look to the near-term future, we are committed to continuing to provide support and stability for our stakeholders wherever possible in these difficult times. Over the longer term, having presented a clear strategy to reach net zero production by 2050, we are excited by the sustainable future of the business and by Ferrexpo's opportunity to focus on the production of direct reduction ("DR") pellets, thereby contributing to the global steel industry's pathway to low emissions.

**Lucio Genovese**  
Executive Chair

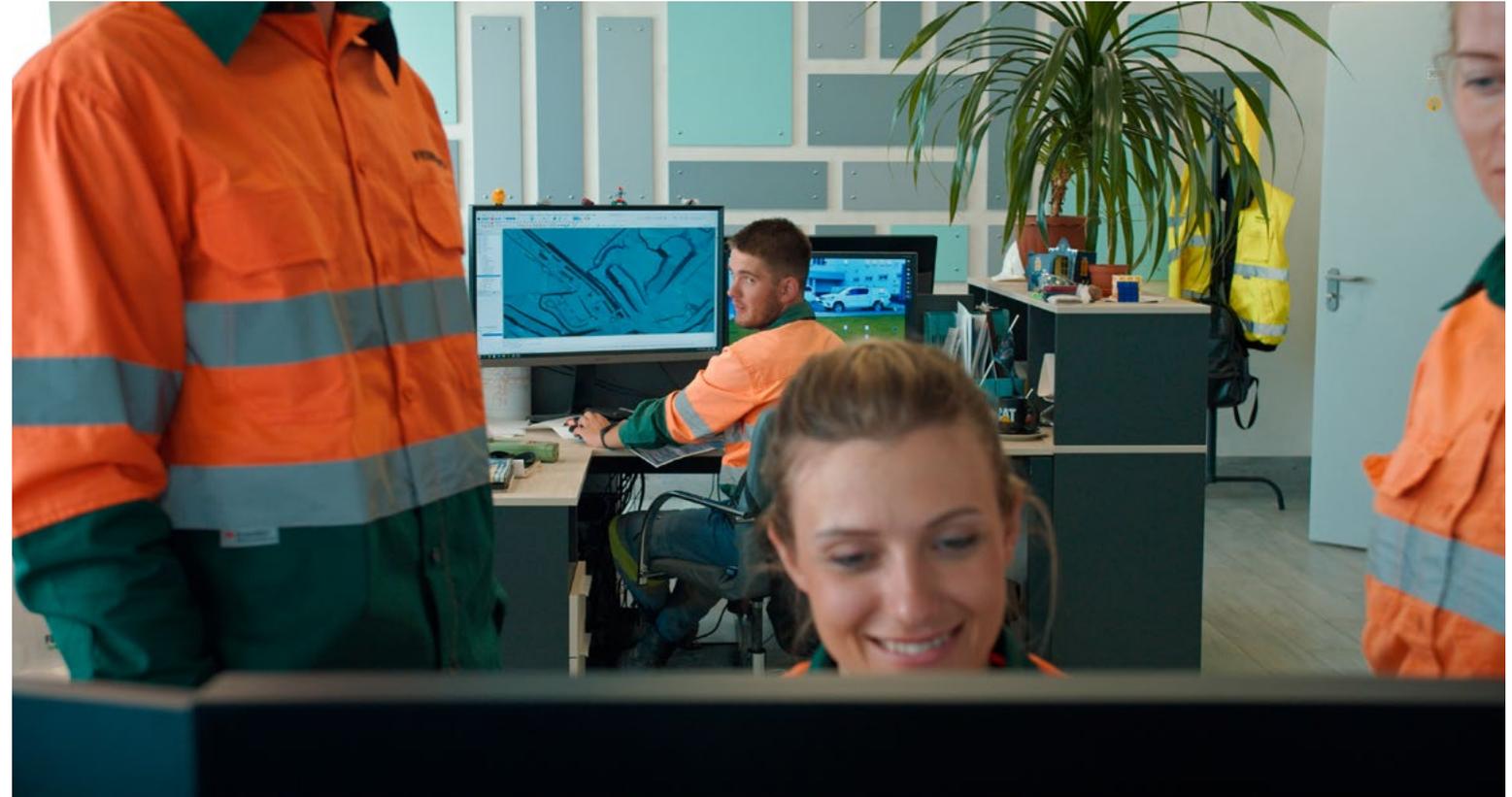
## Our purpose and values

# Supporting and creating value for all our stakeholders

Our purpose is to deliver value to our stakeholders by producing and marketing premium-quality iron ore pellets and concentrate in a socially responsible and sustainable manner.

We are focused on taking an ethical approach and developing positive relationships with stakeholders, which include employees, local communities, customers and governments in jurisdictions where we operate.

The Board is responsible for developing Ferrexpo's purpose as well as setting Group culture and values.



Underpinning the Group's purpose are five core values to help create and maintain a positive and collaborative culture at Ferrexpo:

### Responsibility

Putting health and safety first, being environmentally responsible and accountable.

### Action

Working to achieve long-term value through our activities and an engaged, focused and dedicated workforce.

### Integrity

Building trust with our stakeholders to deliver on commitments through a focus on integrity and transparency.

### Diversity within one team

Valuing difference, being inclusive, learning from each other, respecting diverse opinions, building on our strengths, harnessing the capabilities of the whole team and working collaboratively.

### Continuous innovation

Embracing change and understanding that society is constantly shifting in its expectations. By accepting new thinking, the Group can evolve and adapt.

## Sustainability at Ferrexpo

# Responsible and sustainable business practices

### Responsible business governance structures

The Board of Directors is 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 responsible business and assesses the Group's performance. The HSEC Committee oversees the effectiveness of policies and controls relating to health and safety, environment and community relations as they affect operations. Given the importance of health and safety and climate change to the Company's business model, the HSEC Committee has a specific focus on these areas.

As of the publication date of this year's report, the HSEC Committee is comprised of the following members:

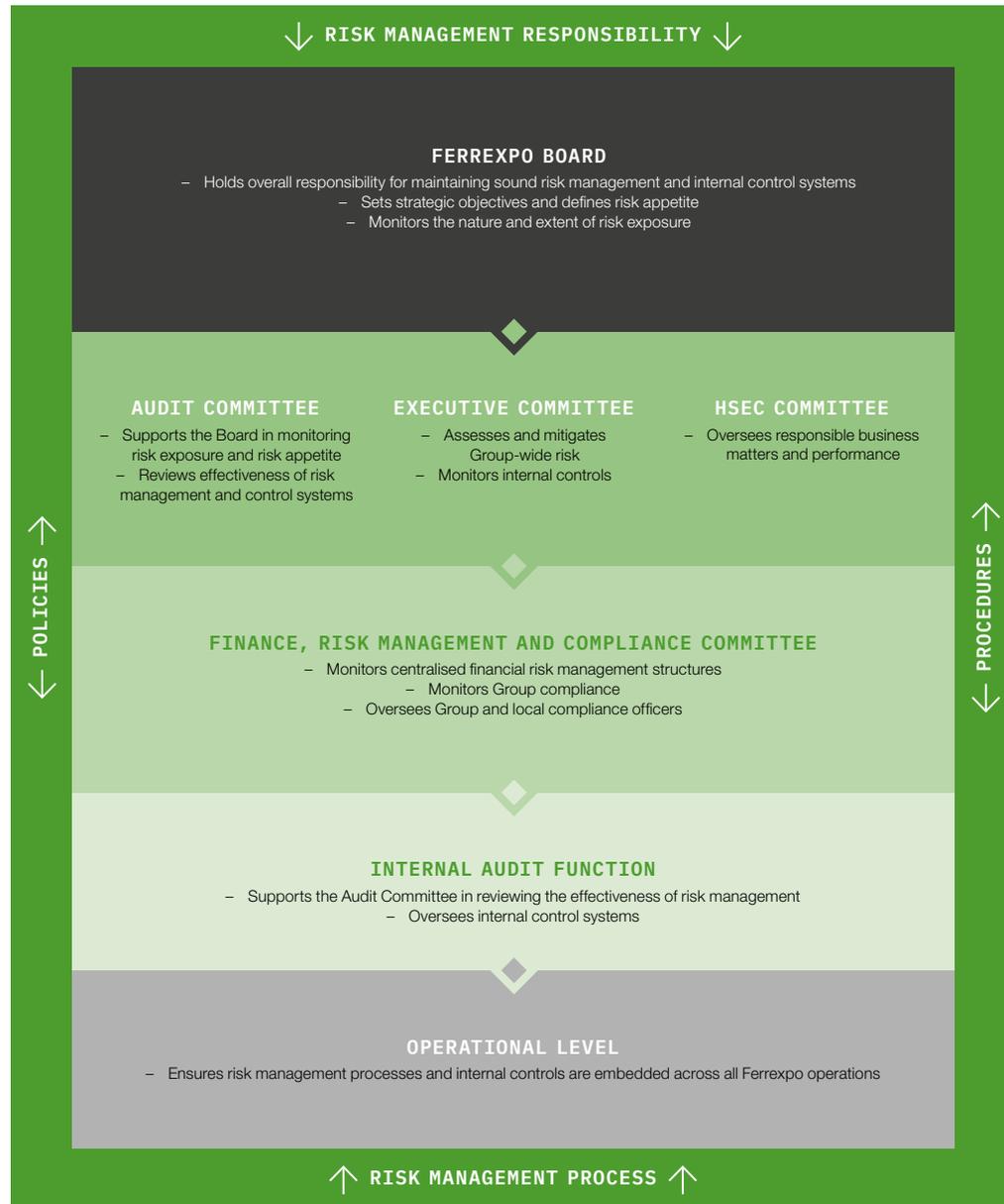
- **Natalie Polischuk**, Independent Non-executive Director (Chair);
- **Yuriy Khimich**, General Director of Ferrexpo Belanovo Mining and Chair of the local CSR Committee;
- **Greg Nortje**, Group Chief Human Resources Officer; and
- **Nataliya Storozh**, Health and Safety Director, Ferrexpo Poltava Mining.

The HSEC Committee meets quarterly and, accordingly, four meetings were held in 2022 (2021: four). The HSEC Committee receives reports on a quarterly basis covering all key responsible business matters, with a monthly Health, Safety, Environment and Community Relations Report being provided to the Executive Committee.

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 (with ad hoc updates for any material events as required). The risk register describes individual risks faced by the Group, the likelihood of occurrence, the scale of any financial or other impact, including a maximum foreseeable financial loss to the business related to each risk. For information on the Group's management of its principal risks, see pages 56 to 74 of the 2022 Annual Report.



## Sustainability at Ferrexpo continued



### Our approach to sustainability

We are aware of the potential impacts of our operations and aim to operate in a safe, ethical and responsible manner, adopting sustainable operating practices wherever possible.

Since the outbreak of war in Ukraine in early 2022, we have had to adopt an agile and flexible strategy to ensure that we are concentrating our efforts in the most important areas. With a history of investment in Ukraine, our approach has always been to look to the future and to remain steadfast in our commitment to the long-term benefits our business can provide for all our stakeholders. We have therefore continued to implement many sustainability initiatives throughout the year, although the conflict has necessarily led to a shift in focus in certain areas – for example, prioritising humanitarian support over some areas of capital investment. Nonetheless, we have continued to develop our decarbonisation strategy, as evidenced by the publication of our Climate Change Report in 4Q 2022, and have maintained our dedication to furthering diversity, equity and inclusion throughout the business. Our commitment to workplace safety remains at the centre of our daily activities, and we are focused on protecting our workforce operating in a war zone and helping their families to remain safe.

The war will have a wide-ranging and long-lasting impact. At this point in time, it is important for us to work to understand these various impacts on the people and communities of Ukraine, as well as on Ferrexpo. Through this understanding, we can better tailor our approach to our responsible business activities now and in the future, in particular, our efforts in respect of the health and wellbeing of our people and local communities, as well as targeted humanitarian support. By prioritising support for Ukraine, continuing to adopt sustainable practices and ethical partnerships, we are focused on creating lasting value for all stakeholders.

We report annually on key metrics that reflect Ferrexpo's performance in all key areas of responsible business. This allows us to measure the effectiveness of our strategy and specific initiatives, as well as demonstrating our progress to stakeholders in a transparent manner. We are mindful of the benefits of developing and implementing further sustainability-related targets for our business as a way to demonstrate accountability for our impacts.

### Executive remuneration

Ferrexpo's remuneration policy includes consideration of sustainability-related topics in the Short-Term Incentive Plan for executives. These include annual targets intended to help deliver our medium-term (2030) carbon reduction goals on Scope 1 and Scope 2 emissions, as well as to elevate the production of higher-grade direct reduction ("DR") iron ore pellets, which are key to lowering the Group's Scope 3 emissions.

## Stakeholder engagement

# Our stakeholders

Through stakeholder engagement and an understanding of materiality for each stakeholder, the Group can focus on generating long-term value while limiting our environmental impact.

Ferrexpo has a wide range of stakeholders, from our employees, contractors, and communities located close to our operations in Ukraine, to local and national governments and our international customers, investors and suppliers. Our executive management team aims to consult frequently with all our stakeholders, to help shape, coordinate and communicate our approach to responsible business and hear their feedback.

## Employees and contractors

# 95%

More than 95% of our workforce is based in central Ukraine.

## Customers

# 10+

Despite the war in Ukraine, we maintained a diverse client base in 2022, selling to a similar number of customers as in 2021.

## Suppliers

# US\$912<sup>m</sup>

Total paid to suppliers in 2022 (2021: US\$1.2bn), reflecting value generated through our production processes.

## Communities

# 70+

The Ferrexpo Humanitarian Fund has approved support for more than 70 projects and initiatives across Ukraine, with approved funding of US\$15m.

## Environment

# 50%

Ferrexpo's inaugural Climate Change Report, published in December 2022, announced a 50% emissions reduction target by 2030 (previously 30%).

## Government

# 3%

Ferrexpo continues to represent a significant proportion of Ukraine's export revenues, accounting for 3% in 2022 (2021: 4%).

## Investors

# 55%

Shareholder returns in 2022 represented 55% of the Group's free cash flow, meeting the target set under our Shareholder Returns Policy.

