



# Contents

Message  
from the CEO

p. 2

About the Group

- 4 — Who we Are
- 5 — Where we Operate
- 6 — What we Produce

p. 4

About this Report

- 7 — Report Boundaries
- 8 — Identification of Material Topics
- 9 — Data Preparation Methodology
- 9 — Assurance

p. 7

Sustainability  
Approach

- 12 — Approach to Sustainability Management
- 16 — Ethics and Business Conduct  
Whistleblowing Line
- 18 — Sustainability Risk Management
- 20 — Stakeholder Engagement
- 24 — Evraz Awards in 2018
- 24 — Memberships of Associations  
and Institutions
- 25 — Direct Economic Value  
Generated and Distributed

Employees

- 28 — Management Approach
- 29 — Personnel Structure
- 31 — Motivation and Employee Engagement
- 32 — Learning and Development
- 35 — Social Policy
- 35 — Goals for 2019 and Midterm Period

Health, Safety,  
and Environment

38 — Health, Safety,  
and Environment Governance

40 — Health and Safety

- 40 — Health and Safety Management
- 40 — Development of the Safety Culture
- 42 — Occupational Injury Prevention
- 43 — Treatment of Occupational Diseases
- 44 — Emergency Prevention and Response
- 45 — External OHS Activities
- 45 — Goals for 2019 and Midterm Period

46 — Environmental Stewardship

- 46 — Approach to Environmental  
Management
- 48 — Environmental Strategy
- 48 — Balancing Water Supply
- 49 — Waste Stewardship
- 51 — Reducing Emissions
- 52 — Boosting Energy Efficiency
- 52 — Protecting Biodiversity
- 53 — Goals for 2019 and Midterm Period

Community Relations

- 56 — Management Approach
- 57 — Relations with Local Communities
- 57 — Key Projects in 2018
- 63 — Goals for 2019 and Midterm Period

Supply Chain

- 66 — Management Approach
- 68 — 2018 Results
- 68 — Goals for 2019 and Midterm Period

Appendices

Appendix 1.

- 69 — GRI Content Index

Appendix 2.

- 73 — Task Force on Climate-  
Related Financial Disclosures

Appendix 3.

- 73 — Scope of Ghg Indicators Disclosure

Appendix 4.

- 74 — Environmental Performance

Appendix 5.

- 78 — Independent Assurance Report



# Message from the CEO

**Dear stakeholders,**

I am proud to present you with EVRAZ first comprehensive Report on sustainability performance. The decision to prepare a separate Sustainability report is a logical step in the Group's continuous efforts to improve the economic, social, and environmental aspects of our operations and is a reflection of our commitment to transparency and corporate social responsibility.

The Group is convinced that creating long-term value and delivering robust operational and financial results are unattainable without the systematic management of sustainability performance. As a global steel and mining company, EVRAZ recognises the importance of ensuring the highest levels of occupational health and safety, engaging and developing employees, protecting the environment, contributing to the development of the regions where we operate, and maintaining mutually beneficial relations with all groups of stakeholders.

A proactive and balanced approach to managing sustainability related issues at all stages of the Group's operational activity forms an integral part of EVRAZ corporate philosophy. The Group strives to integrate best practices in sustainable development

and contributes to attaining the sustainable development goals (SDGs) adopted by the UN General assembly in 2015.

In 2018 the Group delivered impressive results and demonstrated financial and operational resilience. In the reporting year EVRAZ generated EBITDA of US\$3,777 million, our highest since 2008. These results are underpinned by initiatives to boost efficiency and reduce costs, as well as efforts to improve sustainability performance. Healthy financial and operational results allow the Group to expand the areas, scope, and directions of the Group's sustainable development activities and to create value for stakeholders.

One of the most crucial sustainability related projects in 2018 was the construction and launch of blast furnace No. 7 in Sverdlovsk Region (EVRAZ NTMK). The furnace has an annual pig iron output of 2.6 million tonnes and is considered to be one of the "cleanest" in Russia: it increases air purification by 250% and reduces coke consumption by 5 kilogrammes per tonne compared with other operating furnaces. The launch of the new blast furnace allowed the Group to not only significantly improve our environmental performance, but also led to the creation of new jobs.



## OCCUPATIONAL HEALTH AND SAFETY

Mining and steel production are typically associated with high levels of occupational hazards, that is why the Group prioritises the safety of our employees and contractors. The key areas of the Group's approach to managing occupational health and safety comprise developing a culture of safety among employees and contractors, complying with all applicable legislation, and monitoring and managing risk factors.

The Group's key goals with respect to occupational health and safety are achieving

a zero fatality rate, making continual improvements to the safety culture, and attaining a lost time injury frequency rate (LTIFR) value of less than 1 point by 2021. In 2018 the LTIFR was nearly unchanged compared to 2017, and stood at 1.91 per 1 million hours.

Despite the extensive work carried out by EVRAZ to improve our health and safety performance, I deeply regret to report that there were 10 cases of fatalities in 2018 – six Group employees, and four contractors. The Group conducted

thorough investigations into all of these cases and elaborated measures to prevent similar cases from reoccurring in the future.

In 2018 the Group focused on two key new safety initiatives – the contractor safety programme and HSE performance assessment for operations managers. The Group also conducted events for our employees and contractors dedicated to safety, such as the EVRAZ Safety Week and the EVRAZ Safety First youth conference.

## HUMAN CAPITAL MANAGEMENT

The Group greatly values our people and endeavours to create a stimulating environment where each employee is able to fully realise their potential. EVRAZ adopts a comprehensive approach to creating favourable and competitive working conditions, training and developing employees, improving the corporate culture, and implementing an integrated social policy.

EVRAZ pays special attention to the training and development of our personnel and working with young professionals. In 2018 the Group held a number of major educational events, including the WorldSkills programme, the EVRAZ New Leaders programme, and the new corporate training programme Top-300. The Group also

held for the first time ever a mentorship forum, and launched a new project entitled Mentorship. Reloaded.

In 2018 the Group continued with work to enhance and systematise the remuneration system: grading evaluations were conducted and the approach to remuneration reviewed. After this preliminary work is completed, a two-year project will be launched in 2019 to upgrade the payment system used within the Group.

Another key development in 2018 was a project to streamline the EVRAZ organisational structure in accordance with the results of a benchmarking analysis of the structures of Russia's largest metals companies. Currently

the Group is working on optimising the number of management levels, which will facilitate faster decision-making and improved controls.

The Group encourages open and transparent communications and collects regular feedback from employees. Since 2016 EVRAZ has conducted the annual We Are Together engagement survey. In 2018 the geography of the survey was expanded to include employees from the Shared Service Centre, EVRAZ Metall Inprom, and Evraztekhnik. The results of the survey conducted in 2018 showed that the employee engagement level rose by 1 percentage point, to 53%, thus demonstrating a positive trend in employee satisfaction.

## MANAGING ENVIRONMENTAL IMPACTS

Taking a holistic approach to managing environmental impacts is crucial for the Group's growth and business continuity. The principles of minimising negative impacts on the environment and the efficient use of resources are integrated into EVRAZ daily operations.

The Group has an Environmental Management System (EMS) in place, which ensures that environmental risks are mitigated and that all regulatory requirements are met. The EMS also incorporates environmental and social impact

assessments, environmental due diligence, and the management of environmental projects.

In 2018 EVRAZ made significant progress in terms of reducing our negative environmental impacts. By the end of 2018 the consumption of fresh water had fallen by 29%, and an overall share of 111.3% of non-mining waste had been recycled, compared with 104.7% in the previous year. As of December 2018 the Group's total greenhouse gas emissions had declined 6.9% year-on year, while the key air emissions (sum of NOx, SO2, dust and VOC) had fallen by nearly 6.5%.

The Group implements various environmental protection programmes and places a focus on finding new ways to mitigate our impacts on ecosystems. One of the most noteworthy projects completed in this area in 2018 was the rehabilitation of disturbed land at the old EVRAZ ZSMK waste storage area. 17.9 hectares of land were rehabilitated, 2,400 pine seedlings were planted, and the territory was then transferred to the Administration of Novokuznetsk.

## COMMUNITY RELATIONS

The attainment of the Group's strategic goals depends on having a stable economic and social environment in key regions of operation. As a major employer and taxpayer, EVRAZ recognises our responsibilities towards supporting local communities. With this in mind, the Group implements a number of long-term projects aimed at sponsoring and promoting education and sports, the development of infrastructure, and environmental protection and conservation.

At the federal level, in 2018 EVRAZ provided support to the Rogachev Centre for Paediatric Haematology and Immunology, whose aim is to improve the treatment of acute myeloblastic leukaemia in children. The Group also contributes to the development of education and culture by sponsoring the Documentary Film Centre in Moscow, the Garage Museum of Contemporary Art in Moscow, the Yeltsin Centre in Ekaterinburg, and the Novokuznetsk Drama Theatre, the men's volleyball club

Dynamo (Moscow) and the Grand Slam international judo competition in Ekaterinburg.

The Group's commitment to improving the quality of life of people in regions of operation does not stop at large-scale projects coordinated by the corporate headquarters. EVRAZ employee community is actively involved in several voluntary and charitable initiatives, thereby helping people in difficult life circumstances, supporting children, and organising social and sports events. In the medium term the Group is considering creating a volunteers programme to further develop this stream and to support volunteers locally.

EVRAZ will go on working to create shareholder and stakeholder value in the years to come. I am sure that this will only be possible by constantly improving our sustainability performance and by further integrating economic, social, and environmental considerations into the Group's decision-making.

**Alexander Frolov**  
Chief Executive Officer

# About the Group

EVRAZ is a vertically integrated steel, mining, and vanadium business, and is among the top steel producers in the world based on crude steel production. A significant share of the Group's internal iron ore and coking coal consumption is covered by own mining operations. The Group is listed on the London Stock Exchange and is a constituent of the FTSE 100 Index.

The Group Name	EVRAZ plc	CEO	Alexander Frolov
Head Office	Russia, Moscow Belovezhskaya St., 4, Block B	Business Content	Iron and steel making
Other major Offices	London, 5th floor, 6 St. Andrew Street, EC4A 3AE	Establishment	1992

## WHO WE ARE

### Leading industry positions

- A vertically integrated global steelmaker
- One of the lowest-cost global steel producers
- The market leader in construction steel products
- The leading global supplier of rails
- A global leader in the production of vanadium
- The largest coking coal producer in Russia
- A geographically diversified business

### Financially sustainable company

- A 18.6% year-on-year rise in consolidated revenues, which stood at US\$12,836 million
- Consolidated EBITDA amounted to US\$3,777 million and saw a 43.9% increase

### A responsible employer

- 68.4 thousand people have stable employment
- EVRAZ wage ratio is on average 1.5 times higher than wages in the region of presence<sup>1</sup>

### A socially responsible company

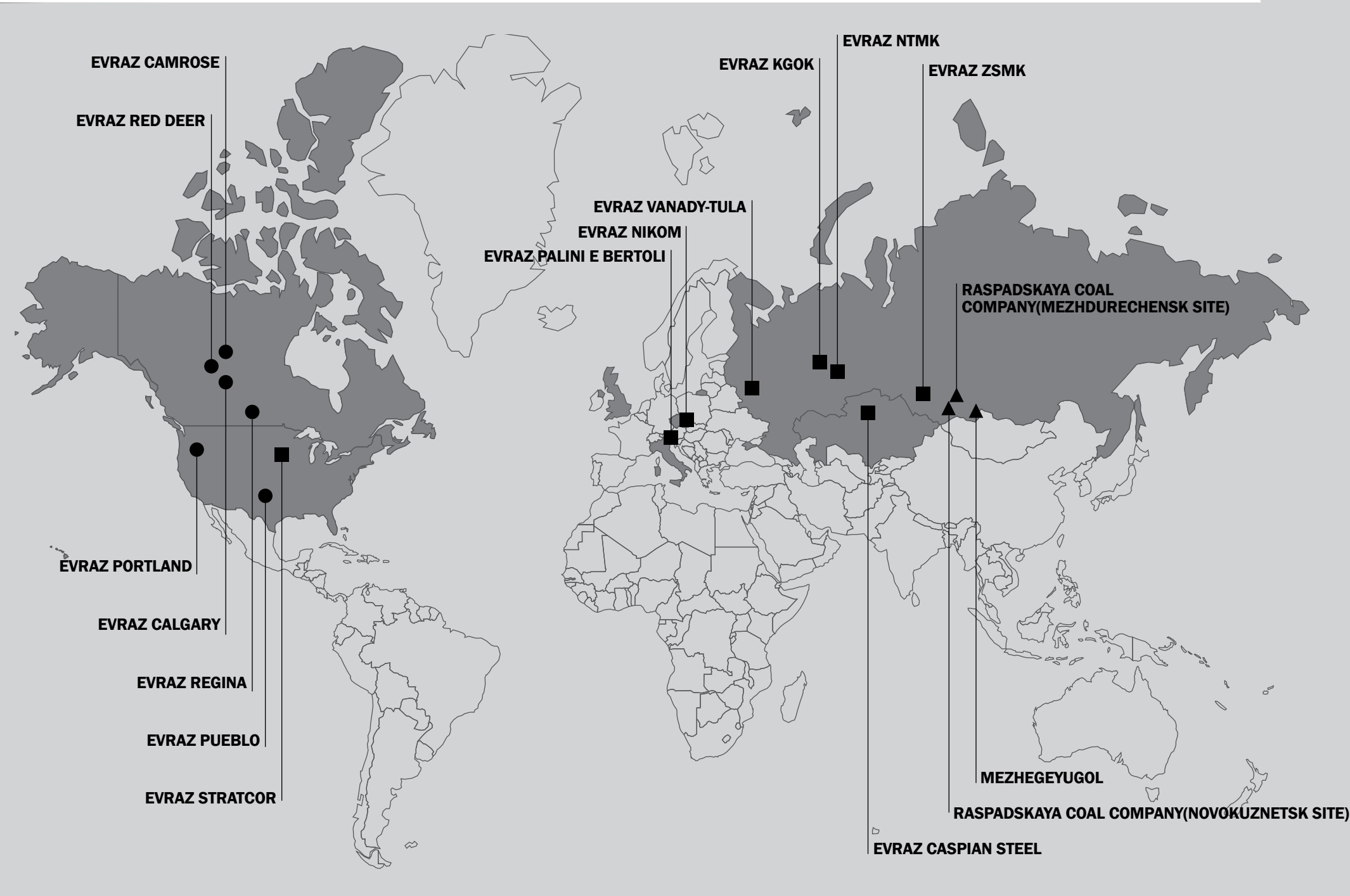
- Fresh water consumption fell by 29.1% compared to 2017
- The Group recycled or reused 111.3% of non-mining waste and byproducts in 2018, vs. 104.7% in 2017
- Key air emissions dropped 6.5% year-on-year
- US\$29.8 million investments to improve environmental performance in 2018

### A safe, healthy, and environmentally sound workspace

- The LTIFR stood at 1.91 per 1 million hours in 2018
- The major metallurgical companies of the group are certified under ISO 14001 and OHSAS 18001
- The number of severe injuries, including to contractors, decreased by 8% year-on-year

<sup>1</sup> The calculation of the indicator included Kemerovo region, Tula region and Sverdlovsk region.

