

## Severstal includes contractor safety in management KPIs

The Board of Directors of PAO Severstal has approved a decision to start disclosing data on industrial injury rates (LTIFR) for contractors working at the Company's production sites, starting from Q1 2021. The Company has already been disclosing this indicator for all its employees for many years.

Contractor safety targets will also be included within the personal KPIs of top management from 2021. Improving the level of occupational safety is one of Severstal's key performance indicators. The annual remuneration of a number of senior employees, including the CEO of Severstal, is directly linked to the Company's occupational safety performance.

### **Alexander Shevelev, CEO of Severstal, commented:**

“Severstal aims to eliminate all fatal injuries from our business, and we work extremely hard to improve safety not only for employees at all levels, but also for the personnel of contractors working at our sites. Our contractors are already contractually obliged to adhere to our strict safety requirements, however, unfortunately, the number of contractor injuries we have seen in recent years is still not acceptable. We have made significant progress in improving occupational safety for our own employees, with the number of injuries having decreased by 2.5 times over the past ten years, the LTIFR indicator for the same period decreasing from 1.33 to 0.65, and reaching 0.50 at the end of the first quarter. We feel very strongly that we must take responsibility for replicating this success with our contractors. Whilst we recognise that this significantly increases the pressure on our managers to further enhance occupational safety standards, and further raises our already ambitious targets, we are confident that the practices we have already developed at Severstal, as well as the initiatives we have planned for the coming years, will help us achieve these targets.”

In 2020, Severstal adopted a new Strategy for Occupational Health and Safety. It involves five basic steps: 1) focus on fatal risks, which involves comprehensive work on the top 10 main risk factors; 2) review approaches to internal audit (today the Company even evaluates events that did not have consequences, but were a potential danger to personnel); 3) review of the process of internal investigation of incidents, considering them as a combination of three factors (technical, procedural and behavioral); 4) focus on identifying the systemic, organizational causes of accidents, using modern methods of analysis; 5) strengthen communication with employees.

The Company is actively implementing innovative technologies to further improve safety (machine vision, control systems, etc.). This work is carried out with three objectives:

- prevent employee direct violations of regulations,
- prevent human entry into the danger zone (elimination of danger),
- monitor employee health and prevent possible health deterioration.

For example, a machine vision camera has been installed in the CherMK steelmaking plant in order to prevent collisions between railway cars and scrap metal shovels. An algorithm has been developed which produces an alert when crane operators position the shovel too close to the railway tracks. Personnel training is also being re-vamped using innovative training methods (daily testing of workers, 3D polygons, VR simulators). In 2020, a total of 5.5 billion rubles was invested in labour protection and industrial safety initiatives.

In 2018, the Company announced public safety goals, which envisage a 50% reduction in LTIFR by 2025 from 2017 levels, as well as the elimination of fatal injuries. By the end of 2020, 64% of this target had already been achieved.

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