## Capital providers

# US\$106<sup>m</sup>

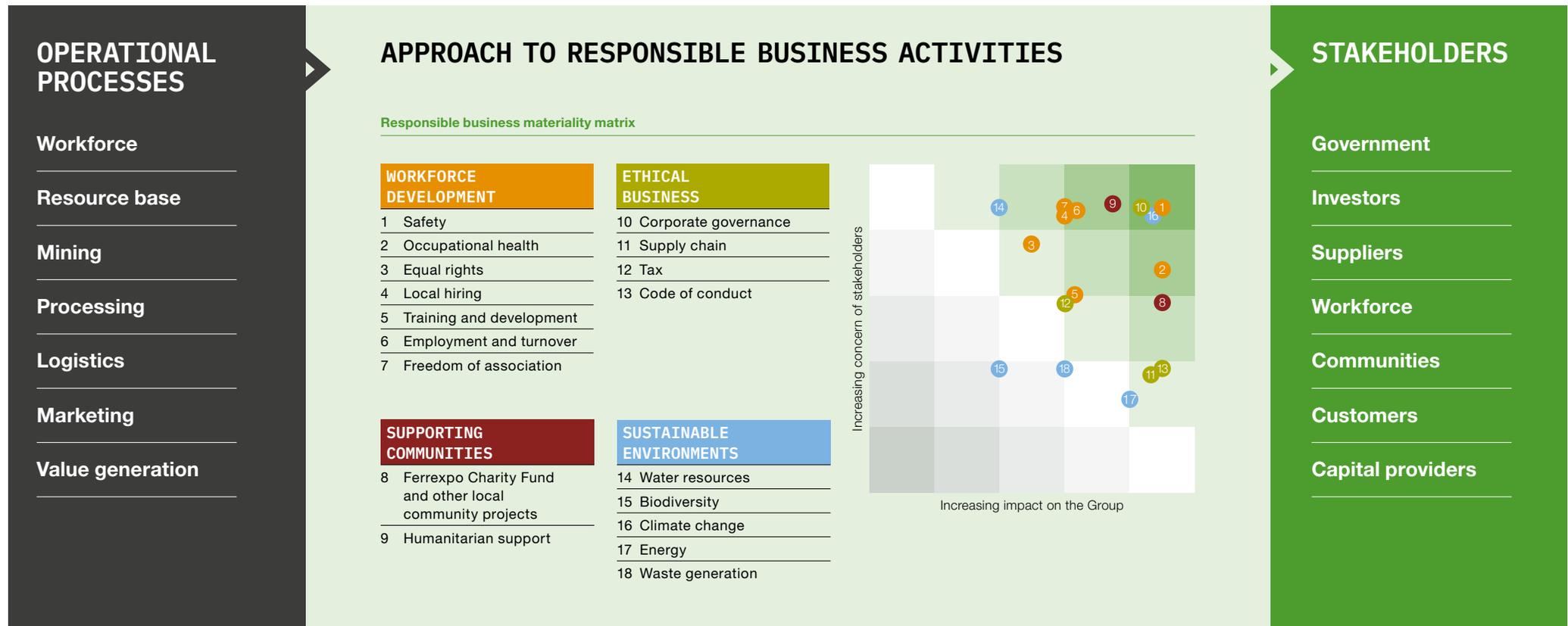
Ferrexpo remains in a net cash position, with US\$106m as of 31 December 2022 (31 December 2021: US\$117m).

Material topics

# Focusing efforts on our most material sustainability issues

We are currently undertaking a comprehensive double materiality assessment, facilitated by Ricardo plc, which will be used as the basis for our 2023 Responsible Business Report. As an interim measure, internal consideration has been given to our materiality matrix, which was developed through consultation with both internal and external stakeholders, to ensure this remains up to date for the purposes of this year's report.

As a result of this internal review, "Humanitarian support", been added as a material topic. The matrix presented here is reviewed annually by local management teams in Ukraine and the HSEC sub-committee of the Board of Directors.



## UN Sustainable Development Goals

Through our approach to responsible business, we acknowledge we have a part to play in helping combat the issues addressed by the United Nations' Sustainable Development Goals ("UN SDGs"). The UN SDGs address global challenges related

to poverty, inequality, climate change, environmental degradation, peace and justice.

We have identified seven of the 17 UN SDGs against which to report annual progress:

UN Sustainable Development Goal	Topic	Performance in 2022
	Safety and employee health is always of paramount importance, but all the more so while Ukraine is at war.	<ul style="list-style-type: none"> <li>No fatalities.</li> <li>LTIFR 0.51.</li> <li>US\$15m (US\$19m approved as of July 2023) donated to humanitarian projects and initiatives.</li> </ul>
	We pride ourselves on the level of training and development provided to our employees, both through Ferrexpo's own training centre and through external providers.	<ul style="list-style-type: none"> <li>100% of employees receive an annual review.</li> <li>6,143 employees undertook training, equivalent to 77% of workforce (2021: 7,983 people).</li> <li>34 hours of training per employee (vs. 18 hours in 2021).</li> <li>118 sponsored learners in 2022 (vs. 98 in 2021).</li> </ul>
 	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 we are working hard to increase female representation throughout our business.	<ul style="list-style-type: none"> <li>20.9% female management (2021: 20.1%).</li> <li>42.9% of Board members female (37.5% in 2021).</li> </ul>
	In 2019, regulatory change in Ukraine allowed purchasing of electricity from different suppliers. Since 2020, we have purchased low carbon forms of energy, such as hydroelectric and nuclear power.	<ul style="list-style-type: none"> <li>60% of electricity consumption from low carbon sources.</li> <li>Since being commissioned in July 2021, Ferrexpo's 5MW solar farm has started to generate power and in 2022 accounted for 1% of the Group's total electricity consumption.</li> </ul>
	We are committed to achieving low emissions iron ore production through our activities that generate emissions directly (Scope 1), indirectly (Scope 2) and emissions upstream and downstream of our operations (Scope 3), which relate principally to emissions from steelmaking.	<ul style="list-style-type: none"> <li>31% reduction in Scope 1 and 2 emissions vs. baseline year of 2019, with 1% reduction achieved in 2022 vs. 2021.</li> <li>Increase in Scope 2 emissions (+2%) in 2022 vs. 2021 on a CO<sub>2</sub> per tonne basis.</li> </ul>
	Ferrexpo operates in close proximity to the water cycle, through dewatering activities at our mines, use of water in processing iron ore and location adjacent to the River Dnipro.	<ul style="list-style-type: none"> <li>717.7m/l from local water supply network.</li> </ul>

# Understanding our role in Ukraine

We continue to adapt our response to supporting our workforce and communities, ensuring that our efforts are directed to where they are needed most.

Our priority will always be the safety and wellbeing of our people. As of 5 July 2023, we are aware of 27 colleagues who have tragically died having served in the armed forces of Ukraine.

By providing direct support to our people and communities and continuing to add economic value in the country through the payment of taxes and royalties, providing employment and our commitment to local supply chains, we can fulfil our role as a large, responsible business in Ukraine. We are long-term investors in the country, its people and its economy, which is only possible through positive, long-term partnerships with our Ukrainian stakeholders.

We have highlighted some topics and case studies in this report to demonstrate our contribution to Ukraine. Our community engagement and support throughout the conflict have been conducted primarily via our Ferrexpo Humanitarian Fund. In addition to this, we have our long-standing Ferrexpo Charity Fund, which has been providing direct assistance to communities for more than 11 years. As time goes on, there will be an opportunity to understand the longer-term needs of local communities, and we will tailor our approach accordingly.

## Employees

# US\$98<sup>m</sup>

## (13)%

Wages and salaries paid  
(2021: US\$113m)

## Communities

# US\$15<sup>m</sup>

## +125%

Humanitarian and community support  
(2021: US\$6m)

## Suppliers

# US\$912<sup>m</sup>

## (22)%

Paid to suppliers for goods and  
services (2021: US\$1.2bn)

## Government

# US\$164<sup>m</sup>

## (42)%

Taxes and royalties paid  
(2021: US\$281m)



# 500+

Women and children helped at our centre

### Case study:

## Supporting rehabilitation through our “Unbreakable Mother” programme

Ferrexpo is among the sponsors of the “Unbreakable Mother” rehabilitation project in the Carpathian Mountains in western Ukraine was established to help women and children recover from trauma experienced in Russian occupied areas. The programme incorporates psychological therapy, as well as creative and physical exercises.

Yuriy Khymych, General Director of Ferrexpo Belanovo Mining and Head of CSR Programmes in Ukraine, commented: *“The war will forever leave an imprint of grief in the heart of every Ukrainian. We hope we can help some women and children who need it most.”*

Ukrainian TV presenter and United Nations Honorary Ambassador Masha Efrosinina, who is running the programme, said: *“More than 500 women and children have already been helped at our centre, and we won’t stop! We are grateful to businesses, in particular Ferrexpo, for their efforts to support the psychological and emotional recovery of vulnerable women and children.”*

### Supporting and integrating internally displaced people

The Russian invasion has forced many Ukrainians to evacuate their homes in regions such as Kharkiv and Sumy and rebuild their lives in other parts of the country or beyond under extremely difficult conditions.

As part of our humanitarian efforts, we have been able to provide direct support to internally displaced people and have a number of initiatives in place to help them integrate into new communities. To date, more than 2,000 such people have been housed at our accommodation facilities. We have provided free meals both to employees and to local communities, having donated significant volumes of food. In addition to this we have provided essential vehicle donations, critical medical support for local hospitals and assistance with infrastructure reconstruction.

As a large employer in Ukraine, we have provided job opportunities to people who have had to flee occupied areas, in a variety of roles according to their training and skills, such as haul truck drivers, foremen, mechanics, and medical staff.

### Contributing to psychological and emotional recovery

The psychological and emotional trauma of living in a war zone cannot be underestimated. Mindful of the wellbeing of our workforce and local communities, we have provided psychological support, wellbeing classes and other free programmes, and trained local teachers to help extend our wellbeing programme to local schools.

We have also implemented specific initiatives, such as Unbreakable Mother which offers residential stays and psychological support for women and children who have been affected by the war.

### Rehabilitation of employee war veterans

At the end of 2022, over 500 Ferrexpo employees were serving in the Ukrainian armed forces. At the end of June 2023, this had increased to more than 700.

Under the Combatant Support Programme, more than 110 armed forces personnel from Ferrexpo have been provided with fully-sponsored medical treatment and rehabilitation services, at the Company’s medical unit and other medical facilities.

Furthermore, in 2022, we allocated funds to offer rehabilitation services to over 200 other veterans.

# 700+

Employees currently serving in the Ukrainian armed forces

# 100+

Personnel from Ferrexpo provided with fully-sponsored medical treatment and rehabilitation services

# 200+

Other veterans provided with free rehabilitation services

## Case study:

## Our volunteers are providing essential support to local communities

As the war in Ukraine continues, everyday tasks like grocery shopping remain a challenge for some families unable to leave home for hours to queue for groceries. Families with disabled children in our local communities have been relying on the support of Ferrexpo volunteers to do their shopping and deliver essential supplies several times a week, providing a lifeline to parents and enabling them to spend more time caring for their children.



## Case study:

## Helping internally displaced children integrate through sport

Many families have been forced to leave their homes and rebuild their lives in other communities within Ukraine. As part of our community programmes to help integrate internally displaced people into our local communities, we recently welcomed 50 new children into the Ferrexpo-funded football training club, with players as young as six taking their first steps on the pitch.



# Supporting our workforce

Protecting and developing each individual within Ferrexpo's workforce through a safe and sustainable business model, while also promoting wellbeing.

## Safety first

# 0.51<sup>LTIFR</sup>

continuing below our historical average (0.83)

## Skilled workforce

# 1,131

employees provided with skills training (2021: 2,065)

## Diversity (overall)

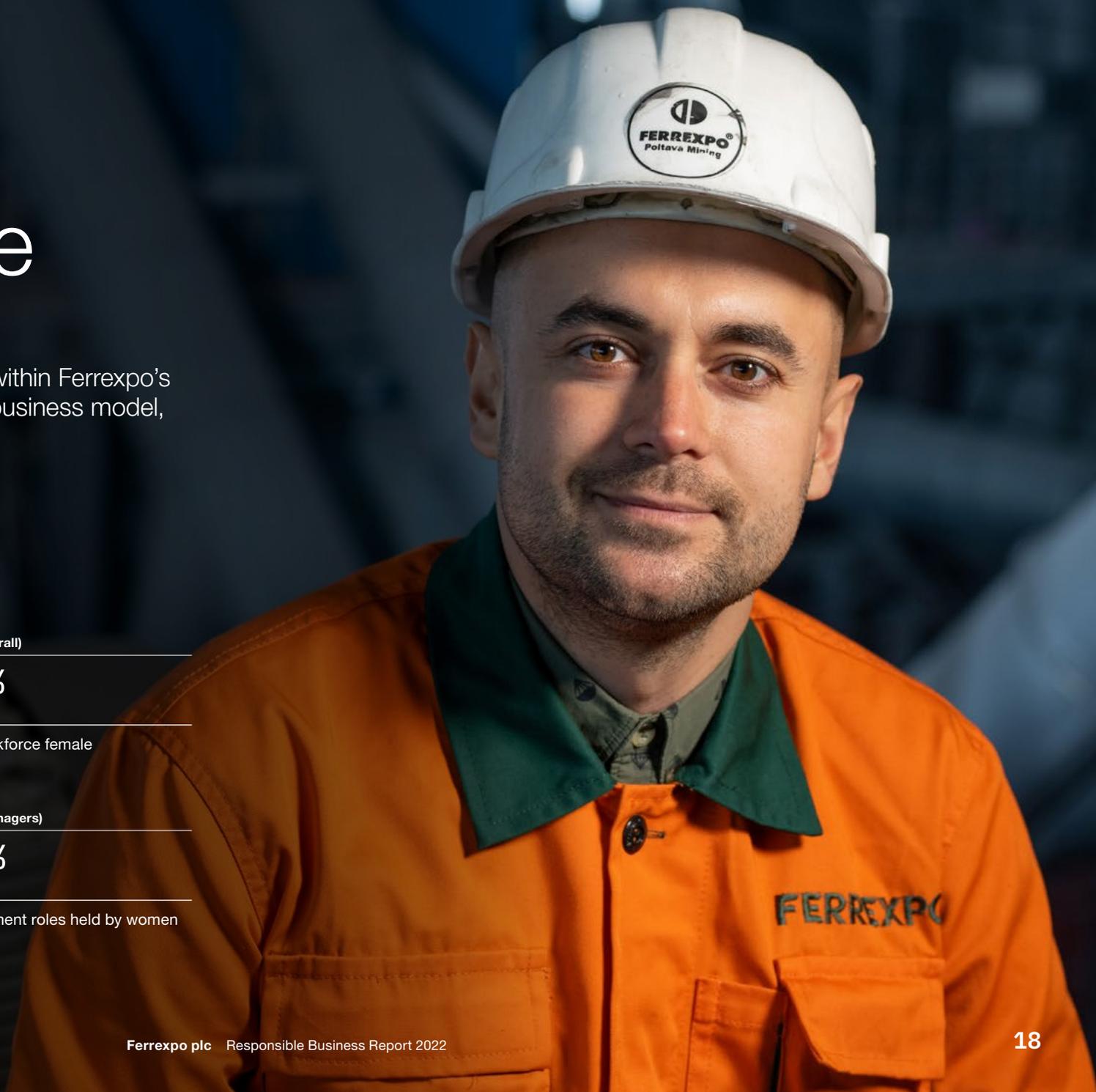
# 29%

of total workforce female (2021: 29%)

## Diversity (Managers)

# 21%

of management roles held by women (2021: 20%)



Workforce profile

# Local hiring

Of the people that we employ in Ukraine, almost all are from local communities.