## WHERE WE OPERATE



EVRAZ OPERATES IN 8 COUNTRIES:  
UK, RUSSIA, USA, CANADA, KAZAKHSTAN,  
ITALY, SWITZERLAND, CZECH REPUBLIC.

- Steel segment
- ▲ Coal segment
- Steel, North America segment









WHAT WE PRODUCE

Our product line is very broad and changes depending on a range of criteria, including the customer’s geographical location, specific technical conditions, the purpose of the product, and how it will be used further. We have customers in over 70 countries worldwide. EVRAZ is constantly improving products and services and hence strengthening our long-term relationships with partners and customers.

Our products are used in various industries and meet the highest quality standards. All our products are certified (a number of certificates can be viewed at the English version of the official EVRAZ website).

MAIN AND ANCILLARY PRODUCTS

Type of products		Description
Construction products		EVRAZ steel is used to construct bridges, residential homes, office buildings, and stadiums.
Railway products		EVRAZ is one of the largest and most advanced manufacturers of railway products in the world. In addition to rails, our railway products also include rail tracks for trams and metros, parts for carriages, and railway wheels.
Tubular products		EVRAZ is a leading supplier of large diameter line pipes for oil and natural gas transportation, and is the only supplier of LD pipe that is fully made in Canada. We are also a leading producer of small diameter line pipes used in construction, energy exploration, and production.
Industrial products		EVRAZ is a major player in the industrial market. Our product line serves the following sectors: <ul style="list-style-type: none"><li>mining</li><li>machine-building</li><li>hardware</li></ul>
Vanadium products		EVRAZ is the only full-cycle producer of vanadium in the world, and offers a complete range of vanadium products. The Group produces around 20 high-purity, performance-based vanadium chemicals, and also offers an extensive line of vanadium alloys that can double the strength of mild steel.
Raw materials		For main metallurgical production EVRAZ also extracts such raw materials as iron ore, coal, and limestone. Our own iron ore and coal extraction activities to a large extent cover the Group’s internal needs in this area. In 2018 coal self-sufficiency equalled to 69%, iron ore self-sufficiency – 70%.

We greatly value our clients, and therefore strive to improve not only our products, but also the experience that clients have from interacting with us, and we provide a tailored approach to each of them.

We widely apply a range of modern technologies, and also develop and use mobile apps. For

example, people can view our wheel shop at EVRAZ NTMK in Nizhny Tagil, Russia by downloading our EVRAZ Wheels app from the Apple App or Google Play stores. It is even possible to connect via Google Cardboard glasses and enjoy a virtual reality experience.



About this Report

APPROACH TO REPORTING

The 2018 Sustainability Report (“the Report”) covers the key results of EVRAZ sustainability performance between 1 January 2018 and 31 December 2018, and includes the Group’s plans for 2019 and the medium term.

EVRAZ began preparing annual reports in 2004, and these reports incorporated an extended chapter on Corporate Social Responsibility (CSR). However, for 2018 EVRAZ took the decision to publish a separate

report dedicated to sustainability. The Group’s most recent reports, together with additional information about its sustainability performance, can be accessed on EVRAZ official website: [http://www.Evraz.com/ru/investors/annual\\_reports](http://www.Evraz.com/ru/investors/annual_reports)

In 2018 the Report was prepared in accordance with the Global Reporting Initiative Sustainability Reporting Standards: Core option (“GRI Standards”). In order to ensure compliance with GRI Standards, the

Group’s internal procedures relating to the Report’s preparation were reviewed.

The Report describes EVRAZ sustainable development management practices and was prepared in accordance with the interests of the investment community and other stakeholders. The Sustainability Report is published in both the English and Russian languages.

REPORT BOUNDARIES

The sustainability information contained in this Report covers the performance of the following EVRAZ assets, unless otherwise indicated in the text of the Report or in Appendix 3:

Segment	Company (referenced in the Report)
Steel segment	EVRAZ Vanady Tula EVRAZ Caspian Steel EVRAZ Nikom EVRAZ Palini e Bertoli Italy EVRAZ Stratcor EVRAZ Consolidated West-Siberian Metallurgical Plant (EVRAZ ZSMK) (including Evrazruda) EVRAZ Nizhny Tagil Metallurgical Plant (EVRAZ NTMK) EVRAZ Kachkanarsky Mining-and-Processing Integrated Works (EVRAZ KGOK) Sales, services, and logistics companies
Coal segment	Raspadskaya Coal Company (Mezhdurechensk and Novokuznetsk sites) Mezhegeyugol Coal Company
Steel, North America segment	EVRAZ Inc. NA (including, EVRAZ Portland, EVRAZ Pueblo) EVRAZ Inc. NA Canada (including EVRAZ Camrose, EVRAZ Red Deer, EVRAZ Calgary, EVRAZ Regina)



IDENTIFICATION OF MATERIAL TOPICS

In order to determine and include the most significant content in the Report we conducted a materiality assessment, which was developed in accordance with the requirements of GRI Standards (including using such criteria as “Influence on stakeholder assessments and decisions” and “Significance of economic, environmental and social impacts”).

Based on the results of the analysis, 14 significant topics were identified and approved, including in relation to economic, environmental, and social categories. These topics were also prioritised through a survey of members of the Working Group about the preparation of the Report, held in December 2018.

GRI disclosure requirements were met equally for all topics, irrespective of the priority level. At the same time, topics with a high level of materiality were given special attention in terms of the level of additional detail provided in the Report.

APPROACH TO IDENTIFYING MATERIAL TOPICS

1

Open source analysis

- Analysis of industry trends and risks
- Analysis of public sources about the Company
- Benchmarking material topics disclosed by peers
- Aligning the preliminary list of material topics with the sustainability goals identified as being relevant for the Company and for investors

- Preliminary list of material topics

2

Stakeholder feedback collection and analysis

- Interviews with members of the Working Group, comprising representatives from functional units engaged in managing sustainability related issues
- Analysis of internal/external stakeholder requests and survey results

- Updated list of material topics

3

Compiling a list of material topics

- Approval of the list of material topics by the Working Group

- Agreed list of material topics to be included in the Report

MATERIAL TOPICS

Category	Topic	Page number	Within the Group	Outside the Group
Economic	Economic performance	19, 25, 51	V	V
	Market presence	31	V	V
	Indirect economic impacts	57-63	V	V
	Anti-corruption	16-17	V	V
Environmental	Energy	52	V	-
	Water	46-49,52-53	V	V
	Biodiversity	46-48, 52-53	V	V
	Emissions	46-48, 51-52	V	V
	Effluents and waste	46-50	V	V
	Environmental compliance	46-48	V	-
Social	Employment	27-30	V	V
	Occupational health and safety	38-44	V	V
	Training and education	28, 32-34	V	-
	Local communities	56-57	V	V

DATA PREPARATION METHODOLOGY

The calculation, collection, and consolidation of economic, environmental, and social indicators presented in the Report were carried out in accordance with the GRI Standard reporting principles and requirements and on the basis of the current procedures in place for collecting and preparing management information in the Group.

Financial information is presented in US dollars. If amounts were in Russian roubles,

for conversion purposes the average US dollar exchange rate for 2018 adopted by the Central Bank of Russia was used.

Performance indicators, as well as data on sustainable development, are presented in units of the International System of Units (SI).

Sources of information related to personnel management, labour protection, industrial safety, and environmental protection are mandatory

state statistical forms. On an annual basis relevant departments report via these forms to local governments and the Group’s management.

In order to ensure the comparability of data, the most significant indicators related to the Company’s activities are presented for the previous three years.

ASSURANCE

The Group engaged EY to provide independent assurance of the Sustainability Report in order to ensure the quality, accuracy, and completeness of the reported data.

See Appendix 5. Independent Assurance Report on page 78.

CONTACT INFORMATION

The Group considers and carefully analyses feedback from stakeholders on the completeness, objectivity, and materiality of information disclosed in its sustainability reports, which helps improve our sustainability performance and non-financial reporting processes. We always welcome your suggestions about the

Report and our performance. Please send any questions and suggestions you have to:

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E-mail: [ir@evraz.com](mailto:ir@evraz.com)





# Sustainability approach



## KEY FIGURES

**US\$27** million  
spent on social programmes  
and infrastructure  
maintenance in 2018

**1.91**  
LTIFR per 1 million hours<sup>1</sup>

**68,379**  
employees  
headcount at the end of  
the year

**US\$29.8** million  
Investments related to improving  
environmental performance

<sup>1</sup> Indicator excludes fatalities as well as data on contractors.



## GLOBAL SUSTAINABLE DEVELOPMENT GOALS





KEY EVENTS

Sustainability management

- Preparation of the first sustainability report
- Independent assurance of non-financial information in the sustainability report

Employees

- Benchmarking completed of the organisational structures of enterprises; based on this, management levels will be redesigned in 2019
- Further improvements to employees' medical insurance programmes
- Holding educational events, including the WorldSkills programme, the EVRAZ New Leaders programme, and the new corporate training programme Top-300

- 43,285 employees took part in the survey We Are Together, with a response rate of 75%, which was 1% higher than in 2017
- Launch of The Power of Generations project, in partnership with Komsomolskaya Pravda

Health and Safety

- The Group continues to integrate our contractors into the EVRAZ HSE management system
- The successful holding of educational events in the sphere of health and safety, such as EVRAZ Safety Week and the EVRAZ Safety First youth conference

Environment

- Fresh water consumption dropped by 29.1%
- 111.3% of non-mining waste and by-products were recycled, compared with 104.7% in 2017
- The Group's greenhouse gas emissions declined by 6.9%
- 17.9 hectares of disturbed lands at the old ZSMK waste storage area were rehabilitated

Local Communities

- EVRAZ entered into a new socio-economic cooperation agreement with the administration of the Kachkanar city district, which will be signed in 2019
- Supporting the organisation of events related to the 400th anniversary of Novokuznetsk

APPROACH TO SUSTAINABILITY MANAGEMENT

As one of the top steel producers in the world, EVRAZ is committed to integrating the principles and values of sustainable development into our daily operations. The Group recognises that sustainable development is a key factor in ensuring long-term stability, market

competitiveness, and the ability to create value for stakeholders.

In order to implement the EVRAZ vision for sustainable development at all levels, we have integrated social and environmental


aspects into the Code of Conduct. The code provides an overall direction and vision for the Group's management for conducting business, based on the following principles:

THE EVRAZ PRINCIPLES FOR CONDUCTING BUSINESS


Our principles for conducting business



**Daily improvement**  
By constantly developing and introducing new ideas, we contribute to the sustainable growth of our company.




**Attention to the consumer**  
By constantly improving products and services, we strengthen long-term relationships with our customers and clients.



**Result and responsibility**  
We persistently strive to achieve the set goals and are responsible for the result.



**Active team work**  
We succeed in the team of like-minded people.



**Concern for people**  
Creation of safe working conditions, development of our employees and local communities are an important part of EVRAZ business.

For more details see the Code of Conduct, which is available on the Group's official website: <http://www.EVRAZ.com/governance/documents/>.

The Group works in four main areas in the sphere of sustainable development.

MAIN SUSTAINABLE DEVELOPMENT AREAS OF EVRAZ

Priority sustainable development areas



Economic stability

The Group aims to maintain solid economic growth and create long-term value for the Group.

See the section Ethics and business conduct, p 16-17; and Direct economic value generated and distributed, p 25.



Employee well-being

We strive to ensure for employees safe working conditions, decent compensation packages, and professional development opportunities.

See the sections Our Employees, p 26-35, and Health and Safety p 40-45.



Environmental protection

The Group seeks to reduce adverse and maximise positive environmental impacts from our operations.

See the section Environment, p 46-53.



Local community development

We focus our efforts on fostering economic prosperity, as well as on promoting social and cultural development in our regions of operation.

See the section Local Communities, p 54-63.

In order to build an effective system of sustainable development it is essential to facilitate strong partnerships with our stakeholders. We are constantly engaged in having an open dialogue with stakeholders and we actively implement various stakeholder engagement mechanisms to maintain transparent and mutually beneficial relations.

For more information see pages 20-23 of the section Stakeholder engagement.

In order to ensure that a consistent approach is applied and that best practices are adopted across our global operations we adhere to the OECD's Guidelines for Multinational Enterprises in all of our sustainable development activities.

The Group's commitments are based on the best international standards and practices. We fully endorse the provisions of the United Nations Universal Declaration of Human Rights and respect the civil, political, economic, social, and cultural rights of individuals.

Key documents

EVRAZ has a set of internal documents that regulate activities in the area of sustainable development. The main documents are the following:

- The Code of Conduct
- The Health, Safety and Environment Policy
- Social Investment Guidelines and Sponsorship and Charity Policy
- Anti-Corruption Policy
- The Hotline Policy
- The Policy on Main Procurement Principles

Organisational structure

The management of sustainable development issues is integrated into all levels of the Group's corporate governance system.

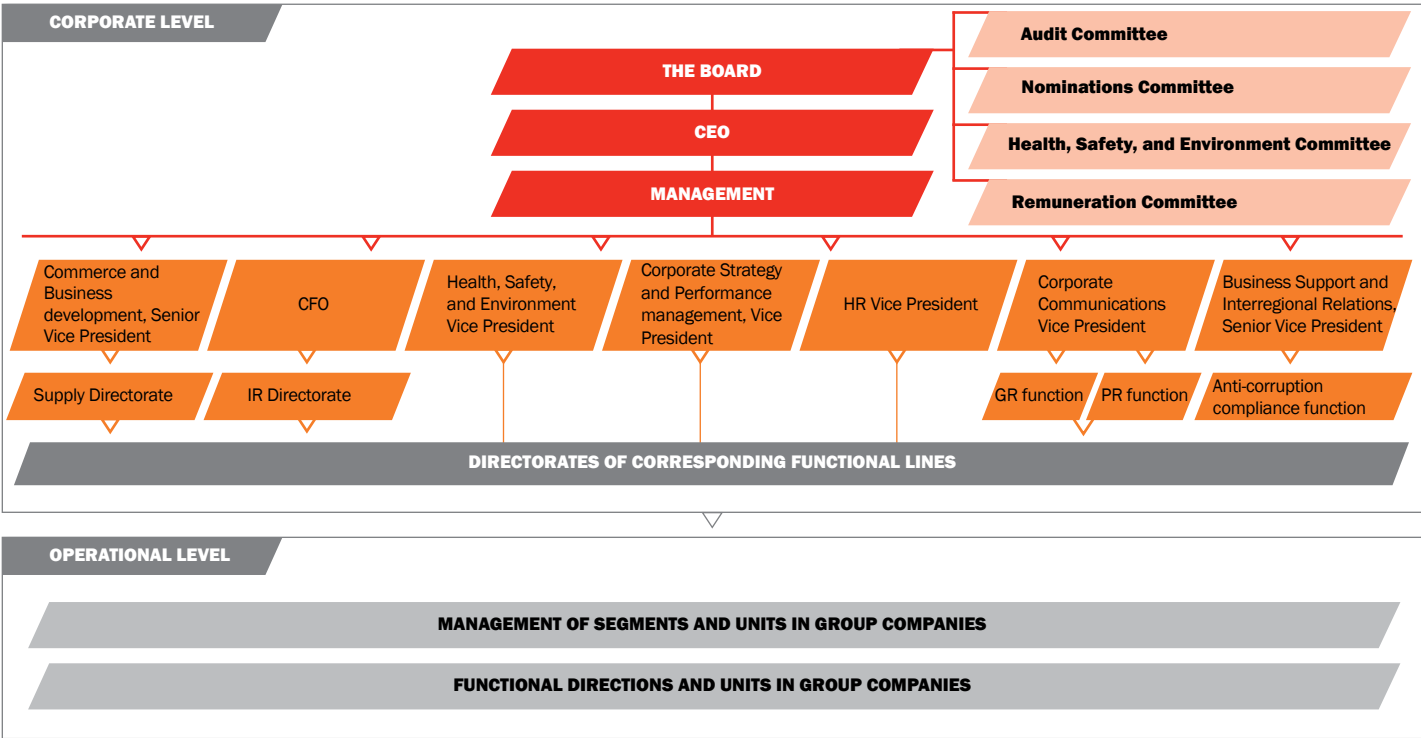
The Group's Board of Directors and committees decide on the general sustainable development direction to be taken by EVRAZ, while the CEO and Management supervise and monitor activities related to sustainable development.