Ferrexpo has a heritage of providing employment to local communities, with the city of Horishni Plavni established in 1960 to support the construction of the mine and development of the Company. With offices in seven major cities across the globe, Ferrexpo’s international footprint helps us to serve our customers and other stakeholders around the world.

We employed an average of 7,983 people in 2022, fewer than in 2021 (8,267), predominantly as a result of the war related factors. We continue to focus on local communities for recruitment, with 79% of new starters coming from less than 30 kilometres from the Group’s operations. 100% of salaries paid by the Group’s local operating entities in Ukraine (FPM, FYM and FBM) went to individuals local to Horishni Plavni in 2022 (2021: 100%).

In addition to this, we worked with 1,976 contractors in 2022 (2021: 2,149).

We pride ourselves on the diversity of our workforce, with more than 2,290 women employed across the Group, representing 29% of the global workforce (2021: 29% (2,414 female employees)). Since the start of the war, the number of women in our workforce has declined, mainly due to employees leaving the country.

**Payments for salaries (2021-2022)**



- ▶ Local 2022 100%
- ▶ Local 2021 100%



**95%**

Ukrainian workforce

**7,983**

Employees in 2022

**1,976**

Contractors in 2022

**2,290**

Female employees in 2022

## Safety

# Protecting our people

Safety is our priority for our employees and contractors, 95% of whom are based in Ukraine. Given the scale of our workforce, it was never an option to evacuate our people during the war in Ukraine, and therefore extensive measures are being taken to protect our workforce, including remote working.

Measures for our on-site workforce include where possible the provision of air-raid shelters, adjusting shift patterns to align with night-time curfews and free meals in light of disruption to supply chains in local communities. We established on-site childcare facilities to ensure that our employees' children could be close by and safe.

As the conflict evolved in 2022, so did our response, with a focus on efforts to supply equipment such as armoured ambulances and food packages to towns along the front line. We are also providing support for rehabilitation of veterans from our workforce and more widely. We also began to provide wellbeing initiatives to help our workforce and community as they adapt to the stress of living in a war zone.

More than 700 of our employees are currently serving in the armed forces. We are proud of their efforts and support them by providing personal protective equipment and other non-lethal equipment.

## Our approach to safety

The nature of mining and processing iron ore into pellets brings inherent risks that need to be managed.

We prioritise health and safety in and around our workplaces and aim to meet or, where possible, exceed industry best practice. As underscored by our "Vision Zero" safety programme, initiated in 2021, we are targeting the elimination of accidents and injuries across our operations.

We adopt a risk-oriented approach to safety management and are constantly looking to promote safer working conditions for our workforce at our sites. Our approach to mitigating safety risks is to understand the causal factors of safety incidents, through creating risk registers for each activity being undertaken. Ferrexpo has an operations level safety committee, which has developed a corrective action plan to reduce risks in the workplace through the analysis of accidents. Through this work, we have developed hazard maps and risk registers tailored to each department at our operations. These are used to raise awareness and understanding of risks relating to safety, and to help ensure that new and emerging risks are quickly identified and reported.

Ferrexpo's safety practices are guided by our Occupational Health and Safety Management Systems, which apply to employees and contractors across all operations and have ISO 45001 accreditation.

Our health and safety training is designed to instil an awareness of potential hazards among workers, thereby reducing the risk and incidence rate of accidents in the workplace. Health and safety inductions and training hours were both significantly reduced in 2022, reflecting the indirect effects of the war in Ukraine, with a large number of our workforce located off-site and lower levels of recruitment during the year. Nonetheless, 64% of the 6,143 training courses provided to employees in 2022 were safety-related. The Group also trains contractors, as safety risks do not vary according to an individual's contract status, with 117 safety-related courses provided to contractors in 2022 (2021: 566 courses).

# Zero

Fatalities (2021: zero)

# 0.51<sup>LTIFR</sup>

Lost time injury frequency rate  
(2021: 0.41)

# 4

Consecutive years of low injury rates,  
with results materially below our  
historical average



## Safety continued

Ferrexpo routinely undertakes new initiatives to promote safer working conditions for employees and contractors. Modernisation remains an important tool for removing individuals from hazardous environments, and we are focused on providing advanced training to employees on new equipment and processes to ensure safe working practices.

To raise awareness of safety practices amongst our workforce, we have developed and installed billboards around our operations as part of our Vision Zero programme.

To foster a culture that prioritises safety by every individual, we promote people's mental and physical health, while also pursuing the creation of modern workspaces that are free from accidents and occupational illness. We also aim to promote the wellbeing of our workforce through practices that reduce the burden on workers and make it easier to carry out an individual's work, as well as ensuring that employees' health is a priority.

### Monitoring safety practices

We record leading safety indicators to monitor and improve performance and, to reduce the risk of a safety-related incident occurring. Examples of leading indicators include the numbers of training courses undertaken, high visibility safety tours by senior managers, safety inspections and hazard reports completed. Lagging indicators of safety help management to record the effectiveness of safety measures being implemented. The main indicators used to track performance are the Group's LTIFR, total recordable injury frequency rate and fatalities. In the instance of a safety-related event occurring, the Group is committed to investigating and learning from each event, to reduce the risk of a repeat occurrence.

Ferrexpo's safety department carries out behavioural audits on a regular basis to ensure compliance with safety standards, prevent incidents and mitigate risks relating to safety. The process of conducting behavioural safety audits is designed to identify potential risks and eliminate them before safety incidents occur. This is achieved through helping individuals to understand the possible consequences of hazardous actions and conditions, thereby aiming to challenge an individual's attitude to labour safety standards and correcting working behaviours. A key element to this process is the personal conversations about safe methods of work that each audit facilitates with individual workers and teams.

### Operational safety initiatives maintained

Despite the challenges brought on by war, we are proud that our operations teams recorded another year of excellent safety performance.

In 2022, the Group recorded a second successive year without a fatality, and the Group's LTIFR continues at a level materially below our historical average.

As demonstrated in the table to the right, the Group's performance in lagging indicators of safety remained largely in line with 2021 on lost time injuries and total injury frequency rates. Near miss events saw a significant decrease, as did significant incidents. In terms of leading indicators, the Group's adoption of ISO 45001:2019 in 2021 resulted in increased reporting of hazards in 2022 – demonstrating an improving culture for reporting and understanding the safety of the working environment.

1 Indicators shown on a Group basis.

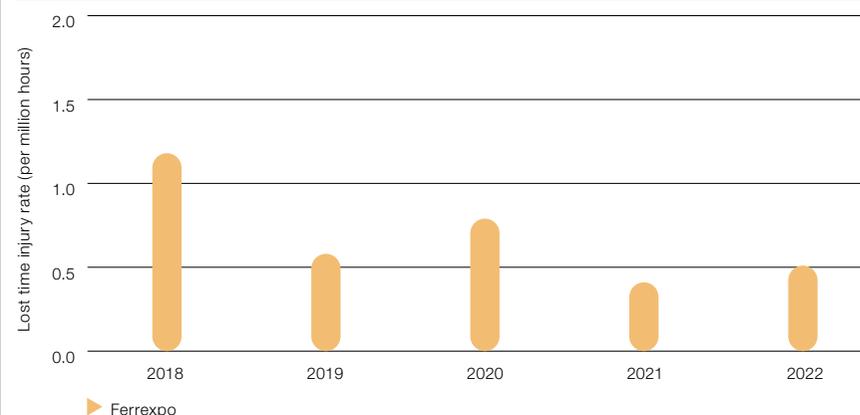
2 Indicators shown for Ukrainian operations only.

3 Figure incorrectly provided as TRIFR in prior report.

## Health and safety performance

	2022	2021	Change
<b>Safety indicators (lagging)</b>			
Fatalities <sup>1</sup>	0	0	–
Lost time injuries <sup>1</sup>	10	9	+11%
Lost time injury frequency rate ("LTIFR") <sup>1</sup>	0.51	0.41	+24%
All injuries frequency rate ("AIFR") <sup>2,3</sup>	0.99	0.97	+2%
Near miss events <sup>2</sup>	1	5	(80)%
Significant incidents <sup>2</sup>	8	12	(33)%
Restricted work days <sup>2</sup>	934	497	+88%
Severity rate (average lost days per incident) <sup>2</sup>	104	55	+88%
<b>Safety indicators (leading)<sup>2</sup></b>			
Health and safety inspections	5,413	3,293	+64%
Health and safety meetings	1,388	1,165	+19%
Health and safety inductions	5,332	11,602	(54)%
Training hours	6,828	11,786	(42)%
Hazard reports	740	595	+24%
High visibility management tours	157	124	+27%

## Ferrexpo's five year safety record



## Safety continued

## Case study:

Q&A with Natalia Storozh,  
Poltava Mining Health and Safety Director**Q: How do you work to ensure a strong safety culture at Ferrexpo?**

**A:** We are constantly looking for the best ways of promoting safe working conditions for both employees and contractors at our sites. In 2021, we adopted ISO 45001:2019, which has resulted in a 24% increase in the reporting of hazards in 2022. ISO 45001 is an international standard for health and safety at work, which aims to, among other things, reduce workplace incidents and absenteeism, create a culture whereby employees are encouraged to take an active role in health and safety, and reinforce leadership commitment to occupational health and safety.

**Q: How is Ferrexpo using technology and innovation to overcome occupational safety challenges?**

**A:** We aim to remove our employees from hazardous working environments wherever possible through modernisation of equipment and processes. By mechanising a particular process, as well as providing the appropriate training on new production systems and equipment, we can remove the direct risk to employee safety.

**Q: Given the ongoing war in Ukraine, what is Ferrexpo doing to protect its employees?**

**A:** With over 95% of our employees in Ukraine, our priority as a business over the last 18 months has been to take numerous measures to protect their safety and wellbeing. Measures for our on-site workforce have included the provision of air-raid shelters and adjusting shift patterns around curfews.

Despite the war, we are proud that our operations teams managed to record another year of excellent safety performance. Our lost time injury frequency rate – the primary measure for assessing how safe a workplace is for its employees – was 0.51 for 2022, at a level materially below our own historical average. Our operations remain fatality-free into our third consecutive year and we continue to strive towards a zero-harm working environment.

We have also supported our employees who are serving in the armed forces of Ukraine by providing personal protective equipment and other non-lethal equipment. In addition to this, we remain focused on the wellbeing of our communities and provide direct support via the Ferrexpo Humanitarian Fund, providing over US\$15 million of humanitarian aid.

**Q: Do you have initiatives to protect the psychological wellbeing of your people?**

**A:** Yes, we have a wellbeing programme which aims to promote a positive working environment at Ferrexpo, with a number of initiatives in place to promote sustainable lifestyles and encourage mental health and mindfulness.

However, as the war continues, we are also very mindful of its impacts on the wellbeing of our workforce. As such, we offer psychological and emotional wellbeing support to our employees. We have also implemented remote working for those with suitable roles and have introduced on-site childcare to ensure that children of our staff can continue to learn and play together, in a safe environment, despite the restrictions of the conflict.



By mechanising a process, we can remove the direct risk to employee safety.”

— Natalia Storozh

Poltava Mining Health and Safety Director



## Workforce health and wellbeing

# Protecting health and promoting wellbeing in times of conflict

Ferrexpo has always recognised the importance of health and wellbeing initiatives, however these have never been so important. Conscious of the impact that living in a war can have on an individual's psychological and physical health, we have focused on providing support for the wellbeing of our workforce as the war has progressed, and continue to implement numerous measures to protect our workforce.

### Supporting mental health

We are increasingly working to support the mental health and wellbeing of our employees. We have instigated a programme to provide counselling to those returning from the armed forces, and a rehabilitation centre for those returning to work after service. We have also provided psychological support and wellbeing classes.

Ukrainians are currently living under extremely challenging conditions and at times like these it is important to manage stress and stay healthy. As a part of our Wellbeing Programme, on-site yoga classes are being offered to Ferrexpo employees. We also provide a support hotline, staffed by qualified psychologists, for employees and their family members. The initiative aims to help employees to maintain physical and mental health, to help engagement and focus, as well as reduce stress levels.

### Health and wellness

Ferrexpo has a medical facility at FPM, led by Dr Iryna Rudometkina since 2013, which is available to all employees.

The Group has a medical insurance programme for employees, which includes life and critical illness insurance, as well as regular medical examinations and the provision of free medicines.

To encourage awareness among our workforce in Ukraine of breast cancer, we launched initiatives including free consultations, ultrasound and mammogram screenings at the Ferrexpo medical facility, and webinars with one of Ukraine's leading oncologists.

### External recognition for wellbeing programme

In January 2022, we learnt that we had passed a Sedex Members Ethical Trade Audit ("SMETA") for social responsibility, on the basis of a review of our occupational health and safety, environment, working conditions, and suppliers' goodwill. This was the first time we undertook this exercise, and the independent auditor highlighted the quality of medical care, our management of social security and the medical insurance we provide to our employees.

### Encouraging sustainable lifestyles

We aim to promote a work-life balance and facilitate healthy lifestyle choices among our workforce. Our initiatives include the provision of healthy nutritional options in our canteens, as well as training for our workers and their families by professional dietitians.

Ferrexpo also sponsors and supports local sports facilities, such as modern, well-equipped gyms, community swimming pools, sports pitches and equipment for local rowing clubs, with a view to creating a lasting impact on people's health. We offer bike lanes and parking zones at our production facilities to encourage employees to commute to work by bicycle.

## Providing employment

# Employer of choice

As one of the largest employers in the Poltava Region of central Ukraine, we employ an estimated one in every 25 working people in the region.

Approximately 60% of our employees in Ukraine either live in or close to the community of Horishni Plavni. As the largest employer in the area, Ferrexpo has created wider economic impacts, helping to create opportunities for an estimated 3,000 entrepreneurs in the city.

A significant proportion of our workforce in Ukraine has worked with the Group for over five years. The average salary at Ferrexpo is approximately double the average salary in the Poltava Region, reflecting the highly skilled and professional nature of our workforce, and designed to help Ferrexpo's employees enjoy a high standard of living and wellbeing.

To remain a leading employer in Ukraine, we monitor the labour market and recognise the values and dignity of each individual. Through promoting tolerance, understanding and mutual respect among our workforce, Ferrexpo aims to encourage each person to develop to their full potential. Through a diverse workforce, Ferrexpo's corporate culture is strengthened by fostering accountability, initiative, decency and continuous improvement. Furthermore, we have policies in place that prohibit any discrimination on the basis of race, religion, gender, marital and parental status, sexual orientation, gender self-determination and age.

In recruiting new team members, the selection of employees is based on the principle of equal opportunities and non-discrimination, with recruitment managed centrally.

### Employee engagement

We seek to create a positive work culture by engaging effectively with employees to reduce staff turnover, increase productivity, and build stronger customer relationships. Communication is conducted through a variety of channels, which include face-to-face meetings, townhall sessions, newsletters (Ferrexpo's monthly "Gornyak"), email, website communications, and social media. Career development reviews are conducted on an annual basis and in 2022, reviews were held with 98% of eligible employees.

We also conduct a biennial employee engagement survey, which was last conducted in 2021. These surveys are an integral aspect of understanding what matters to our employees, and help us to set priorities. The next engagement survey will be held in 2023.

Ferrexpo has an "Ideas Bank" aimed at encouraging innovation and suggestions from our workforce. This helps improve safety and productivity, and also enhances workforce engagement and satisfaction. Available to all employees, the initiative uncovers a wide variety of opinions from a diverse range of business areas. Any ideas that are adopted become part of the Group's Business Improvement Programme.

Given that more than 95% of our workforce is located in Ukraine, it is important that the Board maintains a strong presence in the country, both in Kyiv and in the Poltava region. Workforce engagement is undertaken in multiple languages to optimise communication with both our Ukrainian and international stakeholders. The Group has communicated on social media platforms in both English and Ukrainian for several years, and in 2022 we published our Responsible Business Report in Ukrainian for the first time, helping to keep local stakeholders informed of the Group's sustainability initiatives.

### Freedom of association

Freedom of association is a key element of adopting the Ethical Trading Initiative Code. Ferrexpo supports the basic principle of an individual's fundamental human rights and 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.



## Diversity, equity and inclusion

# Raising awareness both internally and externally to facilitate progress



At Ferrexpo, we understand that diversity in the workplace is a necessity for a successful business. A diverse workplace takes many forms, be it through gender, race, age, sexual orientation, disability and culture. Recognising this, we are striving to create a working environment in which we are all able to be ourselves and perform at our best and, in doing so, deliver on our critical business outcomes.”

— **Greg Nortje**  
Group Chief Human Resources Officer



We recognise the link between a diverse workforce, an inclusive culture and stronger business performance. The Board places great importance on nurturing a workplace culture in which all contributions are valued, different perspectives are embraced, and biases are acknowledged and mitigated. We have initiated a number of diversity, equity and inclusion (“DEI”) initiatives, which help us to form a baseline understanding of our workforce composition and to shape DEI efforts.

Our initiatives are focused on helping us to develop a business with a diverse workforce and an inclusive working environment. We have programmes and initiatives in place to boost female representation that focus on the recruitment, promotion and retention of women. We are aware that there are roles in our industry that are traditionally male-dominated, however, to combat some of the preconceptions and to celebrate the women working in these roles at Ferrexpo, we have published a video on our website here: <https://www.ferrexpo.com/responsibility/diversity-and-inclusion/>.

Our efforts in DEI have increased significantly in recent years, with a continued focus in 2022, despite the war in Ukraine. We believe that DEI helps to generate a positive working environment that supports people’s mental health and wellbeing, regardless of age, gender or other characteristics.

### DEI progress in 2022

Progress continues to accelerate following the appointment of our first DEI officer in Ukraine in 2021, and we are continuing to gain a better understanding of our workforce and corporate culture. In 2022, we made significant progress in advancing our strategy to implement a 360-degree approach to DEI. Further to the Group’s Diversity, Equity and Inclusion Policy that was established in 2019, our local operating entities adopted a policy to further define and understand definitions and behavioural patterns for fostering a more inclusive working environment. This policy is designed to prohibit all forms of discrimination (on the basis of disability, pregnancy and parenthood, race, national or ethnic origin, age, gender, sexual orientation, political opinion, and social origin). As part of this policy, we now have an internal mechanism for addressing DEI-related concerns and resolving potential incidents of discrimination.



## Diversity, equity and inclusion continued

In February 2022, Ferrexpo hosted an event as part of the United Nations' "HeForShe" movement, which is aimed at providing solidarity among the male population for gender diversity initiatives. More than three million men around the world signed declarations of support, with 135 Ferrexpo employees taking part at a mass-participation event. Through their participation, we aim to raise awareness of gender diversity topics and help to fight discrimination.

Our Inclusion School, which provides a training programme for our employees in Ukraine, began in 2021, and restarted in late 2022. Topics covered in this programme are aimed at fostering inclusiveness and diversity, and how this can help Ferrexpo's business model.

Since the inception of our Fe\_munity programme three years ago, more than 200 women have been through the programme and, in the same timeframe, the proportion of managerial roles held by women has risen from 18% in 2019 (62 female managers) to 21% in 2022 (81 female managers), with this upward trend expected to continue into 2023, despite the war in Ukraine.

### Gender diversity targets for 2030

At Ferrexpo, we have a gender diversity target of ensuring 25% of managerial roles are filled by women by 2030.

We are specifically targeting diversity at the managerial level, rather than total diversity, as this helps to encourage career progression and opportunities for women, which may not otherwise be available. Our workforce does, however, include a higher proportion of women (2022: 29%) than our mining-sector peers that operate in the developing world<sup>1</sup>.

<sup>1</sup> Comprising mining companies in the FTSE 350 Index where the main focus of mining is outside of Australia and Canada.



### Case study:

## Ferrexpo Inclusion School

In 2022, more than 200 employees completed the training programme at our Inclusion School, designed to equip our teams with skills to combat workplace prejudice. Employees took part in a range of exercises to increase awareness of discrimination and provide the tools to highlight and eliminate behaviour that does not align with our inclusive culture at Ferrexpo.

Online learning covers topics such as identifying different forms of discrimination, why it is important to eliminate prejudice and how tolerance can help Ukraine tackle its wartime challenges.

Recognising inclusion is a universal priority, so we have made our programme available beyond to workforce to employees of local authorities in our region who are keen to learn more about challenging prejudice and discrimination.



## Diversity, equity and inclusion continued

### Case study:

## Equal workplace opportunities

At Ferrexpo, both women and men have equal workplace development opportunities. Valentyna Sklyar's story exemplifies this. Valentyna has worked in the foundry and mechanical workshop for almost 40 years.

Despite having trained as a florist and decorator, Valentyna started working as a turner at the age of 19 before eventually becoming an operator of hammers, presses, and manipulators. She loves her job and takes pride in creating finished parts from simple blanks. She works in a friendly team that has never discouraged her from choosing her profession. Although Ferrexpo offers different career opportunities, Valentyna prefers to keep working with her team and in the same workplace.

Valentyna is mindful of the responsibilities of her role, as she has to ensure her safety and the safety of those she works with.

She advises women not to be afraid to master any profession. She encourages women to seize opportunities that come their way and pursue their dreams, as she believes all women have immense strength inside of them.

As a child, Nataliia Nazarenko aspired to become a doctor. However, as a teenager, she developed an interest in hydrogeology. In Ukraine, hydrogeology, a physically demanding job involving collection of water and rock samples over long distances, is a male-dominated profession. As a result of discrimination Nataliia was encouraged instead to pursue geophysics at university.

This all changed when, after completing her education, she secured a role as a geologist with Ferrexpo. The chance to work as a hydrogeologist then presented itself, and Nataliia eagerly accepted it.

Nataliia believes that there are no gender-specific professions and that women are just as capable as men, and she is thankful for her family's unwavering support throughout her journey. Moreover, she strongly believes that Ferrexpo values and attentively considers the opinions of all its employees, regardless of gender.



### Women's Empowerment Principles

As part of our DEI implementation plan, in October 2022 Ferrexpo became a signatory to the Women's Empowerment Principles ("WEPs"), a United Nations-supported initiative for business leaders to express support for advancing gender equality. In undertaking WEPs' Gender Gap Analysis Tool in 2022, Ferrexpo achieved a rank of "Leader" within this framework, with this assessment made on the basis of existing policies and our approach to 18 different aspects of DEI, including: addressing the gender pay gap, parental leave and initiatives to create a working environment free from violence, harassment and sexual exploitation.

### External recognition in 2022

We are proud that our DEI efforts are being recognised externally. In October 2022, the Group was ranked among the top ten employers in Ukraine for diversity, equity and inclusion by the Ukrainian Corporate Equality Index, a national survey of corporate policies, rules and practices of private companies to prohibit discrimination in the workplace.

### Diversity and inclusion

We are intent on creating a supportive culture for people with disabilities, through projects such as flexible working schedules, including remote operation, tailored training for any employees with disabilities, and a scholarship programme at the National Technical University "Dniprovsk Polytechnic" in Dnipro.

As of 2022, 4% of the Group's employee workforce in Ukraine, or 321 individuals, has a registered disability (2020: 4%), meeting a requirement under local legislation.

We celebrate the contribution of those with disabilities at our operations, including individuals working in our social services department, mining department and in the local museum (see case study in this report), which we support through our Charity Fund, and are pleased to highlight this across our social media channels. We also sponsor disabled athletes to help promote healthy lifestyles and have previously sponsored individuals to attend World Championship Canoeing events.



## Diversity, equity and inclusion continued



### Case study:

## Supporting our employees with childcare

In February 2022, Ferrexpo established a free children's centre for our employees to provide a safe place for their children during shift working hours. The centre, which operates 24 hours a day, is managed by volunteers – most of whom are either employees of Ferrexpo, or teachers from the Centre for Children and Youth Creativity, local kindergartens and schools.

The centre is set up to facilitate in person and distance learning, classes, English tuition, emotional support, sports activities and sleep areas for the younger children. Children are taken to a shelter in the event of an air-raid alert.

### Case study:

## Celebrating diversity

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, among other characteristics. On our website <https://www.ferrexpo.com/responsibility/diversity-and-inclusion/>, we show the story of Volodymyr Konev, one of 120 people with disabilities who have

become part of the Ferrexpo team, to provide an example of our work to help people with all backgrounds to realise their potential. In this instance, Volodymyr is part of the team at our museum, helping to restore and maintain cultural artefacts for the benefit of local communities. Volodymyr states: *"I always believed that disability should not be an obstacle to success"*.



## Training and development

# Developing the skills to fulfil our strategy

At Ferrexpo we believe training at every stage of an individual's career is fundamental to developing the skills required to fulfil our strategy, as well as creating a positive working culture, enhancing employee satisfaction, increasing engagement and retaining our people.

Training was provided to 6,143 employees in 2022 (2021: 6,442) through the Group's human resources department, with the decrease largely reflecting fewer employees due to the war. Training focuses heavily on safety and skills training, with these topics representing a combined 83% of the training completed in 2022 (2021: 78%). Notably, average training hours per employee increased significantly in 2022 to 34 hours (2021: 18 hours).



	2022	2021	% Change
<b>Training provided across Ferrexpo in 2022</b>			
Number of employees who have an annual training/development review	7,836	8,158	(4)%
Percentage of employees who have an annual training/development review	98%	99%	
Number of employees that undertook safety training	3,960	3,426	+16%
Number of employees that undertook skills training	1,131	2,065	(45)%
Number of employees that undertook other functional training	1,052	951	+11%
Total number of employees that undertook training	6,143	6,442	(5)%
Number of workers and administrators trained	2,592	3,091	(16)%
Number of specialists trained	1,243	2,396	(48)%
Number of managers trained	2,308	955	+142%
Number of contractors that undertook safety training	117	566	(79)%
Number of contractors that undertook skills training	53	217	(76)%
Number of contractors that undertook other functional training	0	148	(100)%
Total number of contractors that undertook training	170	931	(82)%
<b>Total training expenditure related to health and safety training for employees (US\$)</b>	<b>127,842</b>	<b>249,654</b>	<b>(49)%</b>

## Training and development continued

“Soft” skills such as emotional intelligence and stress management are often overlooked in the workplace, but they are vital for team success, especially for those striving for leadership roles. Our new Soft Skills School runs training programmes for employees to help them improve their abilities in these areas.

Contractors work in the same areas and often on the same tasks as employees, and therefore contractor training is of equal importance for maintaining high safety practices and labour standards. Ferrexpo trained 170 contractors in 2022 (2021: 931), representing 9% of the contractors working at our operations in 2022 (2021: 43%).

In addition to training our employees and contractors, we also offer opportunities to students, working with local schools and universities to develop the talent pipeline. In 2022, we welcomed 118 sponsored learners to our operations (2021: 98), largely comprising apprentices and supernumeraries. We also offer a range of programmes to help new starters joining Ferrexpo to develop their careers.

# 170

Contractors trained in 2022

# 118

Sponsored learners welcomed to our operations

### Workforce development – Soft Skills School:



I learned to view my emotions and thoughts from a different perspective.”

— **Mykhailo Kaliukh**  
Repair Technician



### Workforce development – Soft Skills School:

Sometimes our emotions can be overwhelming. I learned how to use meditation to help manage this.”

— **Oleksandra Bogomaz**  
Assistant Manager



### Workforce development – Soft Skills School:

I now understand how having a greater awareness of my emotional state can help me interact more effectively with colleagues.”

— **Andriy Antipov**  
Procurement Strategy Manager



# Protecting our environment

We have diverse interactions with the environment, spanning air, water, wildlife and the landscapes surrounding our operations in Ukraine, as well as our inland river barging subsidiary in Central and Eastern Europe.

The following section should be reviewed in conjunction with the 2022 Annual Report and supplementary information and data provided in the Appendices to this report.

## Our approach

# Environmental management

We aim to apply industry best practice to manage our impacts, protect the natural environment and use resources efficiently, whilst also producing a product that reduces emissions for steelmakers worldwide.

Ferrexpo has an ISO-compliant environment management system (ISO 14001:2015) at both our FPM and FBM subsidiaries, with the latter achieving accreditation during 2022. This is in addition to accreditation of our Energy Management System (ISO 50001:2018) at the same two subsidiaries, with FBM also acquiring this accreditation in 2022.

We collect a wide range of environmental metrics to monitor performance and better understand our impacts. We are committed to providing transparent disclosure on our environmental performance and published our first Climate Change Report in 2022, recognising the need to provide reliable information on climate-related risks, opportunities and issues, and make climate-related financial disclosures consistent with Task Force on Climate-related Financial Disclosures ("TCFD").



## Climate change

# Developing our pathway to net zero

We recognise the importance of addressing climate change and the need for Ferrexpo to present a clear and considered approach towards reducing our emissions footprint.

The realities of climate change mean that change is not only required at Ferrexpo's directly controlled operations, with reductions in our Scope 1 and Scope 2 emissions, but we also need to engage with our stakeholder groups, including employees, contractors, suppliers and customers to help reduce our Scope 3 emissions<sup>1</sup>.

Ferrexpo's strategy with regards to climate change is to produce our products in an environmentally responsible manner; avoiding greenhouse gas ("GHG") emissions where possible and reducing emissions over time, in order to remain relevant in a low-emissions future.

We made significant progress in 2022 in understanding and developing our response to climate change, leading to the publication of our Climate Change Report, which presented a net zero

pathway for decarbonisation, highlighting the technologies required and timing of investments, to achieve net zero iron ore pellet production by 2050. Through this work, we estimated a capital cost of US\$3.3 billion and a carbon abatement cost of US\$145 per tonne.

We also provided information in line with TCFD recommendations on pages 37 to 41 of the 2022 Annual Report.

The Company also recently conducted a life cycle assessment ("LCA") to understand the environmental impacts associated with the production of direct reduction DR iron ore (DR) pellets as well as their use in steel making to benchmark the DR pellets against the process to produce the same grade of steel via iron ore fines.