Directorates are responsible for setting targets and performing specific tasks and initiatives according to their functionality, and are accountable to a corresponding Vice President. The managers of segments are responsible for implementing sustainable development initiatives according to their business functions.





SUSTAINABLE DEVELOPMENT ORGANISATIONAL STRUCTURE



Our inputs in attaining Sustainable Development Goals

The Group understands the importance of the Sustainable Development Goals (SDG)

adopted by the United Nations General Assembly in 2015 to address significant economic, environmental, and social challenges.

We strive to make our own contribution to the attainment of global goals,

by implementing fair and transparent business practices, reducing the impacts that our operational activity have on the environment and local communities, and maximising the positive values that we can bring to society.



EVRAZ INPUT IN MEETING SUSTAINABLE DEVELOPMENT GOALS

SDG	Our input
	<b>Ensure healthy lives and promote well-being for all at all ages</b> <ul style="list-style-type: none"><li>Ensuring high medical insurance standards for our employees and their families in the framework of our compensation package</li><li>Supporting projects aimed at promoting healthy lifestyles among our employees, devoting particular attention to young specialists, and in communities of our regions of operation</li><li>Investing in building sports facilities in regions of operation</li></ul>
	<b>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</b> <ul style="list-style-type: none"><li>Providing professional education opportunities for all our staff</li><li>Supporting social projects to facilitate education and to improve conditions in educational institutions in regions</li></ul>
	<b>Ensure the availability and sustainable management of water and sanitation for all</b> <ul style="list-style-type: none"><li>Reducing fresh water consumption including water from surface sources</li><li>Increasing the quality and volume of recycled water</li></ul>
	<b>Ensure access to affordable, reliable, sustainable, and modern energy for all</b> <ul style="list-style-type: none"><li>Decreasing electricity use in each segment of the Group</li><li>Promoting initiatives related to generating electricity in-house</li></ul>
	<b>Promote sustained, inclusive, and sustainable economic growth, full and productive employment and decent work for all</b> <ul style="list-style-type: none"><li>Fulfilling our tax liabilities</li><li>Providing equal social guarantees and creating equal opportunities for high-performance work and professional growth for our employees</li><li>Providing healthy and safe working conditions</li><li>Employment creation in regions of operation</li></ul>
	<b>Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation</b> <ul style="list-style-type: none"><li>Investing in infrastructure development projects in regions of operation</li></ul>
	<b>Ensure sustainable consumption and production patterns</b> <ul style="list-style-type: none"><li>Decreasing the volume of waste generated during production activities</li><li>Increasing the volume of waste recycled</li></ul>
	<b>Take urgent action to combat climate change and its impacts</b> <ul style="list-style-type: none"><li>Reducing CO<sub>2</sub> emissions by lowering the consumption of energy resources and by improving efficiency</li></ul>
	<b>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</b> <ul style="list-style-type: none"><li>Rehabilitation of disturbed lands and landscaping activities</li><li>Restoration of aquatic biodiversity</li><li>Socio-ecological campaigns being managed jointly by municipal administrations</li></ul>
	<b>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</b> <ul style="list-style-type: none"><li>Compliance with applicable legislation, including in relation to human rights protection</li><li>The proactive implementation of anti-corruption and bribery initiatives, discouraging conflicts of interest</li><li>Working with the state authorities to meet the needs of local communities</li></ul>
	<b>Strengthen the means of implementation and revitalise the global partnership for sustainable developments</b> <ul style="list-style-type: none"><li>Implementing and supporting sustainability initiatives promoted by Russian and international sector associations and institutions</li></ul>



ETHICS AND BUSINESS CONDUCT

Approach to promoting fair business practices

An integral part of the EVRAZ corporate philosophy is being committed to the highest standards of ethical business conduct. The Group makes stringent efforts to uphold our reputation of being a transparent, fair, and responsible business. In order to achieve this aim, the Group adopts an attitude of zero tolerance towards all forms of corruption and bribery, and takes a systematic approach to preventing and acting upon misconduct.

The Group places a strong emphasis on ensuring full compliance with all applicable laws and regulations, including the Russian Law “On Preventing Corruption”, the UK Bribery Act, and the US Foreign Corrupt Practices Act. EVRAZ has also elaborated a comprehensive set of internal documents that set forth the norms of ethical and fair business conduct that are expected to be upheld by the Group’s employees. The key documents regulating these matters are:

- The Code of Conduct
- The Anti-Corruption Policy
- The Anti-Corruption Compliance System Policy
- The Anti-Corruption Training Policy
- The Sponsorship and Charity Policy
- The Gifts and Business Entertainment Policy
- The Hotline Policy and whistleblowing procedures
- Candidate background and criminal record checks
- The Conflicts of Interest Policy
- Contractor/supplier due diligence checks

For more information on the contents of these documents, see our corporate web page <http://www.evraz.com/governance/anticorruption/> and the “Short summary of relevant anti-corruption policies” section of the Annual report



These and other documents and policies are communicated to employees and other stakeholders via the Group’s internet site and intranet. The Group expects all our employees and subsidiaries to faithfully comply with the provisions of these documents at all times.

The Group’s Board of Directors and management pay special attention to promoting ethical behaviour and to preventing fraud, corruption, and bribery at all organisational levels. The Audit Committee plays an important role in overseeing the overall efficiency of the Group’s anti-corruption system, and reviews compliance controls, receives updates on ongoing compliance investigations, and monitors issues related to corruption risks.

In order to boost the efficiency of anti-corruption and anti-bribery efforts and to ensure the timely control of these matters, the Group has appointed a corporate compliance manager and local compliance managers at each Material Subsidiary. The responsibilities of compliance managers include monitoring employee compliance with internal documents, investigating reported cases of misconduct and unethical behaviour, and monitoring charity payments and hospitality spending. Compliance managers as part of their duties also vet potential and existing business partners and are involved in monitoring tender procedures, which are typically associated with higher risks of corruption.

All reports regarding potential cases of corruption, bribery, and misconduct are scrutinised by compliance managers. The results of investigations and recommendations are presented to the asset’s senior management, the Group compliance manager, and to the Senior Vice President for business support.

Anti-corruption risk management

The Group adopts a systematic approach to identifying, evaluating, and managing corruption-related risk. At the end of each year, compliance managers carry out a comprehensive analysis of corruption risks across all the Group’s assets and business processes.

The Group takes a targeted approach and focuses on assessing existing controls and procedures in areas and business processes that are particularly exposed to risks of corruption. These areas typically include procurement, payments, sales, charity and sponsorship, business gifts and hospitality, interaction with government authorities, the vetting of business partners, and contract approvals.

The Group is pleased to report that in 2018 the compliance function did not have to initiate any investigations of its own into signs of bribery. This result would not have been possible without the constant efforts the Group has been putting in over the years to develop a world-class compliance system.

For more information on the analysis and management of corruption risks, see the “Anti-corruption and anti-bribery” section of the Annual Report

Raising awareness about ethical business conduct

An important component of the Group’s efforts to prevent corruption, fraud, and bribery is consistently informing business partners and educating its employees about the principles of ethical business conduct and EVRAZ anti-corruption policies and procedures.

The Group takes a proactive approach to updating our employees about the standards of corporate behaviour and the consequences of engaging in bribery and corruption. Since 2015, EVRAZ has been providing ethical business conduct trainings for management, specialists, and administrative staff.

The online anti-corruption training course, developed by Thomson Reuters, covers – among others – the following topics: gifts and hospitality, communication with suppliers, and charity. The training places special emphasis on the importance of raising a concern and consulting with compliance specialists when in any doubt. By the end of 2018 close to 10,000 managers, specialists, and administrative staff had undergone this training.

In order to ensure that employees have an up-to-date understanding of the principles of ethical behaviour, the Group repeats the above-mentioned online training every three years. EVRAZ will continue work to raise awareness among employees about the importance of anti-corruption and anti-bribery, and there are plans to develop additional internal educational programmes on these topics.

The Group understands that informing business partners about the principles of fair business conduct is equally important. EVRAZ takes all necessary steps to prevent misconduct, bribery, and corruption among our suppliers and contractors, by requiring them to become familiar with relevant corporate documents, informing them about the Group’s policy of zero tolerance towards corruption and inserting anti-corruption provisions into all contracts.

Whistleblowing line

EVRAZ is committed to the principles of transparency and openness and encourages all stakeholders to raise any concerns that they have. To this end, the Group operates a whistleblowing line, which serves as a medium for employees and other stakeholders to report any issue that they find suspicious, disturbing, or unethical.

The Group operates two separate whistleblowing lines:

- The Corporate Whistleblowing line for all major plants, including the Siberia region of Steel segment, Urals region of Steel segment, Coal segment, EVRAZ Vanady Tula, and EVRAZ Metall Inprom;
- The EVRAZ North America (“ENA”) whistleblowing line.

The Corporate Whistleblowing line is governed by the Statutes of the EVRAZ Whistleblowing line.

Both lines operate around the clock and reports can be made anonymously, thereby eliminating any risks related to retaliations. All inquiries are registered in the IT system and are handled by executives and specialists responsible for the matter of the inquiry, e.g. HR, HSE, or Security specialists, who analyse them meticulously and develop appropriate responses and solutions. If the individual that has made a report has left their contact details, the Group informs the individual about the status of the report and any actions taken.

All difficult, controversial, or sensitive issues submitted via whistleblowing lines are reviewed by the Hotline Committee (Corporate Whistleblowing line) and the Hotline Team (ENA whistleblowing line), whose members include senior executives. This approach allows the Group to ensure that appropriate measures are taken to address non-standard reports.

The Group is pleased to report that the total number of reports made via whistleblowing lines has been falling over the years. In 2018 there were 28 collusion and fraud-related complaints submitted via the whistleblowing line (ENA is not included). Out of these complaints, six revealed fraudulent intent.

The involved employees were terminated and all necessary measures to improve controls and mitigate related risks were taken.

WORKING PROCESS OF THE CORPORATE WHISTLEBLOWING LINE



NUMBER AND TOPICS OF POPULAR ISSUES RAISED VIA CORPORATE WHISTLEBLOWING LINE, 2016–2018



NUMBER AND TOPICS OF POPULAR ISSUES RAISED VIA THE WHISTLEBLOWING LINE IN EVRAZ NORTH AMERICA, 2016–2018





SUSTAINABILITY RISK MANAGEMENT

Approach to managing sustainability risks

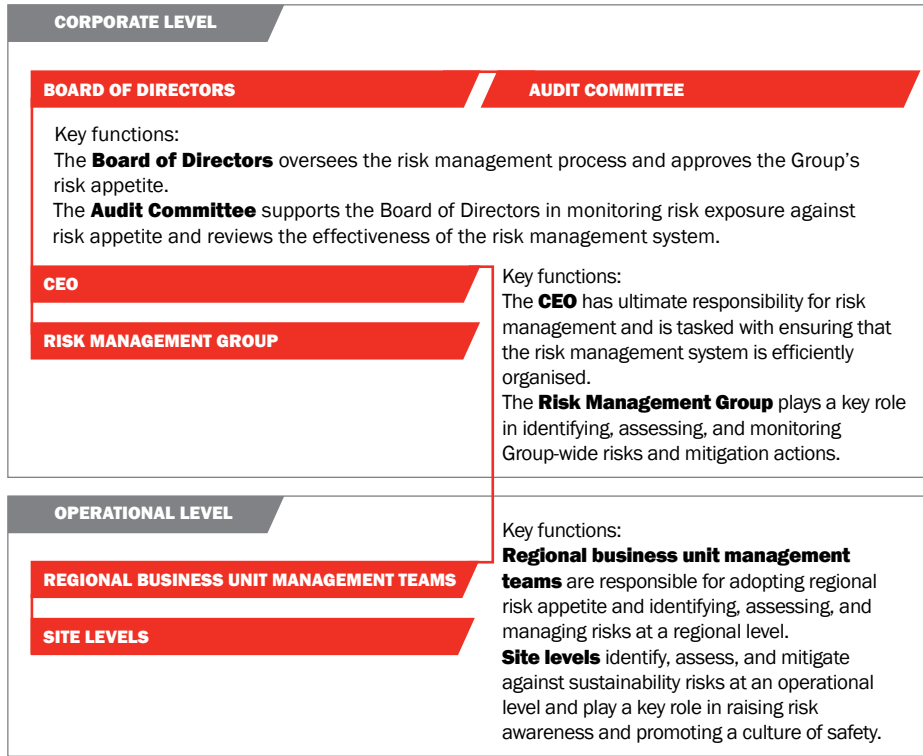
The timely identification, analysis, and assessment of risks, alongside implementing efficient measures for managing them, are crucial for attaining EVRAZ strategic goals and objectives. The Group takes a portfolio view and focuses not only on strategic and financial risks, but also on risks in the environmental, social, and economic spheres.

Adopting a holistic, systematic, and proactive approach to managing sustainability risks is a prerequisite for the Group's long-term success and stable growth. The Group's risk management system encompasses risks both at corporate and operational levels and establishes a single organisational framework for identifying, assessing, and managing risks.

The Group employs the same approach to identifying, evaluating, monitoring, and managing financial and non-financial risks. On a yearly basis the Group reassesses all risks in order to ensure that all of them are accounted for, and that effective risk management measures are developed.

In order to more efficiently control the risks that could have the greatest impact on the attainment of EVRAZ goals, risks are divided into two categories: principal and non-principal risks. Principal risks are those that have the highest speed of impact and volatility and which are, therefore, carefully monitored by EVRAZ management and Board of Directors. Non-principal risks, on the other

SUSTAINABILITY RISK MANAGEMENT ORGANISATIONAL STRUCTURE



hand, are those that are not considered capable of seriously impacting the Group's performance, future prospects, or reputation.

The table below summarises the types of and describes the Group's sustainability related risks and provides an overview the Group's measures to manage them.

For more detailed information on principal risks, their impact, and risk management actions see the "Principal risks and uncertainties" section of the 2018 Annual report.



THE GROUP'S SUSTAINABILITY RISKS

Risk	Description	Risk management actions
Principal risks		
HSE: environment	Risks of adverse environmental impacts and incidents related to air emissions (including greenhouse gases), water, waste, and tailings management, as well as non-compliance with applicable laws and regulations	<ul style="list-style-type: none"><li>Regular monitoring of the environmental risks</li><li>Monitoring changes and ensuring compliance with applicable environmental laws and regulations</li><li>Implementing air emissions and water use reduction programmes at plants</li><li>Implementing waste management improvement programmes</li><li>Certification of most EVRAZ operations under ISO 14001</li><li>Compliance with REACH<sup>2</sup> requirements</li></ul>
HSE: health, safety	Risks related to the potential danger of fire, explosions, and electrocution; breaches of applicable HSE laws; and risks specific to individual mines/plant, such as rock falls, falling objects, and moving machinery	<ul style="list-style-type: none"><li>Including safety performance metrics and standardising critical safety programmes in management KPIs</li><li>Implementing an energy isolation programme (Lock-Out-Tag-Out)</li><li>Further developing a programme of behaviour safety observations, which drives a more proactive approach to preventing injuries and incidents</li><li>Implementing a series of health and safety initiatives related to underground mining</li><li>Implementing maintenance and repair modernisation programmes and a downtime management system</li><li>Further developing the occupational safety risk assessment methodology</li><li>Assessing the effectiveness of corrective measures</li><li>Certification of EVRAZ main steel mills under OHSAS 18001</li><li>Trainings on HSE regulations for employees</li></ul>
Business interruption	Risks related to lengthy outages or production delays, especially in coal mining	<ul style="list-style-type: none"><li>Disaster recovery procedures that are subject to regular review</li><li>Methane monitoring and degassing systems</li><li>Timely maintenance of mining equipment</li><li>Employee safety training</li><li>Detailed analyses of the causes behind incidents</li><li>Ensuring supply chain efficiency and improving supplier relations</li></ul>
Compliance risks (including anti-corruption and anti-bribery matters)	Risks related to non-compliance with applicable laws and regulations, including in the fields of corruption and bribery	<ul style="list-style-type: none"><li>Yearly re-evaluations of risks of fraud and corruption across all assets</li><li>Informing employees about ethical business conduct principles as defined in internal corporate documents</li><li>Anti-corruption trainings for employees</li><li>Inserting a framework clause on anti-corruption in contracts with business partners</li><li>Operation of whistleblowing lines</li><li>Inquiries of Direction of compliance with business procedures into suspicious transactions, activity, or circumstances on its own initiative or received signals</li></ul>
Product competition	Risks related to excessive supply of steel products and slabs on the global market; increased market competition and low demand for construction products	<ul style="list-style-type: none"><li>Developing and improving loyalty and customer focus programmes and initiatives</li><li>Quality improvement initiatives</li></ul>
Non-principal risks		
HR and employee risks	Risks related to a lack of skills, a failure of succession planning, and reduced productivity due to labour unrest or poor job satisfaction	<ul style="list-style-type: none"><li>Monitoring changes and compliance with applicable labour laws and regulations</li><li>Implementing staff training and development programmes and initiatives</li><li>Regular meetings with trade union representatives</li><li>Introducing a grading system and remuneration management principles</li><li>Implementing a human capital development programme</li><li>Collaborations with universities and colleges to improve educational programmes</li><li>Analysing the employee engagement level and how it can be improved</li></ul>
Social and community risks	Risks related to socio-economic instability in regions where the Group operates, deteriorations in relations with local communities and authorities, and loss of the Group's "social licence" to operate	<ul style="list-style-type: none"><li>Taking part in social projects in regions of operation</li><li>Supporting social, infrastructural, sport, educational, and cultural programmes</li><li>Stakeholder engagement and working together with cities and regional authorities</li><li>Local urban infrastructure improvement</li></ul>
Climate change risks	Risks related to climate change and extreme weather events that could lead to business disruptions, shortage of resources, damage to the supply chain, equipment, and reputation	<ul style="list-style-type: none"><li>Implementing air emission reduction programmes at plants</li><li>Participating in developing greenhouse gas emission regulations in Russia</li><li>Implementing energy efficiency projects and, as a result, reducing greenhouse gas emissions</li></ul>

<sup>2</sup> REACH – Regulation (EC) No. 1907/2006 of the European Parliament and of the Council according to which as of 1 June 2007, all chemical substances, mixtures and substances in articles (in some cases) produced in or imported to European Economic Area (EEA) territory above 1 tonne per year are subject to mandatory procedures such as registration, evaluation, authorisation and restriction of chemicals. If chemicals are not registered in accordance with REACH, the products are not allowed to be manufactured in or imported into the EEA.



Risk	Description	Risk management actions
Human rights risks	Risks related to violations of human rights	<ul style="list-style-type: none"><li>Informing employees about the principles stipulated in the Group's Code of Conduct</li><li>Compliance with all applicable laws and regulations</li><li>Yearly disclosure of a Modern Slavery Transparency Statement</li><li>Inserting a framework clause in contracts that obliges Group suppliers to comply with the Group's Code of Business Conduct and which allows the Group to unilaterally terminate a contract if a supplier engages in modern slavery</li><li>Operation of whistleblowing lines</li></ul>
Quality	Risks related to product quality	<ul style="list-style-type: none"><li>Regular monitoring of customer satisfaction levels</li><li>Meetings and feedback sessions with clients/EVRAZ management</li><li>Site visits to production assets</li><li>Production and quality improvement programmes</li></ul>

STAKEHOLDER ENGAGEMENT

EVRAZ places a strong emphasis on building honest and supportive relationships with our stakeholders on our path towards sustainable development. In all business processes we strive to accommodate the interests and concerns of stakeholders, be in compliance with Russian legislation, contractual obligations, and sector regulations, and uphold and respect human rights.

Our main stakeholders are persons or entities whose actions, interests, or safety may be affected by or have a potential impact on the Group's activities.

Various departments of the Group are engaged in the stakeholder engagement process, according to their function.

Communication channels and mechanisms

In order to be sure that our stakeholder engagement approach covers all stakeholder groups and at the same time facilitates two-way communication and feedback, we make use of various communication channels. Despite the fact that our channels of communications vary, we promote a policy of having a unified information field, and strive to express our vision and values to a broad range of stakeholders.

MAIN STAKEHOLDERS AND THEIR IMPORTANCE TO EVRAZ

 <b>Shareholders and investors</b> Shareholders and the investment community finance and determine the Group's overall direction of development	 <b>Employees</b> The attainment of EVRAZ goals is possible only if we have a high-skilled and motivated team	 <b>Customers</b> Client satisfaction and loyalty drive our performance in the long term
 <b>Industry organisations</b> To implement planned sectoral development initiatives we need to enlist the support of the industrial community		
 <b>Media</b> Proactive engagement with the media boosts the quality and transparency of information about the Group	 <b>Local communities</b> The health and well-being of local populations are vital to ensure the sustainable growth of EVRAZ	 <b>Government authorities</b> Maintaining an active dialogue with government authorities facilitates operational stability

TYPES OF COMMUNICATION CHANNELS

 <b>Internal channels</b>	<ul style="list-style-type: none"><li>Corporate TV</li><li>Corporate newspaper</li><li>Internal portal for employees</li><li>EVRAZ Hotline</li><li>Mobile app for employees</li><li>Annual staff engagement surveys</li><li>Interpersonal communication with employees</li><li>Town Hall meetings and other Group-wide events</li></ul>
 <b>External channels</b>	<ul style="list-style-type: none"><li>The media</li><li>Social media</li><li>Official website</li><li>EVRAZ Hotline</li><li>Annual reports</li><li>Face-to-face communication with external stakeholders</li></ul>

In the reporting year EVRAZ continued our work to improve existing communication channels, both for external and internal stakeholders.

To ensure open communication for all stakeholders, EVRAZ has set up a whistleblowing hotline (8-800-555-88-88), as well as an e-mail address ([vopros@EVRAZ.com](mailto:vopros@EVRAZ.com)) available on the official website of the Group (<http://rus.EVRAZ.com/contacts/hotline>). Using these channels any stakeholder can leave a message or call to discuss an area of concern.

Information regarding concerns raised in 2018 is available in the section Ethics and business conduct, see pages 16-17.

Feedback collection

In order to ensure the continuous improvement of the Group's stakeholder engagement process, we also concentrate our efforts on collecting feedback from both internal and external stakeholders. We focus our attention on three main areas:

- An annual reputational survey of external stakeholders (reputational audit)
- Customer satisfaction surveys
- The We Are Together employee engagement survey

Case study



### CUSTOMER FOCUS

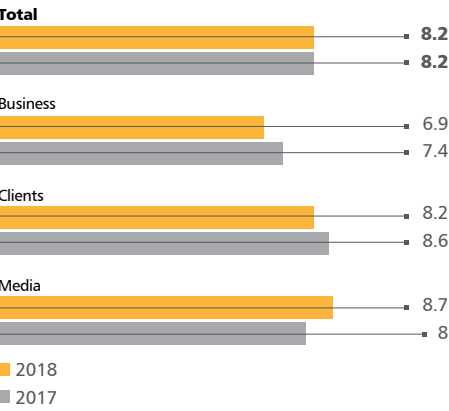
During the reporting period EVRAZ was actively developing the customer focus project, which is aimed at identifying and promoting new ideas to further enhance client services. As part of the project we launched in 2018 quarterly meetings between clients and EVRAZ senior management and the CEO, with a view to boosting the level of trust towards the Group, and to give clients an opportunity to have direct dialogue with EVRAZ top management.

Reputational audit

In order to get an accurate understanding of EVRAZ image and to plan activities and events in the sphere of stakeholder engagement, EVRAZ commissions an annual evaluation (a reputational audit conducted by a third-party), which involves seeking feedback from our main external stakeholders. Government authorities (both federal and regional), reporters, clients, counterparties, and industry associations are asked to provide feedback on a number of aspects, which we deem important for our image.

An individual level of importance is attached to each criteria. We actively track the results of the evaluation, in order to be able to constantly improve our performance and to satisfy the needs

RESULTS OF THE REPUTATIONAL AUDIT BROKEN DOWN BY TYPE OF EVALUATOR, 2017–2018



CRITERIA INCLUDED IN EXTERNAL EVALUATION

Business development success	Financial efficiency	Management efficiency
Quality of products and services	Informational transparency	HR capacity
Ethical business conduct	Attractive employer	Social responsibility



and expectations of our stakeholders. In addition, attaining positive evaluation results is a KPI for PR Department employees. Based on the results of the reputational audit, events and projects are planned, which must be approved by the Vice President and CEO of EVRAZ at a Management Committee meeting.

In 2018 the evaluation results demonstrated that EVRAZ corresponds to the level of 2017 year – 8.2 points.

Customer satisfaction survey

In order to maintain customer services at a high level, EVRAZ annually conducts a client satisfaction survey for the whole Group.

One of the largest metals trading companies in the Group, EVRAZ Metall Inprom (EMI), also

conducted a 5th client satisfaction survey in 2018. Over 800 customers throughout Russia, with a combined share of 22% of EMI sales, took part in the survey, which was conducted by an independent agency through personal phone interviews. The overall result was a satisfaction level of 91% – a 7% increase on 2016. EMI did not conduct a survey in 2017, in order to concentrate on implementing and developing programmes to boost client satisfaction.

Employee engagement survey  
We Are Together

The Group also places special emphasis on the workplace environment, and with this in mind we conduct the annual staff engagement survey We Are Together. The survey is conducted by an independent agency anonymously, in order to obtain the most

objective and honest results. One of the main survey goals is to identify development areas and plan initiatives and events accordingly for implementation in the following year. In 2018, over 43,000 (more than 60%) employees participated in the survey. In general, the survey results indicated that the engagement level is climbing and that we are moving in the right direction.

For more information, see pages 31-32 of the Employees section.

During the ongoing process of engaging with stakeholders we implement a variety of instruments aimed at meeting their expectations.



2018 CLIENT  
SATISFACTION SURVEY

Based on the results of the 2018 survey, EVRAZ scores highly in client satisfaction: 9.01 points out of 10 compared to 8.98 points in 2017. EVRAZ will continue to work actively to increase client satisfaction. Improving clients' personal webpages on the EVRAZ website and further developing the product range are key priorities in this area for 2019.

STAKEHOLDER ENGAGEMENT MECHANISMS IN EVRAZ

Stakeholder groups	Expectations of stakeholders	Engagement instruments	Where to find out more about key projects/initiatives
Shareholders and investors	<ul style="list-style-type: none"><li>Stable growth in economic indicators</li><li>An increase in EVRAZ value</li><li>The Group maintaining a good reputation</li></ul>	<ul style="list-style-type: none"><li>Disclosure of relevant financial and non-financial information</li><li>Participation in Russian/international investment conferences</li><li>The regular hosting of Investor Days</li><li>Organising site visits</li><li>Day-to-day and ad-hoc engagement</li></ul>	<a href="#">The section Corporate governance report in the Annual Report, p. 108</a>
Employees	<ul style="list-style-type: none"><li>Equal treatment and a favourable workplace environment</li><li>Safe and healthy working conditions</li><li>A decent compensation package</li><li>Opportunities for professional development and career growth</li></ul>	<ul style="list-style-type: none"><li>Development of safety culture</li><li>Educational programmes to develop the professional skills of our employees on a regular basis</li><li>Regular interaction with trade unions</li><li>An internal portal for employees</li><li>Annual staff engagement monitoring</li><li>Corporate newspapers</li><li>Hotline</li></ul>	<a href="#">The sections Employees, p. 26-35; Health and Safety, p. 40-45</a>
Customers	<ul style="list-style-type: none"><li>Fair and reasonable pricing</li><li>High-quality Group products</li><li>Uninterrupted deliveries</li></ul>	<ul style="list-style-type: none"><li>Regular monitoring of customer satisfaction levels</li><li>Meetings and feedback sessions with clients/EVRAZ management</li><li>An electronic platform for clients</li><li>Site visits to production assets</li></ul>	<a href="#">EVRAZ website, URL: <a href="http://www.evraz.com/clients/">http://www.evraz.com/clients/</a> (available only in Russian)</a>
Suppliers and contractors	<ul style="list-style-type: none"><li>Fulfilment of contractual agreements</li><li>Transparent selection process</li><li>Maintaining an ethical approach to doing business</li></ul>	<ul style="list-style-type: none"><li>Negotiating with potential suppliers</li><li>Electronic platform for suppliers</li><li>Educational programmes for contractors to ensure a high level of workplace safety</li></ul>	<a href="#">The section Supply Chain, p. 64-68</a>
Government and regulatory authorities	<ul style="list-style-type: none"><li>Adherence to regulations and making timely tax payments</li><li>Social and economic development of regions</li><li>Reducing harmful impacts on the environment</li></ul>	<ul style="list-style-type: none"><li>Disclosure of information concerning the Group's social, economic, and environmental performance</li><li>Agreements on the socio-economic development of the regions</li><li>Regular meetings with representatives of the government and regulatory authorities at federal, regional, and local levels</li></ul>	<a href="#">The section Communities, p. 54-63</a>
Local communities	<ul style="list-style-type: none"><li>Jobs for the local population</li><li>Assistance in resolving social, environmental, and economic issues</li><li>Minimising negative impacts on the environment</li></ul>	<ul style="list-style-type: none"><li>Implementing a variety of social, infrastructural, and environmental projects based on the needs of local communities</li><li>Organising social events for the populations of regions</li><li>Holding direct dialogues with local communities</li></ul>	<a href="#">The sections Supply Chain, p. 64-68; Communities, p. 54-63</a>
Industry organisations	<ul style="list-style-type: none"><li>Cooperation and support through joint initiatives</li><li>Proactive participation in conferences/forums</li></ul>	<ul style="list-style-type: none"><li>Organising and participating in conferences as well as other industry events</li><li>Initiating and supporting a variety of social, economic, educational, and environmental projects</li></ul>	<a href="#">The section Memberships of associations and institutions, p. 24</a>
Media	<ul style="list-style-type: none"><li>Maintaining an open dialogue and active interactions</li><li>Timely and sufficient responses to requests from the media</li></ul>	<ul style="list-style-type: none"><li>Hosting regular press conferences</li><li>Supporting and initiating mutual communication projects</li><li>Supporting regional TV channels/newspapers</li><li>Organising site visits</li></ul>	<a href="#">EVRAZ website, URL: <a href="http://www.evraz.com/media/">http://www.evraz.com/media/</a></a>