<sup>1</sup> Scope 3 emissions savings are presented on a per tonne of production basis.

### Governance and risk management

The Board of Directors has ultimate oversight of the Group's strategy, including our approach to the effects of climate change on the Group's business model. Climate change was a standing agenda item at all five Board meetings during the year. Further details of the Board's consideration of climate change and its oversight of the Group's goals and targets for addressing climate-related issues are discussed in the 2022 Annual Report. Ferrexpo's HSEC Committee has been delegated management of climate-related issues and the executive management team monitors and assesses climate-related risks through its risk monitoring activities.

Climate change has been identified as a principal risk, with specific risks and opportunities relating to climate change ranging from policy and legal topics, physical effects, emerging technologies, market factors and reputational differentiators.

### Future targets

Despite the ongoing war in Ukraine, we remain committed to our net zero pathway, however, it is important to acknowledge that we are operating in a challenging environment. While we are learning to adapt our business to challenging circumstances that are outside of our control, there is a risk that in the future we may also need to adapt our net zero targets and how we report them.

## 50%

Updated target for Scope 1 and 2 emissions reduction by 2030<sup>2</sup>.

## 10%

Newly published target for Scope 3 (value chain) emissions reduction by 2030<sup>3</sup>.

## 2050

Targeting net zero production for Scope 1 and 2 emissions. Net zero is defined as operating with minimal avoidable emissions, as far as possible, and offsetting any unavoidable emissions.

<sup>2</sup> Scope 1 and Scope 2 emissions are presented on a per tonne of production basis.

<sup>3</sup> Scope 3 emissions savings are presented on a per tonne of production basis.

## Climate change continued

### Carbon targets upgraded

Through the work to develop our decarbonisation pathway that was completed in 2022, we were able to announce updated and expanded carbon emissions reduction targets in December 2022. Following the success seen in 2019 and 2020, with Ferrexpo reducing our Scope 1 and 2 emissions footprint by 30% over this period, we are now targeting a 50% reduction by 2030. Through greater understanding of our Scope 3 emissions, we have also been able to introduce objectives for this category and are now targeting a 10% reduction by 2030.

Given the ongoing war in Ukraine, it is difficult for us to commit to adopting science-based targets, but this is an ambition that we hold for the future. In the near term, we will focus our efforts on developing a clear strategy in relation to climate change, and more detailed financial modelling of our net zero pathway.

A list of definitions for each scope of carbon emissions is provided within the Appendices.

### Scope 1 emissions

Ferrexpo's Scope 1 (direct) emissions relate principally to three activities at our operations:

- diesel consumption (primarily used in mining activities);
- natural gas (primarily used in pelletising activities); and
- gas oil (primarily used in inland waterway logistics activities).

Collectively, these three sources of emissions represented 97% of Scope 1 emissions in 2022 (2021: 98%). In addition, we track a further 15 sources of Scope 1 emissions across our operations, ensuring that multiple aspects of our operations are covered in our emissions estimates.

Absolute Scope 1 emissions fell by 48% in 2022, reflecting the reduced level of production as a result of the war. Despite the conflict, we managed to reduce our emissions on a per unit of production

basis by 3%, which reflects a reduction of stripping activities in the Group's mines and increased biofuel consumption in the pelletiser. In line with data for 2021, our calculations of our Scope 1 and Scope 2 emissions were independently assured for a second successive year, with the aim of giving additional confidence in our climate change reporting.

### Scope 2 emissions

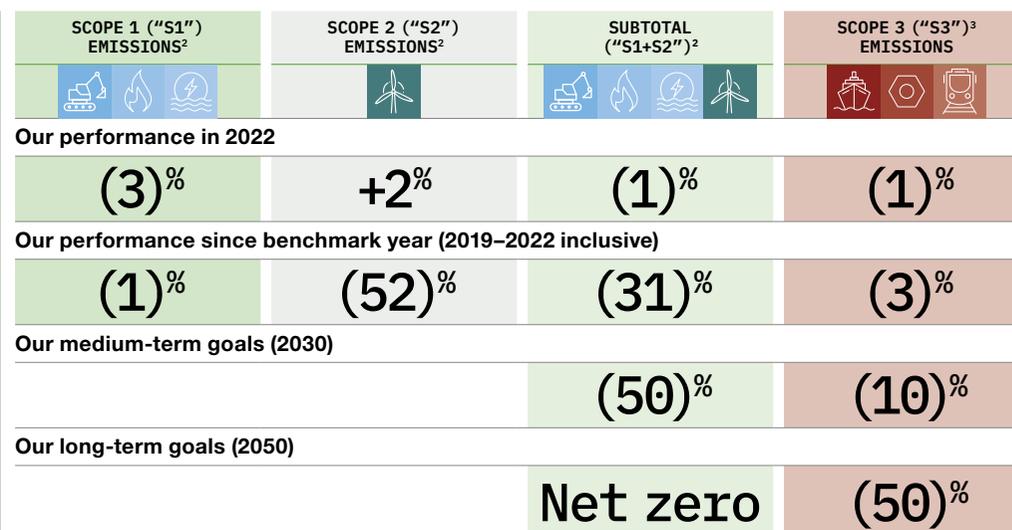
Our Scope 2 (indirect) emissions relate exclusively to our purchasing of electricity from third parties, with electricity predominantly used in our concentrator<sup>1</sup>. On an absolute basis, this category of emissions fell by 45%, in line with the lower level of production seen in 2022 due to the war. On a unit basis, Scope 2 emissions rose by 2%, reflecting the impact of the war and associated power outages in 4Q 2022, in addition to the increased output of direct reduction pellets, which require additional processing compared to blast furnace pellets.

### Scope 3 emissions

For Ferrexpo, this category of emissions primarily relates to the type of iron ore pellet produced, since the downstream processing of iron ore accounted for 95% of Scope 3 emissions in 2022. By increasing the output of DR pellets to 6% of total pellet production (2021: 4%), we have seen a reduction in Scope 3 emissions on a unit basis of 3% since 2019, with DR pellets carrying a 49% lower carbon footprint than blast furnace pellets<sup>4</sup>.

### Other emissions

Aside from greenhouse gases, gaseous emissions include those emitted from our processing operations (NO<sub>2</sub>, SO<sub>2</sub>, and CO), with emissions from such sources declining by 50–60% during the year, in line with mining volumes. Several projects related to dust suppression in our processing complex were completed in 2022, resulting in dust emissions falling by 62%, ahead of the decline in production seen in 2022 (46% decrease).



<sup>1</sup> Prior to the 2021 Annual Report and Accounts, Scope 2 calculations included the purchase of steam for heating purposes, which has subsequently been excluded following the independent assurance process completed in 2022. For more information, please see the Reporting Criteria document provided alongside the 2022 Annual Report and Accounts on the Group's website.

<sup>2</sup> Scope 1 and Scope 2 emissions are presented on a per tonne of production basis.

<sup>3</sup> Scope 3 emissions savings are presented on a per tonne of production basis.

<sup>4</sup> Source: European Union Emissions Trading System, link. (Accessed 3 March 2023.)

## Climate change continued

### Independent assurance

In line with the process completed for 2021, the Group completed an independent assurance process for its Scope 1 and Scope 2 carbon emissions for 2022 (in addition to key safety metrics). For more information, please see the Limited Assurance Report, which is provided alongside the Group's 2022 full year financial results. Our Scope 3 emissions are not yet independently assured.

### Methodology

Ferrexpo's methodology for calculating our GHG emissions utilises, where possible, emissions factors provided by the Greenhouse Gas Protocol, in line with reporting requirements under the Global Reporting Initiative's ("GRI") framework for reporting sustainability topics. Through using carbon factors provided by the Greenhouse Gas Protocol, the Group is able to provide carbon dioxide-equivalent emissions figures ("CO<sub>2</sub>e") that also account for emissions of both methane (CH<sub>4</sub>) and nitrogen oxide (N<sub>2</sub>O).

### Energy consumption

Ferrexpo uses energy to mine and process iron ore into our products, with further energy consumed in the delivery of products to our customers. We aim to minimise and progressively reduce energy consumption through the responsible use of key materials, such as diesel and natural gas, and through investing in and modernising operations. This will reduce our environmental impact, while also improving productivity and reducing the cost of production, with energy accounting for 49% of C1 costs.

More than 99% of energy consumption relates to consumption in four key areas of the Group operations:

- diesel, predominantly used in mining (15% of energy in 2022);
- electricity, primarily relating to processing (41%);
- natural gas and biofuels in the Group's pelletiser (34%); and
- gas oil used in transporting iron ore products via the Group's inland waterways subsidiary, First-DDSG, on the River Danube (9%).

Given that the proportion of energy consumption relating to electricity is expected to increase over time as we add more complex technology and modernise our operations, there is a requirement to source energy responsibly and use clean technology where possible. We plan to evaluate technologies across our operations to minimise our energy consumption. These include the adoption of technologies such as battery-powered trucks and using green hydrogen to fuel the pelletiser.

In 2022, energy consumption decreased by 44% to 10,991TJ as production volumes decreased due to the ongoing war. Electricity consumption also decreased significantly, dropping by 41% in 2022.

### Greenhouse gas emissions footprint and energy consumption

	2022 (% change to 2021)		2021	
	Absolute basis (kilotonnes CO <sub>2</sub> e)	Unit basis (kg CO <sub>2</sub> e per tonne)	Absolute basis (kilotonnes CO <sub>2</sub> e)	Unit basis (kg CO <sub>2</sub> e per tonne)
Scope 1 emissions	341 (48)%	55 (3)%	649	57
Scope 2 emissions	223 (45)%	36 +2%	404	35
<b>Subtotal (S1 + S2) emissions</b>	<b>564 (46)%</b>	<b>91 (1)%</b>	<b>1,053</b>	<b>92</b>
Scope 3 emissions	7,642 (47)%	1,237 (1)%	14,362	1,254
<b>Total emissions</b>	<b>8,206 (47)%</b>	<b>1,329 (1)%</b>	<b>15,415</b>	<b>1,346</b>
Biofuels emissions (reported separately)	6 (37)%	1 +18%	10	1
Energy consumption (kWh)	3,052,942,993 (44)%	–	5,489,232,550	–

## Water

# Responsible water use and reducing impact

Through responsible water use, we aim to manage our environmental footprint, maximising recycling where water use is required and minimising extraction in areas where this is possible.

We operate in an area of low risk of water stress<sup>1</sup>, and understand the importance of water quality and the impact that low-quality water can have on our surrounding environments, whether nature and communities.

Through our activities, we have multiple interactions with the water cycle, from the water ingress into our mines, to recycling water in our processing operations, to the River Dnipro, which is located next to our operations. We strive to reuse as much water as possible in our operations, typically sourcing from our tailings dam and returning used (process) water to our processing plant.

96% of overall water extraction in 2022 (2021: 95%) occurred as a result of dewatering (removing water that has entered the open pit operations). The water is tested and returned to the natural environment via an engineered facility designed to maintain a high level of water quality. Testing of water quality continued throughout 2022, despite the war, with any discharged water quality tested for different chemical elements or attributes, in line with permit requirements.

In our processing plant, where water is utilised in the processing of iron ore, we recycled 98% of process water (2021: 98%). We are reviewing the possibility of removing water prior to pumping material to our tailings dam, which would have the advantage of reducing water consumption as well as energy use, with operations needing to pump a significantly lower mass of material to our tailings dam if tailings are dry stacked. It is estimated that water consumption in the processing plant would decline by up to 20% through adoption of this approach.

Water withdrawal from the local water supply network remained below 1,000m<sup>3</sup>/l in 2022 for the fourth successive year.

### WATER WITHDRAWAL (2022)

WATER WITHDRAWN TOTAL  
(GROUP BASIS)

**33,043**m<sup>3</sup>/l

(4)% vs. 2021

INCLUDING:  
SURFACE WATER EXTRACTED

**745**m<sup>3</sup>/l

(11)% vs. 2021

INCLUDING: PIT WATER  
EXTRACTED (GROUNDWATER  
AND WATER INGRESS)

**31,580**m<sup>3</sup>/l

(3)% vs. 2021

INCLUDING:  
LOCAL WATER SUPPLY

**718**m<sup>3</sup>/l

(17)% vs. 2021

### WATER USAGE (2022)

Including:

- Process water
- Dewatering of open pits
- Potable water

RECYCLING OF WATER WITHIN  
PROCESSING PLANT CIRCUIT

**98%**

(98)% vs. 2021

WATER EXTRACTED AND REUSED

**10,971**m<sup>3</sup>/l

+14% vs. 2021

### WATER RETURN (2022)

WATER RETURN TOTAL  
(RECORDED)

**23,641**m<sup>3</sup>/l

(9)% vs. 2021

INCLUDING WATER RETURN  
WITHOUT USE:

21,527m<sup>3</sup>/l (9)%

Comprising:

- Surface dewatering wells: 14,119m<sup>3</sup>/l (2)%
- Dewatering of open pits: 7,408m<sup>3</sup>/l (20)%

INCLUDING WATER RETURN  
AFTER USE (RECORDED):

630m<sup>3</sup>/l (49)%

Comprising:

- Dust suppression: 580ml (52)%
- Other (drinking water, pit water): 53m<sup>3</sup>/l +9%

EXCLUDING:  
WATER RETURN AFTER USE  
(UNRECORDED)

Comprising:

- Water entrained in tailings
- Evaporation
- Groundwater drainage

<sup>1</sup> <https://www.wri.org/applications/aqueduct/water-risk-atlas/>

## Biodiversity and the natural environment

# Developing our understanding of biodiversity



Situated close to the Dnipro River in Ukraine, Ferrexpo's operations cover over 5,000 hectares of land.

### Biodiversity baseline expanded

We have worked hard in recent years to develop a baseline understanding of biodiversity around our operations. Despite the pressures imposed by the war, our environmental department in Ukraine continues to make good progress on a range of initiatives at our operations, including an update to the Zoo-biota interactive map identifying species of animals in the vicinity of our operations, including 58 of more than 500 species listed in the Red Book of Ukraine.

In 2022, work was completed on a second interactive map, covering species of plants located in the vicinity of our operations (including 24 out of 410 species in the Red Book of Ukraine).

### Protected wildlife

As reported in previous Responsible Business Reports, our operations in Ukraine are situated within an Important Bird Area ("IBA", Psel River valley near Komsomolsk) as defined by Birdlife International ("Birdlife"), which is not protected either on a national nor international basis. Species 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 areas that are classified as protected on a national or international basis.

### Biodiversity initiatives

We aim to improve wider understanding of the natural environment by engaging with local communities and implementing measures to improve environmental stewardship beyond our directly controlled activities.

### Maintaining water quality

We monitor the quality of the water passing through our bioengineering facilities, the final point before water is transferred away from our operations. We study the bacteria present in the water in our bioengineering facilities, monitoring for any negative effects on aquatic vegetation and the overall stability of the water column. Details of the tests carried out on discharged water are provided in the Appendices.