EVRAZ AWARDS IN 2018

Award/Contest	Project	Place	Title
Intercomm 2018	Steel Dynasties	I place	Special Look
	Relay of Good Deeds	I place	Charity
	2018 Andrey Sevenyuk corporate ski and snowboarding competition	II place	Lifestyle
CEB Internal Communications Awards	Evraz faces	Shortlist	Innovation in Digital, Social & Mobile Communication
Association of Directors of Communications and Corporate Media in Russia	Special edition of the We Are Together newspaper	I place	Corporate Media
Professional skills competition of the Novokuznetsk Union of Journalists	Evraz News – Siberia	I place	Corporate Media
Corporate Charity leaders contest	Relay of Good Deeds	I place	Volunteers
Corporate media award from Metal Supply and Sales magazine	Evraz News	I place	Steel Industry Editions
Event of the Year award	Business conference of partners and clients in Spitsbergen	I place	Exit event of the year
PROBA ICCO GLOBAL PR AWARDS 2018	Evraz faces	Shortlist	Digital project
Silver threads SN-2018 corporate calendar contest	Corporate Calendar 2018	II place	Best idea in the corporate calendar
AKMR: Digital Communications AWARDS	EVRAZ Steel Generations (joint project with lenta.ru)	I place	Employer & Brand
	The Power of Generations (joint project with Komsomolskaya Pravda)	I place	The Best Content Solution

MEMBERSHIPS OF ASSOCIATIONS AND INSTITUTIONS

EVRAZ is actively engaged in collaborating with prominent industry association and institutions. The Group supports initiatives and conferences and participates in round tables and discussions. As of 2018 EVRAZ was a member of the following organisations:

- The Russian Managers Association (AMR)
- The Russian Union of Industrialists and Entrepreneurs (RSPP)
- The Association of Industrialists of the Mining and Metals Production Sector of Russia (AMROS)
- The World Steel Association (WSA)
- The Russian Steel Association
- The Non-Commercial Partnership National Association for Subsoil Use Auditing (NP NAEN)
- The Association of Railway Equipment Manufacturers
- The Consumer Council on Operations of OJSC Russian Railways
- The Steel Construction Development Association (SCDA)

STEEL CONSTRUCTION  
DEVELOPMENT ASSOCIATION

EVRAZ helped set up the Steel Construction Development Association, which unites all steel construction market participants: producers and suppliers of metal, steel production plants, architectural firms, scientific-research and project-design institutes,

and educational establishments. The SCDA's main aim is to promote the use of steel instead of concrete in the Russian construction industry. The organisation concentrates its efforts in four main areas – see below.

Engineering centre

- Fulfils pre-project proposals and gives expert consultations on facilitating a more rational and effective use of steel structures for SCDA members
- Maintains a database of built objects as well as a catalogue of SCDA participants

Regulatory and technical centre

- Improving Russian regulatory and technical documentation for design, construction, use of building materials

Media centre

- Promoting the benefits of steel construction technology among investors, developers and government agencies
- Holding SCDA round tables and scientific conferences and seminars

Scientific and educational centre

- Implementing training programmes for architects and designers on steel structure designs
- Organising competitions for architecture students and designers
- Establishing the SCDA Technical Library

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

Direct economic value generated and distributed is a metric that indicates the wealth that we create through our operations and the subsequent allocation of our revenue by stakeholder group. Throughout our operational activity we create value for a wide variety of stakeholders, including shareholders, investors, employees, suppliers and contractors, government authorities, and local communities.

The difference between value created and distributed is the economic value retained by EVRAZ, which goes towards further developing our business. We are committed to increasing the value generated and distributed to our stakeholders, as well as to maintaining a high level of transparency and integrity when it comes to information disclosure.

We used information from the audited IFRS Financial Statements of the Group to prepare Table 1 in accordance with GRI recommendations for Disclosure 201-1. In 2018, the value generated by EVRAZ amounted to US\$12,878 million, the value distributed US\$11,708 million, and the value retained US\$1,170 million.

EVRAZ DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED<sup>1</sup>, US\$ million

Item	Stakeholder	2018
<b>Direct economic value generated</b>		<b>12,878</b>
Revenue from sale of goods	Wide variety of stakeholders	12,525
Revenue from rendering of services		311
Revenue from financial investments		18
Other operating income		24
<b>Economic value distributed</b>		<b>(11,708)</b>
Operating expenses	Suppliers and contractors	(7,770)
Wages and other payments to employees	Employees	(1,313)
Payments to providers of capital	Shareholders and investors	(1,915)
payments to shareholders		(1,556)
payments to creditors		(359)
Payments to government	Government authorities	(683)
including income tax expense		(683)
Community investments	Local communities	(27)
<b>Economic value retained</b>		<b>1,170</b>

<sup>1</sup> The information from the audited IFRS Financial Statements of the Company were used to prepare the Disclosure 201-1 in accordance with the GRI recommendation. Data are presented on an accrual basis.





# Employees



## 2018 HIGHLIGHTS

68,379

employees  
headcount at the end  
of the year

7%

voluntary turnover rate

## MATERIAL TOPICS

EMPLOYMENT

TRAINING AND EDUCATION



## GLOBAL SUSTAINABLE DEVELOPMENT GOALS





MANAGEMENT APPROACH

EVRAZ is a large metals and mining business with production facilities around the world, and one of the main employers in regions of operation. The development of our people is one of the main priorities of the Group, because we truly believe that our employees are the key to our success. That is why EVRAZ pays special attention to creating an effective HR management strategy, developing and training our employees, and working with young people. EVRAZ adheres to the following key business principles: respect for people and ensuring equal rights and opportunities.

EVRAZ creates favourable working conditions, guarantees social security, the protection of the employees' rights, and follows

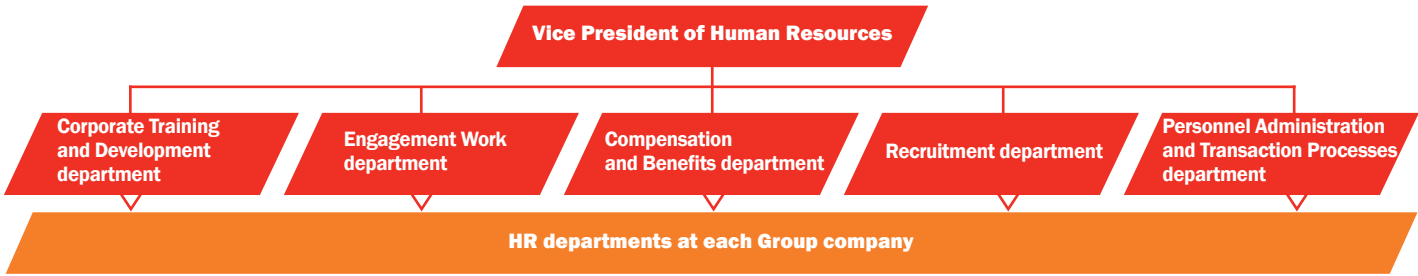
the principles of equality and non-discrimination in our operational activities. Moreover, EVRAZ strictly complies with the requirements of Russian legislation and all applicable international standards. Key EVRAZ documents comprise the Code of Business Conduct, and the Anti-Corruption Policy and Remuneration Policy.

The organisational structure of the Human Resources (HR) department is present at three levels. This stream is spearheaded by the Vice President of HR, who manages five departments: Corporate Training and Development, Engagement Work, Compensation and Benefits, Recruitment, Personnel Administration, and Transaction Processes. In addition, there are HR functions at each company of the Group.

KEY EVENTS

- The Board has appointed two non-executive directors to be involved in town-hall meetings with employees
- Benchmarking the organisational structures of companies
- Implementation of the new Top-300 programme
- The third We Are Together engagement survey
- Launch of The Power of Generations project, in partnership with Komsomolskaya Pravda

ORGANISATIONAL STRUCTURE OF HR DEPARTMENT



Performance as an employer

In order to confirm on a regular basis our status of being a socially responsible employer, EVRAZ participates in various competitions. In 2018 the Russian Metallurgists Association of the Russian Mining and Metallurgical Union for the 15th time held an annual competition among metals and mining industry companies. EVRAZ won awards for the social benefits prescribed in our collective agreements, as well as for our efforts in the sphere of health and safety. In addition, in 2018 the Group's operating facilities received regional awards for HR management and an OEE Award

<https://www.oee-conf.ru/award/about-award/>.

In 2018 an independent of HR matureness analysis was held.

Organisational structure development

In order to attain our strategic objectives, the Group needs to constantly evolve. For EVRAZ it is important that all management decisions are passed onto production lines quickly and efficiently. This requires having an efficient organisational structure in place.

In 2018 EVRAZ completed a benchmarking of the organisational structures of companies, based on the experience of the largest Russian metallurgical companies. The benchmarking encompassed three different aspects:

- The number of management levels
- The span of control
- The number of direct subordinates to top-management

HR specialists reviewed the longest subordination chains broken down by business segments (Steel segment; Coal segment; Steel, North America segment) and compared them against best

practices in the industry. Based on this work, the CEO and Vice President made a decision to update the organisational structure. Work is currently under way to optimise the number of management levels between the Vice President and shop managers.

Staff reduction policy

As part of implementing measures to boost the efficiency of personnel management at EVRAZ, the document "Programme for the Socially Responsible Release and Post-Admission of Personnel of Russian Group Companies and Their Subsidiaries" was approved. This programme regulates activities on headcount reduction initiatives to improve the efficiency of companies, and is intended to help released employees find employment and provide them with financial support.

For more information, see page 83 of the Annual report.

Case study



2018 HR MATURENESS ANALYSIS

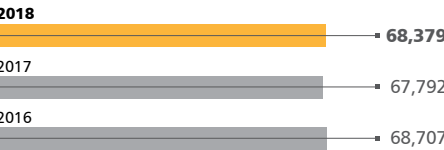
In 2018, the HR function of EVRAZ underwent an independent assessment of its maturity. Within this procedure, each HR process was assessed on the following criteria: reporting system, departments' functions, automatization level, regulation of the current process, planning and evaluation models, organisational structure of the HR function, allocation of duties. The assessment covered strategic and managerial aspects as well as the processes delegated to the multifunctional HR-centre responsible for transactional processes of the Group.

According to the results, EVRAZ HR function was generally defined as mature, which corresponds to the industry standard practices. The most advanced HR processes are recruitment, selection and adaptation of staff as well as staff training, career development and planning. The least mature are the aspects of HR analytics, employee experience management and IT-systems in HR.

PERSONNEL STRUCTURE

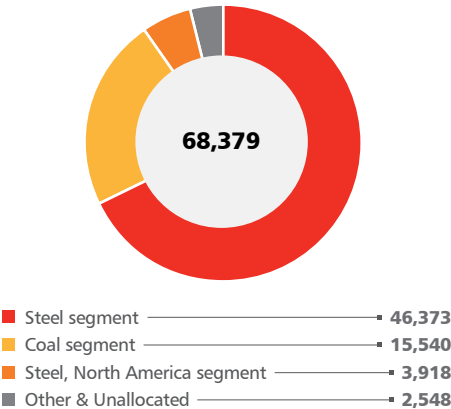
The number of EVRAZ employees in 2018 reached 68,379. Compared to 2017, the Group saw an almost 1% rise in headcount.

NUMBER OF EMPLOYEES AS OF 31 DECEMBER IN 2016–2018, people<sup>1</sup>



<sup>1</sup> The data for 2016-2018 exclude EVRAZ DMZ and assets in Ukraine divested in 2018.

NUMBER OF EMPLOYEES, 31 DECEMBER 2018, BROKEN DOWN BY SEGMENTS, people



Diversity

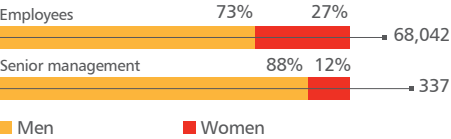
For EVRAZ, diversity is one of the most important factors in business development. Therefore, the Group ensures the equal protection of all employees' rights, irrespective of their race, nationality, gender, age, or sexual orientation. The EVRAZ Code of Conduct establishes a culture of non-discrimination, so that every employee has the opportunity to contribute to our results and to realise their abilities and potential. All employees and applicants are assessed according to their professional skills and qualities, experience, and abilities. Decisions made on grounds unrelated to an individual's job performance (for example a person's race, ethnic origin, sex, religion, political views, nationality, age, sexual orientation, citizenship status, marital status, or disability) are discriminatory



and prohibited by law as well as the principles that prevail in the Group. Child labour, bonded labour, human trafficking and other forms of slavery (known as “modern slavery”) are strictly prohibited at all EVRAZ enterprises and among their suppliers. We are committed to acting ethically and, in so far as we can reasonably do so, to require that our suppliers run their businesses within the same ethical framework.

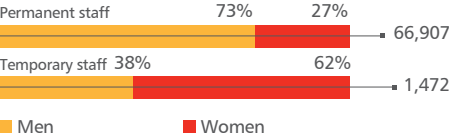
The ratio of men to women in the number of employees and senior management was unchanged compared to the previous year. The low percentage of women in the structure of employees is due to legislative restrictions related to women working in hazardous industries.

DIVERSITY OF EMPLOYEES IN 2018 BY GENDER, BROKEN DOWN BY SENIOR MANAGEMENT<sup>1</sup> AND EMPLOYEES, %

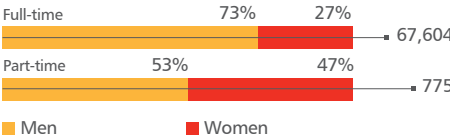


The ratio of men and women in the number of employees working on a permanent and temporary basis are as follows: the majority of permanent employees (73%) are men, while the majority of temporary employees are (62%) women – this is because while women are in parental leave their posts are occupied by other women working on temporary employment contract. Nevertheless, regardless of the type of vacancy, when one occurs temporary employees are prioritised for permanent positions that match their respective qualifications, education, and work experience.