## Waste

# Encouraging reuse and recycling

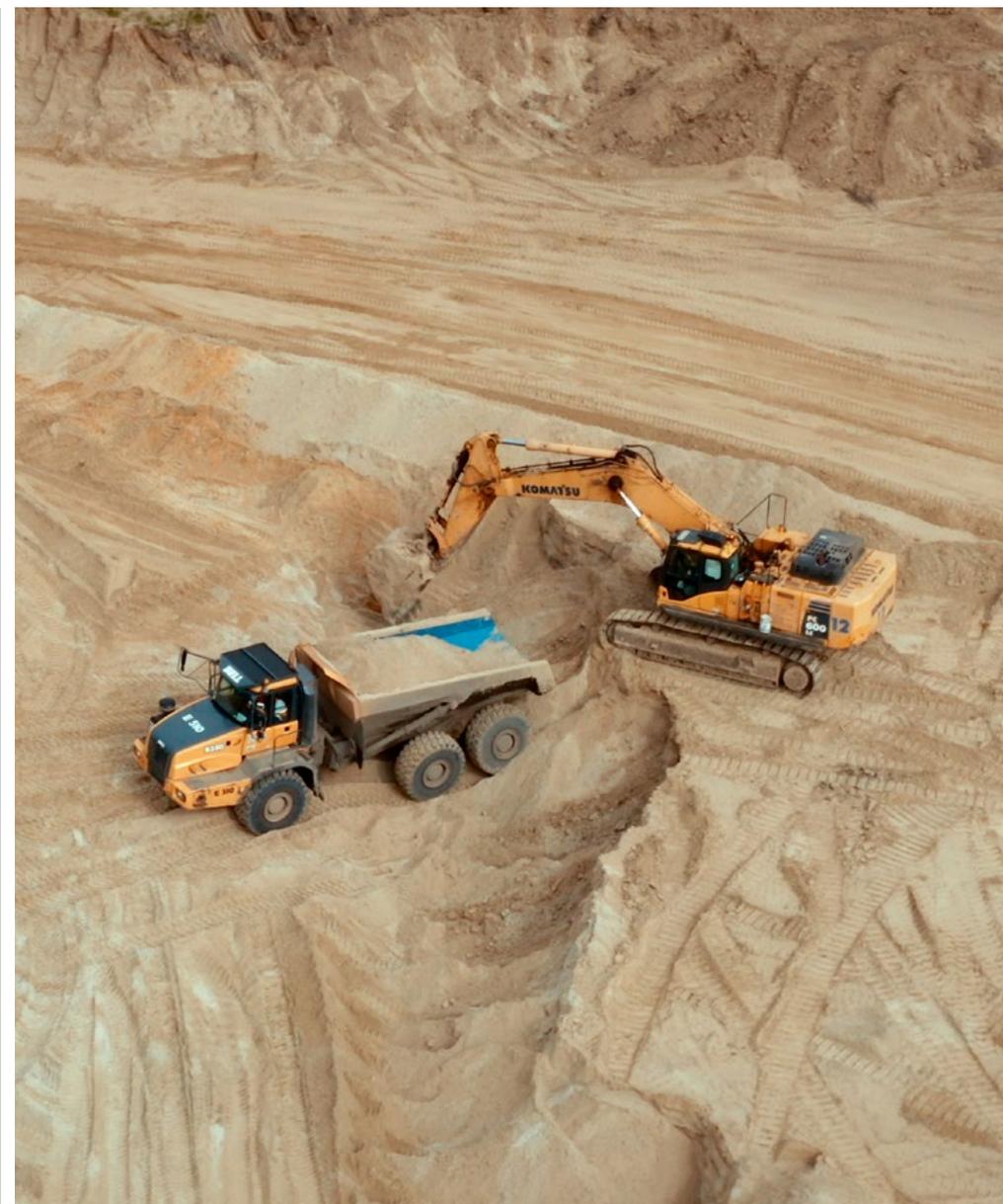
We generate solid waste in our mining operations (overburden in the form of waste rock and sand), and waste from the processing of raw iron ore into our high-grade products.

Waste removal in our mines declined by 70% in 2022, as a result of the war and lower production volumes. Overburden and waste removed from our mining operations are non-hazardous and stored in engineered waste storage facilities adjacent to the Group's mines. These facilities were designed by our mine planning department, and their design and construction method were approved by external parties.

Elsewhere in our operations, we expanded our domestic waste recycling programme to include additional operating subsidiaries in Ukraine (FYM, FBM and Ferrostroy), with collection bins and sorting facilities launched in 2022. All four of our main operating subsidiaries in Ukraine now have active recycling programmes, and the focus for 2023 will be on encouraging cultural change to increase recycling rates throughout our business.

### Reusing materials

Where possible, Ferrexpo endeavours to reuse and/or repurpose materials, such as the material used in the construction of tailings storage facilities. In addition, the gravel produced as a by-product of processing iron ore can be used in road production. In 2022, 0.6 million tonnes of gravel were produced, meaning that the equivalent of 3.5% of iron ore processed was diverted from waste (2021: 6%).



# Ethical business conduct

Ferrexpo prioritises a strong internal control framework including high standards of compliance, corporate governance and ethics.

The following section should be reviewed in conjunction with the supplementary information and data provided in the Appendices to this report.

## Corporate governance

# Building trust

Companies with sound corporate governance are able to build trust with their stakeholders

### Ethical business

The Group aims to maintain a high standard of corporate governance, providing clear oversight of Ferrexpo's strategy, vision and purpose and facilitating clear and effective communications with our stakeholders. Wherever we operate, we comply with applicable laws and regulations in each jurisdiction, and firmly believe that good corporate governance and ethical conduct are essential for sustainable performance and long-lasting relationships with stakeholders. Compliance within local operating businesses is managed by the Group's compliance department, based in Ukraine. At Group level, Ferrexpo also has a Group Compliance Officer, who reports activities to the Finance, Risk Management and Compliance ("FRMC") Committee, which is chaired by the Group's Chief Financial Officer.

The Group's approach to ethical business, including anti-bribery and corruption, and human rights is guided by Ferrexpo's Code of Conduct.

See the Corporate Governance section of Ferrexpo's 2022 Annual Report for more details →

### Promoting compliance awareness through training

We offer training to raise awareness of compliance and anti-bribery initiatives, to promote Ferrexpo's Integrity Line for reporting compliance concerns (see below), and to demonstrate the Group's commitment to anti-bribery and ethical business practices.

We also provide online compliance courses covering topics from the Group's Code of Conduct as well as personal data protection, and an induction programme for people joining Ferrexpo's three Ukrainian businesses.

### Whistleblowing

We have a formal whistleblowing policy and the Board is responsible for reviewing the Company's whistleblowing arrangements. Ferrexpo has an independently hosted "Integrity Line" ([link: https://app.convercent.com/en-us/LandingPage/b99cdf09-75b2-e811-80e6-000d3ab6ebad](https://app.convercent.com/en-us/LandingPage/b99cdf09-75b2-e811-80e6-000d3ab6ebad)), details of which are available in several languages, for employees and contractors to report concerns on an anonymous basis.

The Board receives regular reports from the Audit Committee and the Head of Internal Audit detailing any new whistleblowing incidents and, where appropriate, steps taken to investigate such incidents. The Audit Committee receives a Compliance Report containing an overview of whistleblowing cases. The Committee is responsible for reviewing and monitoring the Group's whistleblowing procedures and the systems and controls for the prevention of bribery and corruption.

Ferrexpo's managers have a clear responsibility to create an open and supportive environment, in which employees feel comfortable to raise ethical concerns in good faith. The Group protects the rights of employees to report any such concerns without fear of retaliation. In 2022 there were no reports of ethical and compliance concerns (2021: none). The Group also aims to promote a corporate culture in which employees feel able to exercise their right to prevent mistakes or wrongdoing by asking the right questions at the right time.

### Cybersecurity

We are increasingly reliant on software for the management of key operational and administrative activities. Primarily operating in Ukraine, the Group has faced heightened cybersecurity threats from malicious parties since 2014, coinciding with Russia's initial invasion of Ukraine's sovereignty.

We rely on technology for the safe, efficient and cost-effective production of our products.

The Group's IT department conducts regular reviews of the general IT landscape and provides regular cyber awareness training for employees as well as ad hoc notification when new threats are identified. We also regularly review requirements for data protection, with email security bulletins circulated to ensure internal IT users are provided with up-to-date information on cybersecurity. We have also implemented a dynamic approach to anti-malware policies, to ensure an adaptive approach for new threats as they emerge.

Efforts in 2022 focused on finalising an extensive third-party audit (ISO 2700x, "Information Security Standards") of cybersecurity and internal IT/ automation processes. The audit commenced in 2021, with a number of findings identified early in the war in 2022 that helped to mitigate threats, achieved in part through members of the audit team acting as a "red team". As a result of this audit, immediate mitigation actions were taken across the Group's IT equipment and infrastructure, including upgrades to the latest standards. Purchases of specific software and hardware were made in 2022, with deployment to enhance cybersecurity.

In parallel, the Group has had to respond to the possibility of cyberwarfare and conventional warfare tactics, with the commissioning of additional IT infrastructure in bomb shelters an example of our response. Other examples include the deployment of extensive power control systems, and urgent upgrades and migrations due to vulnerabilities.

We regularly update the software and hardware in use throughout our business, to reduce the Group's exposure to known weaknesses in cybersecurity.

## Code of conduct

# Ethical business approach underpinned by a clear code of conduct

The Group's Code of Conduct covers our approach to ethical business and can be summarised in one simple statement: do the right thing.

Our Code of Conduct is aimed at helping us remain true to our commitments to all stakeholders, including employees, customers, suppliers, creditors and shareholders, and to society. Through a fair approach to everyday activities, Ferrexpo expects that our employees, contractors and business partners act with honesty and integrity in an ethical and legal manner. The Executive Chair is responsible for the Group's Code of Conduct, with additional oversight from the Board of Directors and Executive Committee.

The Code is available on the Group's website at the following address: [link here](#).

### Modern Slavery Act

As part of Ferrexpo's approach to ethical business we seek to ensure modern day slavery is not present in our supply chain, and our Code of Conduct for Suppliers includes provisions to this effect. The Group also publishes an annual statement on the Modern Slavery Act on our website ([link here](#)), which provides a summary of the policies and controls in place to mitigate the risk of slavery in the Group's business activities and supply chain.

We conduct risk assessments on any third party considered to be high risk, with these reviews submitted to the Finance, Risk Management and Compliance Committee for consideration as to whether the third party can be engaged with under certain conditions (for example subject to the satisfactory outcome of further checks and monitoring), or should be avoided altogether. We will continue to monitor our supply chain for signs of forced labour or human trafficking, and to implement our requirements in respect of human rights in our relationships with suppliers.

### Anti-bribery and corruption

The Group takes a zero tolerance approach to all forms of bribery and corruption, as communicated in our Code of Conduct. It is unacceptable for any person at Ferrexpo, or at our business partners, to be involved in any way in corrupt practices. As stated in our Code of Conduct, employees must, in all business dealings, comply with relevant anti-corruption laws and complete the relevant anti-bribery training programme.

### Human rights

Ferrexpo believes in fundamental human rights and in dignity for all people, as set out in the Universal Declaration of Human Rights, and is committed to creating an environment in which all employees are treated with dignity and respect. The Group supports the UN Guiding Principles on Business and Human Rights, which outline the duties and responsibilities of industry to address business-related human rights issues.

We seek to create a workplace that is free of discrimination, which may take the form of abusive, offensive or harassing behaviour. At Ferrexpo, any employee that feels harassed or discriminated against is able to report incidents, either to their line manager or to the Group's human resources department, which has mechanisms for managing instances of discrimination.

Ferrexpo has a number of policies aimed at promoting a culture of open and honest communication. The Group has investigated all reported instances of unethical behaviour, and, if improper behaviour is found to have occurred, has taken appropriate action.

To the fullest extent possible, we seek to identify and address human rights risks and violations in our sphere of influence. We understand that our activities impact human rights in connection with labour conditions, local community programmes and more. Through engagement with communities and other stakeholders, we seek to understand the social, cultural, environmental and economic implications of Ferrexpo's activities so that any concerns can be addressed, impacts can be reduced and benefits for the community optimised.

To support the Group's approach to business and human rights, Ferrexpo has adopted ETI Base Code, which is founded on the conventions of the International Labour Organisation ("ILO") and is an internationally recognised code of labour practice.

Using this Code, the Group aims to keep workers safe and free from exploitation through the following key principles: 1. employment is freely chosen; 2. freedom of association; 3. working conditions are safe and hygienic; 4. child labour shall not be used; 5. living wages are paid; 6. working hours are not excessive; 7. no discrimination is practised; 8. regular employment is provided; and 9. no harsh or inhumane treatment is allowed.



Supply chains

# Helping local businesses to thrive

Ferrexpo is an integral part of the local economy in the region of Ukraine where we operate, and we aim to develop constructive relationships with suppliers.



Our operations are supported by a global supply chain of goods and services. This supply chain includes suppliers of raw, direct and indirect materials, skilled labour and services required for our operations, and a wide range of legal, technical and administrative professional services. Our most significant expenditure is on electricity, gas, diesel fuel, spare parts, labour, explosives, and steel grinding media. The majority of suppliers by value are located in Ukraine.

We are proud to enjoy long-standing relationships with local and international suppliers, who have supported us during the ongoing war in Ukraine. The war has meant that our business has had to rely on our close relationships with local suppliers to ensure an uninterrupted supply for continuous pellet production. Ferrexpo has long sourced a high proportion of our goods and services from entities within the communities of Horishni Plavni.

Given the location of our operations and the nature of events in Ukraine, the Group sought to engage extensively with our suppliers in 2022. We have continuously adapted to an ever-changing operating environment, including changing suppliers for key inputs as individual suppliers have been forced to close their operations or divert logistical routes. We expect to have to continue to adapt and evolve our supply arrangements, to ensure supply and reduce risk, for as long as the war continues. However, we will endeavour to support and promote Ukrainian businesses wherever possible in our activities.

The Group's compliance department undertakes regular checks on all suppliers, screening entities for risks and elevating those deemed to be higher risk for further checks and consideration as to their eligibility. For entities that we conduct business with, the Group has developed a Code of Conduct for Suppliers, which in 2022 was referenced in 90% of all contracts and over 1,300 due diligence checks completed on potential third-party suppliers (2021: 95%). The decrease in proportion of contracts referencing compliance clauses is attributable to the ongoing conflict in Ukraine, and associated restrictions. In addition, we are increasingly engaging to understand the greenhouse gas emissions footprint of suppliers, as this is directly relevant to Ferrexpo's Scope 3 emissions.

## US\$912<sup>m</sup>

Total paid to suppliers of US\$912m in 2022 (2021: US\$1.2bn), reflecting value generation through our production processes.