BREAKDOWN OF PERMANENT AND TEMPORARY STAFF BY GENDER, 2018, %

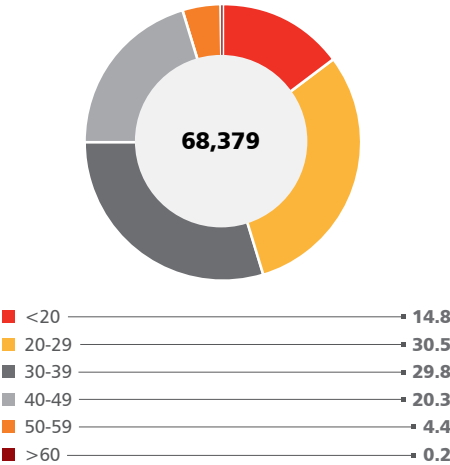


BREAKDOWN OF FULL- AND PART-TIME EMPLOYEES BY GENDER, 2018, %

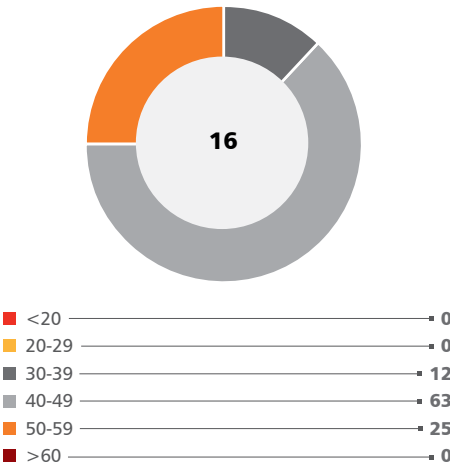


Compared to 2017, the ratio of employees by age group was unchanged.

BREAKDOWN OF EMPLOYEES BY AGE, 31 DECEMBER 2018, %



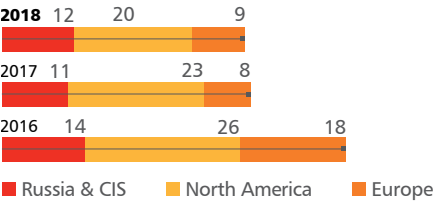
BREAKDOWN OF TOP-MANAGEMENT BY AGE, 31 DECEMBER 2018, %<sup>2</sup>



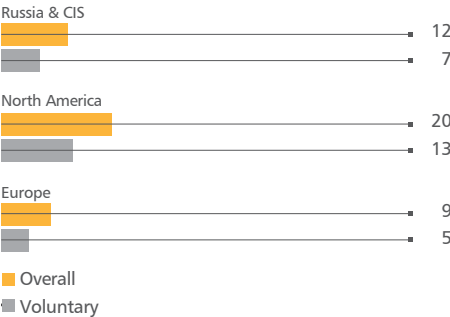
Employee turnover

In 2018, compared to 2017, the percentage of resignations was unchanged. However, the percentage of employees that voluntarily quit their jobs rose by 1%.

OVERALL EMPLOYEE TURNOVER BROKEN DOWN BY REGIONS, 2016–2018, %



EMPLOYEE OVERALL AND VOLUNTARY TURNOVER BROKEN DOWN BY REGIONS, 2018, %



<sup>1</sup> This group comprises CEO, Vice Presidents, directors of production division departments and the directors of all other functions.  
<sup>2</sup> This group comprises CEO and Vice Presidents.

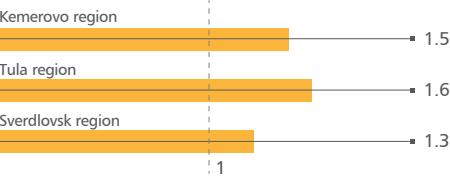
MOTIVATION AND EMPLOYEE ENGAGEMENT

The issue of creating decent and favourable working conditions for employees is an important part of the EVRAZ HR strategy. In order to achieve this, we pay special attention to the motivation of employees – both financial and non-financial. Also, in order to facilitate employees’ achieving better results and producing more ideas, EVRAZ pays special attention to the issue of employee engagement.

Financial motivation

EVRAZ offers our employees competitive wages. The Group seeks to provide employees with a level of remuneration at or higher than mid-market values. At the same time, the level of wages of employees that work under fixed-term contracts does not differ from the level of wages of employees working under permanent contracts. Exceptions are university students who do internships at EVRAZ, as well as employees who work part-time – these do not receive annual bonuses or vacation travel vouchers.

AVERAGE WAGE RATIO, EVRAZ VS THE REGION OF PRESENCE, 2018



In 2018 we continued to work on shifting from a varied payment system at companies to a unified payment system across the Group. Top management approved a project to develop a target payment system in EVRAZ, which will be the same for all companies. Hence in 2019 we will launch a two-year project to complete changes of the EVRAZ payment system.

In 2018 we conducted grading evaluations and approved an annual merit increase review. In addition, the Grading Committee of the Group regularly held meetings to assess new jobs and to update the grading system.

In order to guarantee the competitiveness of wages and the ratio of their fixed and variable (which includes the annual bonus share) components, in 2018 work was carried out to systematise the approach to determining the target structure of the bonus component. In addition, we optimised a long-term incentive programme (LTIP), which made it possible to build a grade-based approach to managing remuneration in the Management Company.

Currently there are 18 grades, each subject to a different salary range. In order to build a proper wage policy, we analyse the data of EVRAZ Russian peers, which are the largest metals and mining companies.

Non-financial motivation

EVRAZ employees are also provided with a broad, non-financial compensation package, which not only meets but exceeds minimum legal requirements. Packages include a voluntary medical insurance programme, additional voluntary insurance against accidents at work, a corporate pension programme, free wellness leave vouchers for employees and their families, and a reduction in mortgage payments programme. In addition, there is a special programme to support former EVRAZ employees who have worked for 10 or more years in the Group.

In 2018 HR Directorate updated the Corporate Awards Policy, which included establishing new corporate work experience awards for employees of the EvrazHolding LLC corporate centre such as awards for 10, 15, and 20 years of experience.

EVRAZ employees receive a comprehensive health-related social package, which is currently comprised of three parts:

- voluntary health insurance (VHI), including variations (for example, additional insurance for industrial accidents)
- Health check-ups (complex express medical examinations for major part of employees)
- Availability of production facility doctors (each employee can visit a doctor without having to leave their production facility)

In addition, every company has decentralised functions which are determined by the company itself. For example, rehabilitation (the issue of vouchers), sports events (competitions), etc. In 2018, during health check-ups, cases of serious diseases were identified, which helped begin respective treatments in time. In EVRAZ there is well-established instant emergency response system in place.

For more information, see the section Health & Safety, pages 40-45.

There are plans to upgrade the health programme for employees and managers in 2019. For Top-300 programme participants we are planning an initiative called Doctor Maintenance, which will help managers adopt healthy lifestyles.

In 2018, in the Siberia region of Steel segment, the pilot project Cafeteria was launched, aimed at increasing the attractiveness of jobs, motivating employees to work more productively, and boosting employee engagement. The project gives employees an opportunity to be compensated, within certain limits, for social service costs that are included on the approved list. To increase the motivational component, the Cafeteria costs fund is divided into two parts: Permanent and Motivational. The Permanent part includes a basic VHI package, payments for meals, corporate events, New Year presents, and the Corporate Awards Policy. The Motivational part includes an extended VHI package, a mortgage programme, children’s health improvement programmes, and sports activity engagement. In November 2018, a Permanent package for employees was implemented, and in May 2019 a Motivational package is planned to be introduced.

Social and labour conditions

It is very important for the Group to ensure decent labour and social conditions for employees. EVRAZ regularly implements and maintains programmes that unify standards for the maintenance of non-production premises. These programmes are aimed at creating comfortable social and living conditions for EVRAZ employees. Overhauls of washing offices, wardrobes, sanitary facilities, and rest rooms are carried out on a regular basis. All work is performed in accordance with unified requirements approved for all EVRAZ companies.

Documents to standardise employee catering are regularly updated in order to establish unified structural and methodological requirements for organising catering at all EVRAZ companies. These documents establish general requirements for organising public catering and stipulate control methods that ensure its health and life safety, as well as the procedure for organising relations among public catering enterprises and between an employee and an enterprise within the scope of public catering.

Employee engagement

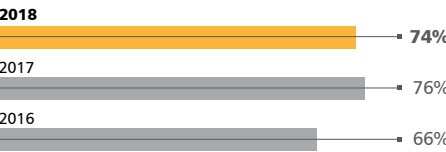
Effective dialogue between management and Group employees is an important part of ensuring that the business develops successfully. EVRAZ is trying to be open to such a dialogue, and for this purpose communication channels such as polls and a hotline are used, and various related events are held.

Since 2016 EVRAZ has conducted an annual research into employee engagement. In 2018 the We Are Together engagement survey was



conducted for the third time. This year, the geography of the survey was expanded, and it was joined by employees from the Shared Service Centre, Trade Company EvrazHolding, EVRAZ Metall Inprom, EVRAZ North America, and Evraztekhnika. As last time, the companies of the Urals and Siberia regions of Steel segment, Coal segment, as well as EVRAZ Vanady Tula and EvrazHolding Management Company took part in the survey. In addition, this year the survey for the first time covered the issue of discrimination. We sought to obtain quantitative results to track engagement level dynamics within the Group, as well as qualitative results during work with focus groups. At the end of December a strategic session was held, where 300 top managers, including the CEO, and shop managers examined the results of the survey and discussed the engagement improvement strategy. It is important for EVRAZ to ensure that each employee is fully aware of this area, hence the survey results were also published in the corporate newspaper and in the Company's intranet. Thus we achieved full disclosure and transparency of the engagement survey results. In 2018, 43,285 employees took part in the survey, with the bulk of respondents having worked at EVRAZ for more than 10 years. The employee engagement survey response rate in 2018 was 75%, which was 1% lower than in 2017.

DYNAMICS OF EMPLOYEE ENGAGEMENT  
SURVEY RESPONSE RATE, 2016–2018, %



At the beginning of 2019 we plan to work with focus groups and hold Town Halls (meetings

LEARNING AND DEVELOPMENT

In order to develop the potential of employees, it is necessary to implement and maintain various staff training and development programmes. In this regard, EVRAZ works in parallel on developing employees, management, mentorship programmes, and interaction with external bodies.

For more information, see pages 84-85 of the Annual report.

In 2018 the average number of training hours per year per employee decreased by almost 11% compared to 2017.

In 2018 EVRAZ continued with the From Foreman to Managing Director programme, whose participants are foremen with an average

Case study



THE POWER OF GENERATIONS

In 2018 a joint project between EVRAZ and Komsomolskaya Pravda, The Power of Generations, was launched: <https://www.kp.ru/best/msk/sila-pokolenij/>

The project consists of six success stories featuring experienced EVRAZ mentors and talented younger employees, and showcases the growing skills and career paths of Evraz people, who also work at the Group's key assets: EVRAZ Kachkanarsky GOK, EVRAZ NTMK, Raspadskaya, and EVRAZ ZSMK. The project underscores the importance of blue-collar professions and seeks to boost their popularity among young people.

of the Vice President and top-managers with employees), where HR department employees will discuss the results of the survey as well as problems identified. Then in the workshops meetings will be held, where each shop manager brings his employees together and they elaborate solutions to boost the engagement level. This communication process repeats every year. In the engagement survey many volunteers are involved. Moreover, there is a cross-functional working group, which comprises trade unions, production employees, and representatives of all target audiences. At the end of 2019 EVRAZ will conduct the survey again in order to evaluate the effectiveness of the measures taken.

One of the key area of working with employees is improving EVRAZ corporate culture. The corporate culture forms an integral element of the Group's success, and inspires employees to fulfil respective goals and objectives. The EVRAZ corporate culture includes advanced communication channels with employees (corporate portal, newspaper, hotline), meetings between employees and management on various issues, and related events.

The Group pays special attention to the creation and preservation of our history, therefore EVRAZ decided to launch a project to popularise the success stories of EVRAZ employees.

age of 40. There are around 4,000 foremen in the Group: first-line managers who interact directly with workers. 98% are appointed from within, hence these are employees that are occupying managerial positions for the first time. The programme serves to help develop managerial skills and competencies, and provides opportunities for managerial growth and development.

Mentorship has always existed in the Group: the production experience exchanges within employees' generations. In EVRAZ a mentor is considered to be a second profession, and a special approach to mentoring is adopted. In December 2018 the first Mentorship Forum was held at EVRAZ ZSMK, and the new project "Mentorship. Reloaded" began at West-Siberian CHP. New approaches to mentorship will be implemented in 2019, and mentorship programmes will continue in all subdivisions of EVRAZ ZSMK, EVRAZ NTMK, and Raspadskaya Coal Company.

In 2018 the Group implemented the Top-300 programme, in which production facility managers participate. Top-300 is a platform for facilitating interaction among managers and between people that are critical within the production chain. EVRAZ CEO Alexander Frolov and Vice Presidents were the first staff to undergo the training. As a result, the CEO and the Group's top managers have become curators for the first 103 programme participants.

EVRAZ not only organises internal training programmes, but also actively interacts with external bodies. This year the Group continued work with the Skolkovo Business School on the New EVRAZ Leaders programme. In 2018 a large selection process was held, and each selected employee was given a promotion opportunity. In 2019 we plan to work with projects sponsored by corporate directors, and the project goal will be the development of soft skills.

Case study

MENTORSHIP

In 2018 the regional competition On the Mentoring Path was held. According to the voting results of jury members, which were presented by employees of Kuzbass industrial companies, teachers of Kemerovo State University and Kuzbass Technical University, EVRAZ ZSMK won. The HR Directorate of the Siberia region of Steel segment and West-Siberian CHP employees presented a mentorship project at the competition. According to Alexei Sovetov, Deputy Chief Engineer for Operational Work at the West-Siberian CHP, a mentor "provides

a newcomer with a feeling of safety and encourages their development, shares knowledge and experience, instils the values and traditions of the company, and helps the newcomer be involved in corporate events and feel as though they are a valued part of the team." All these actions together combine to enhance the development of professionalism and help EVRAZ function more efficiently and harmoniously. There are 2,700 mentors currently working at EVRAZ ZSMK and their number is growing.

Case study

TOP-300



In October a new corporate training programme Top-300 was launched. Its participants are production facility managers from all Group segments. The motivation behind creating a programme was the need to support transformations taking place within the Group. Heads of departments are involved in implementing EVRAZ Business System Transformation (EBS-T) projects as well as other improvements; these work with people and search for development opportunities. The first module, which took place in October, discussed the changes that occur in the Group and the goals that it sets. From 19 November

to 21 November, as part of the second module, a meeting took place in Moscow that included production facility managers and the directors of mines from all EVRAZ segments. The main topics were people – their development, professionalism, and motivation. At the meeting, the standard practices of a leader and the procedures that they should follow when working with people were discussed:

- Providing feedback
- Discussing development issues
- Discussing and explaining goals
- Delegating authority

<sup>1</sup> The figure comprises data on EVRAZ ZSMK (incl. Evrazruda), EVRAZ NTMK, EVRAZ KGOK, Raspadskaya Coal Company, EVRAZ Vanady Tula.



For four consecutive years EVRAZ has been participating in the WorldSkills programme, and is particularly interested in the hi-tech aspect of the programme. In 2018 a Junior section was included, presented by the children of staff and sponsored by educational institutions. All educational centres and training grounds were equipped according to hi-tech international standards.