### Payments for goods and services (2021–2022)



▶ Local 2022	10%	▶ Local 2021	27%
▶ Regional 2022	10%	▶ Regional 2021	3%
▶ National 2022	70%	▶ National 2021	66%
▶ International 2022	10%	▶ International 2021	4%

## Tax

# Responsible contribution

As a responsible corporate citizen, the Group aims to contribute to the communities in which we operate in the form of corporate taxes on profits, royalties and levies on production, taxes on employment and activities, in addition to other taxes.

We also make charitable contributions to local communities, principally through the Group's Charity Fund or direct payments from our operating subsidiaries.

In 2022, we contributed US\$164 million in taxes and royalties, and we continued to support our workforce through our operations (2021: US\$281 million). Ferrexpo is a frequent and consistent user of Ukraine's utilities and infrastructure, helping to contribute to the functioning of Ukraine beyond our own operations. Since IPO in 2007, the Group has contributed more than US\$3 billion of taxes and royalties to Ukraine through our ongoing operation and development of our assets through investment. The effective tax rate for the Group in 2022 was 35.0% (2021: 18.7%), with the increase predominantly driven by an impairment loss of US\$254 million on the Group's non-current operating assets, which was not tax deductible.

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 in risk profile 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 among 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 2022 Annual Report and Accounts, available on the Group's website \(\[www.ferrexpo.com\]\(http://www.ferrexpo.com\)\)](#). →



# Generating value for communities

We share a rich history with our local communities and understand the link between the health, wellbeing and livelihoods of local communities and the Group's long-term success.

The following section should be reviewed in conjunction with the supplementary information and data provided in the Appendices to this report.

## Humanitarian support

# US\$15<sup>m</sup>

Total funding for humanitarian support

# 70+

Individual projects and initiatives supported

## Individuals supported

# 3,500

Individuals in local communities supported by direct aid

# 8

Regions receiving humanitarian support from Ferrexpo

## Community engagement

# Effective engagement with our communities

Without a social licence to operate, granted by host communities, no business can succeed. Ferrexpo has sought to develop close ties to local communities over many years.

We maintain close contact and regular dialogue with the communities located close to our operations in Ukraine and logistics business in central Europe. Our means of communication with local communities include our website, social media channels, public reports, printed media and local television. In November 2022, we published our first formal sustainability report in Ukrainian, helping our local stakeholders to understand the efforts being undertaken to support Ukraine and develop our business while the country is at war. We value all our stakeholder groups and are proud to reach a broader spectrum of stakeholders through reporting in Ukrainian.

Our close relationships and historical engagement with our communities were of paramount importance in 2022, enabling us to connect swiftly with local communities and community leaders from the outset of Russia's invasion, to understand the material issues and risks facing communities during the conflict.

### Supporting Ukrainian society

Driving change is an integral part of being a sustainable business. We recognise our responsibility to support and develop many elements of Ukrainian society and have initiatives in place to further diversity, equity and inclusion and progress education.

Following the success of the internal Fe\_munity programme, 2022 also saw the launch of an external Ukraine-wide programme, involving 50 senior female business leaders from diverse organisations and sectors of the economy, who were invited to lectures over three months, led by eight guest speakers and 32 mentors.



The first graduation of the Ferrexpo Inclusion School – more than 30 participants were teachers, officials and doctors working in our local communities (Horishni Plavni, Pryshyb and Novaya Galeshyina)

## Community engagement continued

### Case study:

# Supporting STEM education

Every year, ambitious school students from our local community receive specialist academic support in science, technology, engineering and mathematics (“STEM”) subjects as part of an educational programme run by Ferrexpo. Pupils in the “Ferrexpo Class” are provided with intensive tuition on site at our operations, alongside training in a specialist classroom at their school, enabling them to obtain the skills and experience needed to pursue careers in mining.

In May, we were proud to celebrate another cohort of graduates, with 50 pupils in grades 10 and 11 presented with certificates and prizes acknowledging their exceptional achievements in academic competitions at regional, national and international level. Their success is all the more impressive given the immense challenges faced by school pupils across Ukraine following the Russian invasion.

Students of the Ferrexpo Class programme, which actively promotes gender equality in STEM subjects, recently took part in a competition to develop ideas for innovation in production, focusing on topics such as alternative energy sources, closed loop water systems, and flotation technology for DR pellet production.



## Humanitarian Fund

# Direct aid to 70 projects and initiatives since the outset of the war in Ukraine

In the early stages of the war, it quickly became apparent that large organisations within Ukraine would play an important part in supporting the people of Ukraine, particularly as the government focused on fighting a full-scale invasion.

As a result, the Board of Directors approved the formation of the Ferrexpo Humanitarian Fund early in the conflict, with the goal of providing direct assistance to communities affected by Russia's invasion in 2022.

Through the creation of the Ferrexpo Humanitarian Fund, we have been in a position to provide direct support to those in need, as well as to help our suppliers and customers provide contributions to mitigate the effects of the humanitarian crisis that has been unfolding in Ukraine. Through this fund, and additional support projects provided directly by our subsidiaries, we have provided more than US\$15 million of targeted humanitarian aid to date, supporting 70 projects and initiatives across eight regions of Ukraine.



## Humanitarian Fund continued



## Case study:

## Providing shelter for refugees in Ferrexpo facilities

Russia's invasion of Ukraine has created a mass migration of people away from conflict zones. Ferrexpo has supported internally displaced people since the start of the conflict, providing food, medical care, baby products, accommodation, employment opportunities and psychological support.



## Humanitarian Fund continued

Each project is approved by HSEC Committee members to ensure good governance in the approval process. Examples of projects supported include:

- Housing refugees: More than 3,500 internally displaced people have been housed at our accommodation facilities.
- Providing free meals: Initially we dedicated our catering facilities to providing three free meals a day to employees. More recently, these efforts have been widened to feeding local communities. In total, we have donated 528 tonnes of food to local communities.
- Donating vehicles: We have donated vehicles worth an equivalent of over US\$5 million to the Ukrainian authorities (armed forces and local territorial defence units). Donations also include six armoured ambulances donated in November 2022.
- Providing medical support: Through liaison with local medical facilities, we have provided PPE for local hospitals, the equivalent of US\$600,000 of helmets and body armour for emergency response workers in the Poltava region and a total of nine ambulances (including the 6 armoured ambulances).
- Establishing an on-site children's centre: Throughout the early phase of the war, schools remained closed and children's learning was put on hold. In response, Ferrexpo established an on-site childcare facility to keep employees' children close and allow children to continue their studies, with up to 120 children attending daily.
- Providing IT equipment: We provided 6,000 devices and related hardware, including laptops, monitors, printers, mobile phones and modems, to support local authorities' efforts to coordinate the registration and housing of internally displaced people.

Additional support we have provided throughout the war includes helping to fund the "Unbreakable Mother" programme, which offers residential stays and psychological support for women and children who have been affected by the war.

We will continue to support Ukraine and communities throughout the country through the Ferrexpo Humanitarian Fund and the Ferrexpo Charity Fund during the ongoing conflict.

### Humanitarian Fund

Total spent end 2022	\$11m
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<b>Total committed end 2022</b>	<b>\$15m</b>
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#### Key achievements

- Memorandums approved	70
- Regional centres covered in Ukrainian regions	8
- People helped	3,500+

#### Example donations

- Food supplied	1,700 tonnes
- Modular housing	120
- Vehicles	47
- Medical equipment	40 units
- Power generators	22

### Case study:

## Equipment purchased to support reconstruction

As a result of the ongoing war, many towns and cities have suffered significant damage to, or destruction of, infrastructure and facilities. Ferrexpo has provided equipment to facilitate reconstruction to help these areas rebuild.



Ferrexpo Charity Fund

# Supporting our local communities

Ferrexpo provides direct support to local communities through our Ferrexpo Charity Fund, which has been in operation since 2010 and is wholly owned and controlled by the Group. Projects that require funding are identified through consultation with local community representatives. Through targeted support, we aim to improve infrastructure and facilitate social development, with a specific focus on children and socially vulnerable citizens.

In 2022, funding for the Ferrexpo Charity Fund was UAH77 million (approximately US\$1.8 million) (2021: UAH87 million). Focus areas included support for local authorities, for educational and medical institutions and direct aid to individuals, usually in the form of food and support packages.

## Ferrexpo Charity

### Healthcare support



Supported medical projects for ten hospitals in Horishni Plavni, Kremenchuk and other local communities.



Donated US\$3.5 million of funding to Covid-19 Response Fund.

### Supporting education



Implemented 31 educational projects for seven schools in local communities.



Supported seven regional universities.

### Health and wellbeing



Supported sports clubs in Horishni Plavni and other local communities.



Sponsored Ukrainian athletes to attend the Olympic Games.

### Local community support



Supported 29 projects Horishni Plavni infrastructure.



Supported 42 local Non-Governmental Organisations (“NGOs”).



Provided direct aid to vulnerable people.



Subsidised food packages for local citizens under the “Social Store” programme.



**Total funding**  
US\$1.8m (2022)

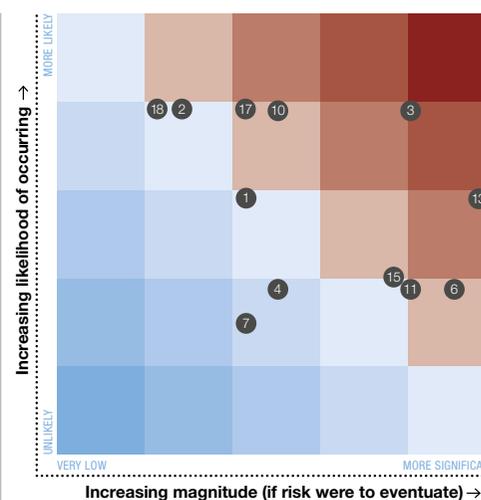
This section is a data supplement to the information presented in the front section of this report.

## Appendix – Climate change risks and opportunities

### 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.



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

Area	Risk description	Category (physical, regulatory or other) and time horizon	Potential financial implication of risk	Methods used to manage risk and associated costs
<b>► Part 1: Transition risks associated with the transition to a lower-carbon economy</b>				
<b>Policy and legal risks (related to the transition to a lower-carbon economy)</b>				
<b>1) Carbon pricing</b>	As of 1 January 2019, Ukrainian parliament passed a law increasing the country’s carbon tax from UAH 0.41 per tCO <sub>2</sub> e to UAH 10 per tCO <sub>2</sub> 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 €89 per tCO <sub>2</sub> e in January 2022, representing a rise of more than 150% on the price seen 12 months previous, and reflecting 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 the Company’s GHG emissions.
<b>2) Enhanced emissions-reporting obligations</b>	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 <sub>2</sub> , SO <sub>2</sub> , NO <sub>2</sub> , 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
<b>► Part 1: Transition risks associated with the transition to a lower-carbon economy continued</b>				
<b>3) Mandates on and regulation of existing products</b>	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.
<b>4) Exposure to litigation</b>	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.
<b>Policy and legal opportunities (related to the transition to a lower-carbon economy)</b>				
<b>5) Mandates on and regulation of existing products</b>	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 Protecting Environments section (climate change), on pages 43 to 49.	Regulatory. Long term.	Increased demand for iron ore pellets.	Not applicable
<b>Technology risks (related to the transition to a lower-carbon economy)</b>				
<b>6) Substitution of existing products and services with lower emissions options</b>	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.
<b>7) Unsuccessful investment in new technologies</b>	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
<b>► Part 1: Transition risks associated with the transition to a lower-carbon economy continued</b>				
<b>Technology opportunities (related to the transition to a lower-carbon economy)</b>				
<b>8) Successful investment in new technologies</b>	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 has been a project underway since 2015, and provides an environmental gain through reduced hydrocarbon consumption.	Physical. Short, medium and long term.	Capital cost of changing production process.	Not applicable.
<b>Market risks (related to the transition to a lower-carbon economy)</b>				
<b>9) Changing customer behaviour</b>	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.
<b>10) Market uncertainty leading to lower realised prices</b>	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.
<b>11) Increased cost of raw materials/access to raw materials</b>	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.
<b>Market opportunities (related to the transition to a lower-carbon economy)</b>				
<b>12) Changing customer behaviour</b>	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
<b>► Part 1: Transition risks associated with the transition to a lower-carbon economy continued</b>				
<b>Reputational risks (related to the transition to a lower-carbon economy)</b>				
<b>13) Shifts in consumer preferences</b>	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.
<b>14) Stigmatisation of sector</b>	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.
<b>15) Increased stakeholder concern or negative stakeholder feedback</b>	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.
<b>Reputational opportunities (related to the transition to a lower-carbon economy)</b>				
<b>16) Shifts in consumer preferences</b>	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
<b>► Part 2: Physical risks associated with the transition to a lower-carbon economy</b>				
<b>Acute physical risks (related to the transition to a lower-carbon economy)</b>				
<b>17) Increased severity of extreme weather events such as cyclones and floods</b>	<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>	Physical. Long term.	<p>Restricted access to mining operations.</p> <p>Increased operating costs.</p> <p>Reduced revenue.</p>	Operational best practices.
<b>18) Changes in precipitation patterns and extreme variability in weather patterns</b>	<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 flow sheet. 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>	Physical. Long term.	<p>Capital expenditures.</p> <p>Reduced revenues.</p>	Operational best practices.