EVRAZ continues to pay attention to Health and Safety learning. In 2018 all theoretical training was transferred to an online format, while practical training was based on the case study method. Over 30% of the programme features case studies. The focus shifted from tracking the implementation of technological regulations to an analysis of people's behaviour.

For more information, see pages 40-45 of the Health & Safety section.

Case study



EVRAZ NEW LEADERS PROGRAMME

EVRAZ New Leaders is the most popular corporate training and development programme. It was launched in 2009 and continues today. Employees with leadership experience that have been working in EVRAZ for over two years as a senior master can take part. EVRAZ implements the programme in partnership with the Skolkovo Business School. Over the 10 years of the programme's existence, 58 projects have been developed, and there have been 375 graduates. At the same time, 65% of programme graduates receive positions in the first two years after training, while 10% receive positions while still doing the programme.

Case study



WORLDSKILLS

From 21 to 25 May 2018, the III WorldSkills corporate championship was held in EVRAZ. This has morphed into one of the largest professional competitions in Russia. The championship was attended by 100 people, including employees of seven EVRAZ companies, and students and schoolchildren. 92 experts assessed the technical skills of participants in nine competencies. For comparison, in the first championship in 2016 only 25 EVRAZ ZSMK and EVRAZ NTMK employees took part. During the week the EVRAZ training and production centre held competitions to implement various tasks, and hundreds of participants had an opportunity to attend an exhibition of robots and participate in various technical masterclasses.

SOCIAL POLICY

EVRAZ develops, implements and maintains a social policy aimed at improving the level of working conditions and raising employees' living standards. The Group pays special attention to insurance, recreation issues, and working with trade unions.

Work with trade unions

In order to ensure effective cooperation, senior management meets with trade union representatives at all Group facilities at least once a week. In 2018 there were no conflicts or collective labour disputes at the Russian companies of the Group. One of EVRAZ social policy objectives is entering into long-term

collective agreements with trade unions. Until recently long-term contracts were not concluded, hence the Group and trade unions negotiated wages annually. However, in 2018, it was decided to sign a sectoral agreement on wage growth rates for the next three years. The new agreement covers guaranteed minimum wage growth, which is not dependent on performance results. These changes were made in EVRAZ KGOK, EVRAZ NTMK, and EVRAZ Vanady Tula. Thus the Group has ensured the social stability for employees in these regions for the immediate period. EVRAZ has plans to sign similar agreements in other companies.

In order to preserve social benefits and to protect employees, in cases of outsourcing a tripartite

agreement is signed between the Group, the outsourcer, and the main trade union. Under this agreement, if a service or the result of outsourcing affects EVRAZ employees, then trade unions become full participants in the tender procedures.

For more information, see page 85 of the Annual Report.

Under collective agreements, unique benefits are granted to EVRAZ employees. The kindergartens at EVRAZ NTMK should be noted separately: the Group compensates for the additional education of children in kindergartens (provided as compensation to employees).

GOALS FOR 2019 AND MIDTERM PERIOD

- One of EVRAZ priorities in 2019 is to improve the health management system. First, the Group plans to set-up a so-called doctor maintenance facility, where doctors will treat members of senior management. The results of check-ups will be consolidated and recommendations made on future examinations and treatment. Second, EVRAZ plans to integrate all existing medical

- programmes into a single IT-based system, which will serve to improve employees' healthcare.
- In 2019 the Group plans to begin a two-year project to complete changes to the EVRAZ payment system.
- The Group plans to expand the Top-300 programme to include production facility managers and higher positions.

- EVRAZ plans to develop a production mentorship programme within the Group. This will begin with the implementation of new mentorship approaches at West-Siberian CHP, and then in all subdivisions of EVRAZ ZSMK, EVRAZ NTMK, and Rapsadskaya Coal Company.





# Health, safety, and environment

## 2018 HIGHLIGHTS

**1.91**

LTIFR per 1 million hours<sup>1</sup>

**100%**

EVRAZ employees  
completed health  
and safety trainings

**29.1%**

drop in fresh water  
consumption

**6.9%**

reduction in greenhouse  
gas emissions

<sup>1</sup> Indicator excludes fatalities as well as data on contractors.

## MATERIAL TOPICS

OCCUPATIONAL HEALTH  
AND SAFETY

WATER

EFFLUENTS AND WASTE

EMISSIONS

ENERGY

BIODIVERSITY

ENVIRONMENTAL  
COMPLIANCE

## GLOBAL SUSTAINABLE DEVELOPMENT GOALS





# Health, safety, and environment governance

Health, safety, and environment (HSE) management forms an integral part of our business, from strategic decision-making to operational activities. This includes continuously improving processes, management approaches, and control systems as well as providing a unified reporting structure, principles, and policies.

## HSE PRINCIPLES

EVRAZ  
HSE  
principles

All incidents are preventable

Work must not start if it cannot be safely executed

EVRAZ managers at all levels are directly responsible for providing the required level of HSE – not only to employees, but also to contractors and guests at the Group's facilities

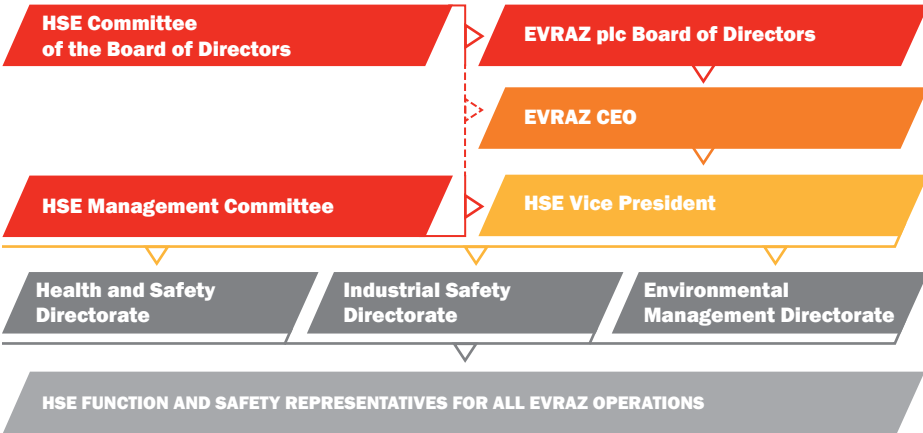
EVRAZ managers at all levels should set an example of being compliant with HSE standards and rules

All EVRAZ employees are directly responsible for their compliance to HSE standards and rules

In order to ensure that this approach is integrated into our operational performance, the Group has developed the EVRAZ HSE Policy.<sup>1</sup> This Policy comprises five core HSE principles and applies to all our employees and contractors.

The HSE Committee of the Board of Directors and the HSE management committee regularly organise meetings on health and safety issues: once every six months and on a monthly basis, respectively. The EVRAZ CEO exercises overall control over HSE activity and approves respective targets in this area. At the executive level, HSE issues are regulated by the HSE Management Committee. The HSE Vice President is supervised by the EVRAZ CEO and reports to the HSE Management Committee. Every Group operation has its own HSE function and safety representatives, which report to segments' general directors, with oversight from the HSE Vice President. In accordance with the EVRAZ HSE Policy, managers at all Group levels are responsible for HSE compliance. All EVRAZ companies report on their performance to the corporate HSE function on a monthly, quarterly, and annual basis.

## HSE CORPORATE MANAGEMENT STRUCTURE



The Group executes a four-phase HSE management process consisting of forecasting, developing initiatives, monitoring, and analysis. In order to evaluate the effectiveness of the HSE management system the Group conducts both internal and external audits.

## HSE MANAGEMENT PROCESS



To ensure that our HSE principles are implemented we perform the following actions, which form the core of the HSE management system:

- Rolling out initiatives to constantly improve HSE metrics
- Applying the best HSE practices
- Taking into account stakeholder opinions, setting HSE standards for contractors and promoting respective compliance
- Developing, measuring, and analysing HSE indicators and assessing how they comply with both external and internal regulations
- Provide transparent information to stakeholders regarding HSE incentives, goals, and results
- Striving to ensure a free and transparent flow of information at all corporate levels, as well as with contractors
- Applying industry best practices to mitigate against operational risks and to promote the rational use of resources
- Complying with all applicable legislation and other regulations

In 2018 EVRAZ operations were inspected by state and internal supervisors on the matter of compliance. Audits of the whole HSE function, processes, structural units, health and safety were conducted. Additionally, environmental risks were identified and external environmental inspections carried out by the corresponding authorities.

## External Initiatives

The EVRAZ HSE principles set forth that the Group is obliged to apply best practices in the industry to mitigate against operational risks, facilitate the rational use of resources, and share information about HSE practices. Thus EVRAZ is an active member of various associations.

## MEMBERSHIP OF HSE-RELATED ASSOCIATIONS

WORLD STEEL ASSOCIATION	EVRAZ is on the Technology Policy (TPCO) and Safety and Health (SHCO) and Environmental Policy (EPCO) committees of the World Steel Association. During committee meetings companies exchange their best industry practices and share materials related to health, safety and environment. The Group integrates the best solutions identified into the HSE management system. In addition, the association discloses the HSE statistics of its participants, which allows us to compare our performance against that of our peers.
RUSSIAN STEEL	EVRAZ participates in all Russian Steel Commissions including the Commission for the Protection of Labour, Industrial, and Environmental Safety and Commission for production, technology, training and education
RUSSIAN UNION OF INDUSTRIALS AND ENTREPRENEURS	EVRAZ is a member of Commission on Mining, Commission on Metals, Committee on Digital Economy and Committee on Corporate Social Responsibility and Demographic Policies.

<sup>1</sup> <http://www.evraz.com/governance/documents/>



# Health and safety

## HEALTH AND SAFETY MANAGEMENT

KEY EVENTS









- Setting up the HSE management committee, consisting of all CEO-1 level executives, which review HSE issues on a monthly basis
- Reviewing the Health, Safety, and Environment Policy
- Revising Cardinal safety rules, adding new ones on transport safety and moving equipment
- The continuous integration of contractors into the EVRAZ HSE management system
- Improving the corporate safety behaviour of employees and contractors through a comprehensive training system, risk assessment, and related events
- Developing transport safety and emergency response programmes

APPROACH

Occupational health and safety (OHS) forms a core part of EVRAZ sustainability activities and long-term success. The strategic goal of the Group is to achieve a zero occupational injury rate by constantly making improvements to the health and safety management system. EVRAZ approach consists of compliance with OHS legislation norms, integrating best practices, and controlling key risk factors, in addition to promoting safe behaviour among employees and contractors.

EVRAZ holds a certificate of compliance with international standards for occupational health and safety: the major metallurgical companies of the group are certified under OHSAS 18001:2007. In addition, EVRAZ entities completed the pre-registration and registration procedures of chemical products in accordance with REACH regulation that promotes human health and the environment goals. REACH compliance eliminate possible regulation risks for our supplies in the European Economic Area.

In 2018 the Health and Safety Directorate revised the Cardinal safety rules of EVRAZ, which are mandatory for all that work at or visit the Group’s operations. Two new rules related to transport safety and moving equipment were added to the existing six.

EVRAZ Cardinal safety rules	
	It is forbidden to be on the territory of companies in a state of alcoholic and/or narcotic intoxication.
	It is forbidden to override protective interlock equipment or security systems without prior authorisation.
	It is forbidden to conceal or distort the circumstances of an HSE incident.
	When working at heights, it is forbidden not to use safety systems for work at height included in the work permit, as well as personal protective equipment against falls
	It is forbidden to not use a seat belt in personal transport on the territory of companies and in motor vehicles of the employer.
	It is forbidden to smoke and/or use open fires in coal mines or other areas where explosive hazards are present.
	It is forbidden to use explosive materials for purposes other than those specified in the Permit-to-Work, or to not return the remnants of explosive materials to the warehouse after blasting operations, or to change the design of a detonator.
	It is prohibited to use machines and equipment not intended for such purposes to transport people.

DEVELOPMENT OF THE SAFETY CULTURE

The corporate safety culture forms a core component of OHS management. In 2018 corporate initiatives focused on improving the corporate safety behaviour of employees and contractors, building a comprehensive training system, further developing the occupational safety risk assessment methodology, and organising events to improve the corporate safety culture, for example EVRAZ Safety Week.

Occupational health and safety trainings

OHS education and trainings are aimed at providing employees with the knowledge and skills that they need to perform their work safely. Each EVRAZ business segment has its own training centre. EVRAZ is legally required to provide health and safety training for employees twice a year, which includes one week of training and an exam. All staff complete tests that comprise questions on working instructions and HSE regulations. Engineering and technical specialists are certified by commissions on their knowledge of safety rules, emergency responses, and annually on HSE as a whole. In addition, employees must a complete test on emergency procedures after extended periods of leave.

In addition to legislative requirements, EVRAZ places great emphasis on practical exercises. Both employees and contractors of all levels undergo training courses and practical tests on various simulators. Coal segment continues to develop “Virtual mine” project, which includes simulators on electrical safety, working at height and others. The Siberia region of Steel segment actively exploits its training centre and plans to expand training facilities next year. In total EVRAZ provides almost 2.5<sup>1</sup> million man-hours on OHS education and training of employees.

Leadership programme for managers

With a view to further enhancing corporate safety behaviour, EVRAZ needs to further improve the level of engagement from managers. Line managers, as part of the overall leadership team, play an essential role in developing the health and safety culture.

Case study

EVRAZ SAFETY WEEK

Я хожу только по безопасным маршрутам

Я всегда думаю о безопасности, своей и коллег

In order to foster a culture of safety at EVRAZ we hold annually the EVRAZ Safety Week. In 2018 the fifth event was held, from 16 to 22 of April, and encompassed various health and safety activities. Employees have an opportunity to get tested for HIV, participate in a quiz on safety practices and procedures, and take part in a campaign where cigarettes are exchanged for health drinks (in canteens at EVRAZ NTMK and Kachkanarsky GOK volunteers collected more than 2,000 cigarettes).

The Safety Week provides an opportunity to discuss important topics, not only with our employees, but also with citizens. This year’s focus was on holding special lessons on transport and fire safety for schoolchildren and students.

Identifying and testing key health and safety risks

The identification of key health and safety risks forms an integral part of the EVRAZ OHS system. The Health and Safety Directorate performs risk assessments and the further development of initiatives with quantitative and qualitative targets. Six main risks account for 70–80% of serious injuries and fatalities at EVRAZ. The top three are rock falls, falling objects, and moving machinery. The identification of health and safety risks was a priority topic at the HSE Strategy Session in 2018.

During the HSE Strategy Session it was also decided to update safety tests for employees. Instead of testing how familiar employees are with health and safety regulations, the Group will now focus on testing adherence to regulations, by introducing a case study approach to testing. The topic of risk identification has been incorporated within case studies and employees are also given practical tests.

In order to mitigate against safety risks related to the human factor, psychophysiological tests were developed to assess personal risk tolerance. In 2018, in the Siberia region of Steel segment, the psychophysiological testing of electricians and blasting professionals was performed. In 2019 it is planned to test metalworkers and machine operators. In the next reporting period psychophysiological testing is also planned for the Urals region of Steel segment.



In 2018 we launched a leadership programme for line managers, which forms part of a larger programme to build commitment to health and safety issues among all EVRAZ employees and to foster safe practices at operations. The leadership programme includes criteria for determining safe behaviour from managers, evaluating actions, and HSE-related feedback sessions.