## Appendix – Index of reporting under Sustainability Accounting Standards Board

Topic	Accounting metric	Code
<b>Greenhouse gas emissions</b>	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations.	EM-IS-110a.1
	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
<b>Air emissions</b>	Air emissions of the following pollutants: (1) CO, (2) NO <sub>x</sub> (excluding N <sub>2</sub> O), (3) SO <sub>x</sub> , (4) particulate matter (PM10), (5) manganese oxide (MnO <sub>2</sub> ), (6) lead (Pb), (7) volatile organic compounds (“VOCs”), and (8) polycyclic aromatic hydrocarbons (“PAHs”).	EM-IS-120a.1
<b>Energy management</b>	(1) Total energy consumed, (2) percentage grid electricity, and (3) percentage renewable.	EM-IS-130a.1
	(1) Total fuel consumed, (2) percentage coal, (3) percentage natural gas, and (4) percentage renewable.	EM-IS-130a.2
<b>Water management</b>	(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
<b>Waste management</b>	Amount of waste generated, percentage hazardous, percentage recycled.	EM-IS-150a.1
<b>Workforce health &amp; safety</b>	(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
<b>Supply chain management</b>	Discussion of the process for managing iron ore and/or coking coal sourcing risks arising from environmental and social issues.	EM-IS-430a.1
<b>Activity metric (applicable to iron ore producers)</b>	Total iron ore production.	EM-IS-000.B

## Appendix – Workforce development

### Safety statistics by region and gender

Jurisdiction Subsidiary	Ukraine			Central Europe (Austria, Hungary, Serbia)	Group
	FPM	FYM	FBM	First-DDSG	
<b>2022 data</b>					
Fatalities	-	-	-	-	-
Fatality rate	-	-	-	-	-
Lost time injuries	6	2	1	-	9
LTIFR	0.49	0.58	3.87	-	0.51
Lost days	437	160	-	-	930
<b>2021 data</b>					
Fatalities	-	-	-	-	-
Fatality rate	-	-	-	-	-
Lost time injuries	7	2	-	-	9
LTIFR	0.43	0.50	-	-	0.41
Lost days	459	38	-	-	497

### Total global workforce

	Location	Employees	Contractors	Total
Operations	Europe	7,836	1,635	9,471
Logistics and marketing	Asia, Europe, MENA	123	339	462
Corporate	Europe	24	2	26
<b>Total</b>		<b>7,983</b>	<b>1,976</b>	<b>9,959</b>

	Operations	Logistics and marketing	Corporate	Total 2022	Total 2021
Total females	2,244	35	11	2,290	2,414
Total males	5,592	88	13	5,693	5,853

## Appendix – Workforce development continued

## Local hiring

	Operations	Logistics and marketing	Corporate	Ferrexpo Group total (2022)	Ferrexpo Group total (2021)
Number of workers and administrators hired from “local community” (within a 30km radius of operations)	355	6	–	361	1,414
Number of specialists hired from “local community” (within a 30km radius of operations)	101	1	–	102	276
Number of managers hired from “local community” (within a 30km radius of operations)	16	0	–	16	26
<b>Total number of hires from “local community” (within a 30km radius of operations)</b>	<b>472</b>	<b>7</b>	<b>–</b>	<b>479</b>	<b>1,716</b>
Number of workers and administrators hired from elsewhere (greater than 30km radius of operations)	102	5	–	107	58
Number of specialists hired from elsewhere (greater than 30km radius of operations)	13	3	–	16	10
Number of managers hired from elsewhere (greater than 30km radius of operations)	4	1	–	5	5
Total number of hires more than 30km radius of operations	119	9	–	128	73
<b>Total number of all new hires</b>	<b>591</b>	<b>16</b>	<b>–</b>	<b>607</b>	<b>1,789</b>
Percentage of hires from local community	80%	44%	–	79%	96%

## New hires in 2022 by age, gender and location

	Operations	Logistics and marketing	Corporate	Total 2022	% Total 2022	Total 2021	% Total 2021
Number of new hires – Age 18–29 years	206	2	–	208	34%	146	26%
Number of new hires – Age 30–39 years	174	4	–	178	29%	173	31%
Number of new hires – Age 40–49 years	152	5	–	157	26%	112	20%
Number of new hires – Age 50–59 years	52	3	–	55	9%	64	11%
Number of new hires – Age 60 years and above	7	2	–	9	1%	68	12%
Number of new hires – Male	386	11	–	397	65%	354	63%
Number of new hires – Female	205	5	–	210	35%	205	37%
Percentage of new hires – Male	65%	69%	–	65%		63%	
Percentage of new hires – Female	35%	31%	–	35%		37%	

## Appendix – Workforce development continued

## Employee turnover

	Operations	Logistics and marketing	Corporate	Total 2022	Total 2021
Total number of resignations	362	14	–	376	417
Total number of retirees or departures for health reasons	448	6	–	454	1,602
Total number of involuntary leavers	128	0	–	128	143
<b>Total</b>	<b>938</b>	<b>20</b>	<b>–</b>	<b>958</b>	<b>2,162</b>

## Breakdown by age

	Operations	Logistics and marketing	Corporate	Total 2022	Total 2021
Number of employees leaving – Age 18–29 years	105	3	–	108	278
Number of employees leaving – Age 30–39 years	243	6	–	249	621
Number of employees leaving – Age 40–49 years	177	2	–	179	581
Number of employees leaving – Age 50–59 years	138	3	–	141	446
Number of employees leaving – Age 60 years and above	275	6	–	281	236
<b>Total</b>	<b>938</b>	<b>20</b>	<b>0</b>	<b>958</b>	<b>2,162</b>

## Turnover

	Operations	Logistics and marketing	Corporate	Total 2022	Total 2021
Total male	512	11	–	523	1,780
Total female	426	9	–	435	382

	Operations	Logistics and marketing	Corporate	Total 2022	Total 2021
Percentage of turnover males	9.2%	12.5%	–	9.2%	30.4%
Percentage of turnover females	19.0%	25.7%	–	19.1%	15.8%
Percentage of turnover total	12.0%	16.2%	–	12.0%	25.9%
Percentage of turnover total (involuntary)	1.6%	0.0%	–	1.6%	1.7%

## Appendix – Workforce development continued

### Training offered

#### Employees

	Operations	Logistics and marketing	Corporate	Total 2022	Total 2021
Total number of employees that underwent safety training	3,947	13	0	3,960	3,426
Total number of employees that underwent skills training	1,117	14	0	1,131	2,065
Total number of employees that underwent other functional training	1,041	11	0	1,052	951
<b>Training courses undertaken by employees</b>	<b>6,105</b>	<b>38</b>	<b>0</b>	<b>6,143</b>	<b>6,442</b>
Number of workers and administrators trained (All)	2,565	27	0	2,592	3,091
Number of specialists trained (All)	1,235	8	0	1,243	2,396
Number of managers trained (All)	2,305	3	0	2,308	955
<b>Total number of workers, administrators, specialists and managers trained</b>	<b>6,105</b>	<b>38</b>	<b>0</b>	<b>6,143</b>	<b>6,442</b>
Total number of training hours for employees trained	207,351	1,277	0	208,628	115,264
Average number of training hours per employee trained	34	34	0	34	18
Sponsored learners (graduates, apprentices, bursaries and other trainees)	118	0	0	118	98

#### Contractors

	Operations	Logistics and marketing	Corporate	Total 2022	Total 2021
Total number of contractors that underwent safety training	117	0	0	117	566
Total number of contractors that underwent skills training	53	0	0	53	217
Total number of contractors that underwent other functional training	0	0	0	0	148
<b>Total number of contractors trained</b>	<b>170</b>	<b>0</b>	<b>0</b>	<b>170</b>	<b>931</b>
Total number of training hours for contractors trained	10,420	0	0	10,420	9,833
Average number of training hours per contractor trained	61	–	–	61	11

## Appendix – Workforce development continued

### Diversity at Board level

Governance bodies as at 31.12.2023	Under 30 years old		30–50 years old		Over 50 years old		Total	
	Male	Female	Male	Female	Male	Female	Male	Female
Board of Directors	–	–	–	1	4	2	4	3
HSEC Committee	–	–	1	2	1	1	2	3

### Diversity within employee workforce

Age	FPM		FYM		FBM	
	Male	Female	Male	Female	Male	Female
18–30	589	162	186	11	8	2
31–40	982	583	569	78	15	10
41–50	978	706	597	100	15	5
51–60	697	536	429	45	2	2
60+	89	43	65	14	0	0

## Appendix – Protecting environments

### Emissions intensity

		2021	2022	% (2021–2022)
Scope 1 and 2 (combined)	Tonnes	1,056,064	563,976	(47)%
Total production (pellets and commercial concentrate)	Mt	11.45	6.18	(46)%
Revenue	USD '000s	2,518	1,248	(50)%
Emissions per tonne production	kg CO <sub>2</sub> per tonne pellet	92.23	91.30	(1)%
Emissions per USD revenue	kg CO <sub>2</sub> per USD	0.42	0.45	8%

### Scope 1 and Scope 2 emissions by geographic location

Scope	1	1	1	1	1	1	1	1	1	1	2	2
All figures tonnes CO <sub>2</sub> e, unless stated	Diesel	Petrol	Gasoil	Other liquid fuels	Coal	Natural gas	Lubricants	Explosives	CFCs and HCFCs	Graphite electrodes	Electricity	Steam
2021 total	262,054	865	85,086	4,659	392	286,606	4,206	4,633	381	99	404,313	–
<b>2022 total</b>	<b>117,305</b>	<b>617</b>	<b>69,569</b>	<b>3,552</b>	<b>381</b>	<b>144,738</b>	<b>1,789</b>	<b>2,270</b>	<b>205</b>	<b>54</b>	<b>223,460</b>	<b>–</b>
Percentage	(55)%	(29)%	(18)%	(24)%	(3)%	(49)%	(57)%	(51)%	(46)%	(45)%	(45)%	N/A
Per tonne production												
2021 total per tonne	22.9	0.1	7.4	0.4	0.0	25.0	0.4	0.4	0.0	–	35.3	–
<b>2022 total per tonne</b>	<b>19.0</b>	<b>0.1</b>	<b>11.3</b>	<b>0.6</b>	<b>0.1</b>	<b>23.4</b>	<b>0.3</b>	<b>0.4</b>	<b>0.0</b>	<b>–</b>	<b>36.2</b>	<b>–</b>
Percentage	(17)%	32%	52%	41%	80%	(6)%	(21)%	(9)%	0%	N/A	2%	N/A

## Appendix – Protecting environments continued

## Scope 1 and Scope 2 emissions by Source

	2021	2022	Unit
<b>3.1 Purchased goods and services</b>			
Water supply	126	99	tCO <sub>2</sub> e
Bentonite	3,812	3,812	tCO <sub>2</sub> e
Tyre usage	1,873	1,873	tCO <sub>2</sub> e
<b>3.3 Fuel and energy related activities</b>			
Electricity T&D and WTT	134,409	79,727	tCO <sub>2</sub> e
Fuels WTT	138,567	72,996	tCO <sub>2</sub> e
<b>3.5 Waste generated in operations</b>			
Municipal waste	2,012	2,012	tCO <sub>2</sub> e
Organic waste	1,872	1,872	tCO <sub>2</sub> e
Inorganic waste	10,289	10,289	tCO <sub>2</sub> e
<b>3.7 Employee commuting</b>			
Motorbike	298	288	tCO <sub>2</sub> e
Own vehicle	6,757	6,526	tCO <sub>2</sub> e
Bus	6,186	5,974	tCO <sub>2</sub> e
<b>3.9 Downstream transportation and distribution</b>			
Pellets shipped via rail	143,682	117,153	tCO <sub>2</sub> e
Pellets shipped via vessel	244,185	42,323	tCO <sub>2</sub> e
<b>3.10 Processing of sold products</b>			
Processing of iron ore pellets to steel	13,668,038	7,297,284	tCO <sub>2</sub> e
<b>Total Scope 3</b>	14,362,108	7,642,229	tCO <sub>2</sub> e
<b>Total Scope 3 (excluding 3.10)</b>	694,070	344,945	tCO <sub>2</sub> e
<b>Normalised Scope 3</b>	1.25	1.24	tCO <sub>2</sub> e/t-pellets
<b>Normalised Scope 3 (excluding 3.10)</b>	0.061	0.056	tCO <sub>2</sub> e/t-pellets
<b>Percentage related to steel production</b>	95%	95%	
<b>Percentage change year on year</b>	(1)%	(1)%	

## Appendix – Protecting environments continued

Emissions of other gases (NO<sub>2</sub>, SO<sub>2</sub>, and CO) and dust

	Stationary sources				Mobile sources					
	NO <sub>2</sub>	SO <sub>2</sub>	CO	Solid emissions	NO <sub>2</sub>	SO <sub>2</sub>	CO	Solid emissions	NMVOCs	Other
2021	3,480	1,904	1,482	4,555	2,635	354	3,918	463	675	38
<b>2022</b>	<b>1,764</b>	<b>970</b>	<b>764</b>	<b>1,559</b>	<b>1,188</b>	<b>159</b>	<b>1,868</b>	<b>219</b>	<b>196</b>	<b>7</b>
Percentage	(49)%	(49)%	(48)%	(66)%	(55)%	(55)%	(52)%	(53)%	(71)%	(81)%

## Use of ozone-depleting substances

	2022	2021	Conversion factor CFC-11	2022 CFC-11 (kg)	2021 CFC-11 (kg)
R410A consumption in 2022 (kg)	88	158	0	0	0
R22 consumption in 2022 (kg)	12	29	0.055	0.668	1.595

## Energy consumption by source

Year	Electricity used	Natural gas	Diesel	Petrol	Other liquid fuels	Coal	Sunflower husks	Gasoil	Total
<b>2022</b>	<b>4,507</b>	<b>2,969</b>	<b>1,678</b>	<b>9</b>	<b>20</b>	<b>3</b>	<b>809</b>	<b>995</b>	<b>10,991</b>
2021	7,599	5,878	3,748	13	27	3	1,276	1,217	19,761
Percentage change	(41)%	(49)%	(55)%	(29)%	(25)%	(3)%	(37)%	(18)%	(44)%
Percentage of 2022 total	41%	27%	15%	0%	0%	0%	7%	9%	
Renewable?									Yes

## Energy intensity

	2022	2021	%
Production (iron ore pellets and commercial concentrate)	6.18	11.45	(46)%
Energy consumed	10,991	19,761	(44)%
<b>Energy intensity (tonnage)</b>	<b>1,779.15</b>	1,725.86	3%
Group revenue	1,248.00	2,518.23	(50)%
<b>Energy intensity (revenue)</b>	<b>9</b>	8	12%

## Appendix – Protecting environments continued

### Renewable sources of energy

Renewable electricity (hydroelectric) represented 5% of the Group's electricity consumption in 2022 (2021: 3%), or 1% of the Group's overall energy consumption (2021: 1%). Furthermore, the Group uses biofuels in its pelletiser, which represented 7% of total energy consumption in 2022 (2021: 6%). Collectively, these two activities accounted for 8% of energy consumption in 2022 (2021: 8%).

### Waste generated

Waste Generated (All figures million tonnes)	Overburden (rock)	Overburden (sand)	Total overburden	Tailings (total generated)	Gravel
FY 2021	69.3	43.5	112.7	11.5	1.7
<b>FY 2022</b>	<b>26.5</b>	<b>8.5</b>	<b>35.0</b>	<b>4.9</b>	<b>0.6</b>
Percentage	(62)%	(80)%	(69)%	(57)%	(64)%
				<b>2022</b>	2021
Domestic waste				<b>5,004</b>	10,419
Industrial waste					
– Used moulding sand				<b>2,487</b>	4,611
– Foundry slag				<b>261</b>	516
– Construction waste				<b>10,562</b>	37,867
– Other waste (including railroad ties, faulty and used rubber products and used mill linings)				<b>4,842</b>	8,118
<b>Total waste</b>				<b>23,155</b>	61,261

### Materials used

Materials Used (Tonnes)	2022	2021	% Change
Grinding bodies	<b>34,372</b>	61,466	(44)%
Floatation agent	<b>917</b>	1,538	(40)%
Bentonite	<b>97,215</b>	176,933	(45)%
Limestone	<b>45,248</b>	79,941	(43)%
Dewaterer	<b>1,028</b>	1,726	(40)%

## Appendix – Ethical business and communities

### Summary financials

US\$000	2022	2021
Direct economic value generated (revenue)	1,248,490	2,518,230
Operating expenses	(1,192,046)	(1,411,911)
Included in operating expenses: (but not limited to)		
– Employee costs	(92,144)	(104,018)
– Royalties	(43,461)	(40,871)
– Community support donations	(14,536)	(6,449)
– Suppliers	(540,010)	(697,900)
Operating profit	405,116	1,078,010

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