EVRAZ updated the effectiveness evaluation system for managers, which now includes metrics on HSE engagement. In 2018, 41 subdivisions of the Siberia region of Steel segment conducted evaluations of managers; a further 50 subdivisions will conduct evaluations in 2019.

In addition to developing leadership programmes for line managers, EVRAZ is keen to involve employees of all levels in developing the safety culture.

Behaviour safety conversations and safe work procedures

Behaviour safety conversations and safe work procedures make up another part of the EVRAZ safety culture programme, and aim to raise awareness and engagement among employees.

These instruments help record unsafe behaviour and remedy it before any incident occurs. In previous years our focus was on developing a practice of behaviour safety conversations and creating internal IT solutions that record the number of these conversations and track trends and remedial actions. In 2018 we mainly focused not on the number of conversations and observations performed by managers, but on their quality.

In addition to a previously developed quantitative assessment indicator, a qualitative indicator was introduced. Each behaviour safety conversation and observation held by a manager is evaluated on a three-point scale system. A manager receives one point for recording a violation of safety rules; for example, the incorrect use of personal protective equipment. Two points are given to a manager in the event of a recorded change in behaviour from an employee after a safety conversation. Lastly, three points are given if there is an improvement to a previously developed safe work procedure or other aspect of corporate safety. As well as the three-point scale system, a unified format of safety conversations was introduced. A successful pilot project was launched at EVRAZ ZSMK. There are plans to introduce changes at all Group enterprises in 2019.

<sup>1</sup> The figure comprises data on EVRAZ ZSMK (incl. Evrazruda), EVRAZ NTMK, EVRAZ KGOK, Raspadskaya Coal Company.



OCCUPATIONAL INJURY PREVENTION

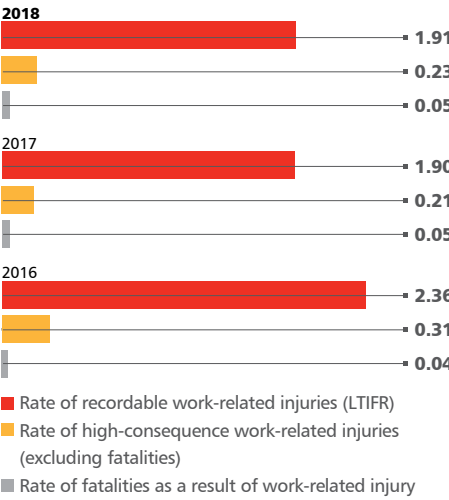
Preventing occupational injuries of any kind is a top priority of the EVRAZ OHS management system. We constantly monitor parameters such as LTIFR, number of fatalities, and other injury types in order to ascertain the main risk categories and to develop appropriate measures.

LTIFR

The lost time injury frequency rate (LTIFR) is a strategic KPI for EVRAZ. We have set a target indicator for 2021 and use a holistic approach to achieving an LTIFR value of less than one point. Target KPIs are cascaded down throughout the Group in individual management performance scorecards. In 2018 EVRAZ achieved an LTIFR of 1.91, which excludes fatalities, comparable to the LTIFR of 1.90 recorded in 2017. A significant LTIFR improvement was recorded at the Coal segment, which in 2018 saw a 16.4% year-on-year reduction. In other EVRAZ segments LTIFR improvement was not recorded in 2018. We expect to improve LTIFR rates in further periods by enhancing our focus on learning from past incidents, integrating associated best practices across the Group, and implementing HSE initiatives and programmes.

EVRAZ makes constant efforts to enhance our reporting system and in this regard implements new standard operating procedures, improves the corporate safety behaviour of employees and contractors, and continually develops the occupational safety risk assessment methodology.

INJURY RATES, PER 1 MILLION HOURS (EXCL. CONTRACTORS), 2016–2018<sup>1</sup>

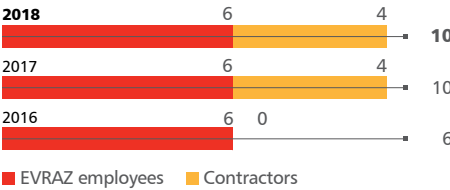


<sup>1</sup> The data for 2016-2018 include EVRAZ DMZ and assets in Ukraine divested in 2018.

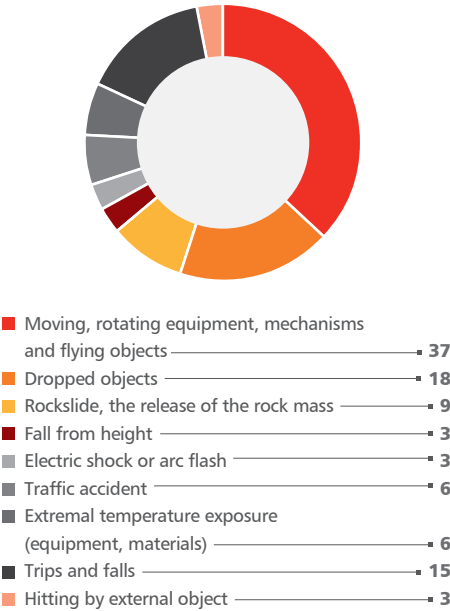
Fatalities

To our great regret, in 2018 EVRAZ experienced six employee fatalities and four fatalities among contractors. The HSE Committee investigates each incident in accordance with the safety performance monitoring system. EVRAZ provides assistance to the families of victims and takes all necessary measures to prevent the reoccurrence of fatalities. The top three risk categories involving fatalities were rock falls, falling objects, and moving machinery. The main identified risk categories were moving, rotating equipment, dropped objects, trips and falls. For each risk category EVRAZ organises HSE initiatives which are implemented by the corporate function and operational divisions.

FATALITIES AMONG EMPLOYEES AND CONTRACTORS, 2016–2018



MAIN TYPES OF HIGH-CONSEQUENCE WORK-RELATED INJURIES AND FATALITIES IN 2018 (INCL. CONTRACTORS)



INVESTIGATION RESULTS INTO FATAL INCIDENT AT EVRAZRUDA

In 2018 Evrazruda completed an investigation into a fatality that occurred at the Tashtagol mine on 21 December 2017. An electric locomotive driver attempted to retrieve by using a metal brace a trolley that had become derailed. Upon entering a hazardous area the trolley moved and the driver was pinned against a board.

The dispatcher was instantly informed about the incident. An ambulance arrived within 30 minutes and confirmed the driver's death, the cause of which was deemed to be severe brain damage.

After the incident, Evrazruda revised the method of railing trolleys and included a special training simulator that helps employees to acquire necessary skills while working with trolleys. In addition, the process of repairing trolleys is now under supervision of site managers.

Transport safety

Transportation vehicles are used extensively in EVRAZ operations, both in production processes and in transporting employees to Group facilities. In 2018 EVRAZ paid significant attention to improving transport safety among employees, and implemented a transport safety initiative at all companies. From 2018 EVRAZ begun purchasing only buses that equipped with three-point seatbelts in order to ensure the safety of passengers in the event of an accident. The belts have already proved effective. In 2019 a safe driving campaign for all passenger transport drivers, which will include a training entitled Safe Driving Practices, will be introduced. From 2020, all freight drivers will also participate in the campaign.

Monitoring safety performance

The effective prevention of occupational injuries is impossible without a system to monitor safety performance. The recording and classification of OHS-related incidents, including work-related injuries and illnesses, are performed using a corporate software system. EVRAZ takes measures to prevent potential misrepresentations of data related to incidents. Each reported incident is double-checked in order to correctly determine the severity of an incident. In addition, every employee has an opportunity to report cases of information being withheld in relation to a work-related incident, using the EVRAZ Hotline. In 2018, 109 cases were reported by EVRAZ employees regarding Health and Safety issues. After adding an incident to the system, each case is assessed and, where necessary, investigated, to determine the root causes and to develop appropriate remedial measures. The incident investigation process is set forth in the EVRAZ Instruction On Emergency Procedures, which was updated in the reporting period.

TREATMENT OF OCCUPATIONAL DISEASES

Compliance with OHS-related regulations is a key component of providing a healthy and safe working environment for our employees. In accordance with these regulations the Group insures all EVRAZ employees against work-related accidents and occupational diseases. This insurance covers expenses related to the treatment of all occupational illnesses. EVRAZ also provides financial assistance to employees where necessary. Employees in need of extended medical treatment are eligible for additional compensation.

In addition to legislative requirements, EVRAZ organises health campaigns at all Group facilities, which are available to all employees throughout the year. For example, in 2018 in the EVRAZ Urals region of Steel segment Compensation and benefits department issued almost 7,000 health spa vouchers for rest and treatment to metallurgists, miners, and their families. In 2018 in the EVRAZ Siberia region of Steel segment almost 10,500 health spa vouchers were issued. EVRAZ also promotes healthy lifestyles among employees, by organising various active sports events for personnel and their families. In 2018 the youth conference Safety First took place in Kachkanar.

The safety performance monitoring system enables EVRAZ to keep employees informed about incidents and to therefore raise awareness and personal engagement levels. EVRAZ distributes monthly HSE reports to all

personnel, containing data on any injuries and incidents that have occurred in the past month, and also publishes related articles in the corporate newspaper.

INTERNAL INVESTIGATION PROCESS

STAGE 1

**The suspension of operations in the event of a fatality.** The head of the Group's facility makes a decision on the necessity and scope of the suspension.

STAGE 2

**Determining the severity level of an incident and applying a respective investigation procedure.** Incident classification includes fatalities, serious injuries, light injuries, and micro injuries.

STAGE 3

**Reporting.** The report into an incident report is signed by the EVRAZ HSE Vice President and presented to the Management Committee by the managing director of a company.

Case study

EVRAZ SAFETY FIRST YOUTH CONFERENCE 2018

EVRAZ promotes a culture of safety among young employees by organising the annual Safety First youth conference. In 2018, at the Urals region of Steel segment of EVRAZ KGOK, 10 teams took part in the conference, including guests from EVRAZ ZSMK, Rapsadskaya Coal Company and PAO SIBR. Each team presented to a jury technical solutions for improving safety procedures and safety promotion campaigns. All participants were awarded certificates and corporate presents.

Case study

MEDICAL HEALTH CHECKS

During annual medical health checks a number of employees were timely diagnosed with having serious diseases and sent for special treatment. In 2018, 120 EVRAZ employees participated in medical health checks.





Number of registered occupational illnesses

In the reporting period, 256 cases of occupational diseases were recorded at EVRAZ companies worldwide; musculoskeletal and hearing disorders accounted for 82% of these. EVRAZ constantly monitors the working

conditions of workplaces that see the highest health risks, and the Group continues to improve risk-based controls to prevent occupational diseases. Each employee has to undergo an annual medical examination, as well as health checks before beginning employment. A person with a high temperature or blood pressure or under the influence

of alcohol is not permitted to work. The results of examinations help identify risk groups and evaluate whether an employee is fit to work. Employees that are prone to contracting occupational diseases receive treatment at health spas.

EMERGENCY PREVENTION AND RESPONSE

Hazard identification and emergency risk evaluation procedures are regulated by the Provision on the EVRAZ Industrial Safety Management System, which comprises a number of procedures and documents that are used to prevent an emergency rather than deal with emergency responses. Each production facility is assigned a hazard class by analysing the types of hazardous substances used in its production process, previous emergencies at facilities, and the emergency-prevention system. In addition, potential emergency scenarios are developed, and estimations made of how likely it is that they will occur and the most hazardous zones.

EVRAZ is constantly upgrading the documentation base in this area in order to boost the effectiveness of emergency responses. In 2018 the corporate document Instruction on Emergency Procedures was released, which must be applied to all Group’s companies. This corporate document includes

detailed instructions on emergency response actions that include informing, investigation, control and reporting phases. In addition to this instruction, at each EVRAZ companies Emergency Investigation Procedures are developed in accordance with legislative norms.

If an emergency arises, emergency warning system is activated to inform local residents and authorities by the emergency rescue services, such as the Miner Rescue Centre, in accordance with signed agreements with EVRAZ. First aid, transfer services, and respective treatment are provided to any injured persons. For example, Rapsadskaya has a commission to prevent and respond to emergencies and to ensure fire safety. The commission coordinates and warns of natural and technological disasters, manages emergency response assets and works to reduce the damage from incidents.

Case study

HAZARD IDENTIFICATION AND EMERGENCY RISK EVALUATION DOCUMENTS:

- Hazardous Production Facility (HPF) Accountability Map
- HPF Declaration of Industrial Safety
- Action Plan to Localise and Liquidate Emergency Situations at HPF
- HPF Safety Passport

EXTERNAL OHS ACTIVITIES

It is important to EVRAZ to promote and improve our HSE management system through the active involvement of contractors and participation in external associations and conferences.

Contractor engagement

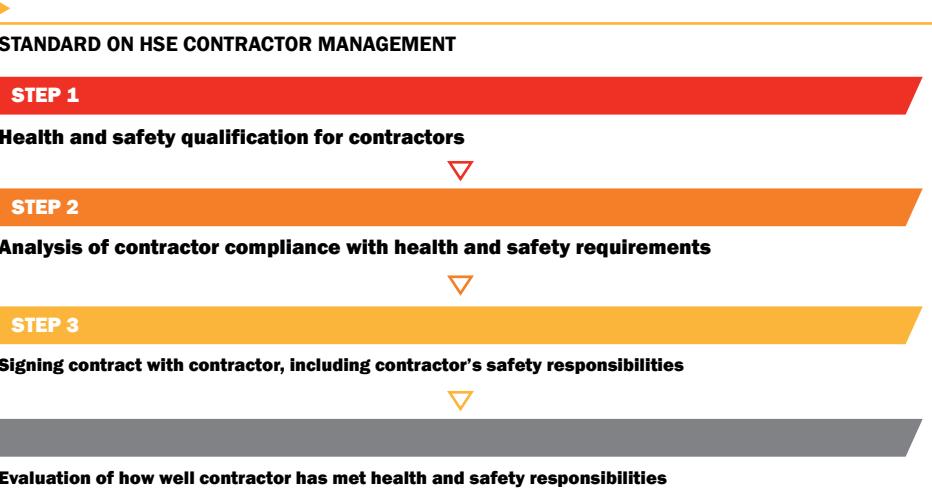
The Group continues to integrate our contractors into the EVRAZ HSE management system. These efforts include increasing contractor’s accountability for HSE performance. Work with contractors is regulated by the Standard on HSE Contractor Management and consists of a four-stage procedure.

In addition to these four procedures, contractors take part in practical EVRAZ training sessions. Contractors cannot be exposed to hazardous work until their practical skills and knowledge have been assessed. Contractors are obliged by the Russian legislation to complete OHS trainings. EVRAZ checks learning protocols of all contractors before they start work. EVRAZ ZSMK also conducts trainings among contractors

GOALS FOR 2019 AND MIDTERM PERIOD

Lockout – tagout – tryout system

EVRAZ implements a lockout-tagout (LOTO) system, which is used to protect personnel against the unauthorised activation of equipment during repair works. The LOTO initiative is scheduled to be completed by 2020. In 2019 it is planned to integrate the LOTO system into 10 facilities in the Siberia region of Steel segment and at 12 – in the Urals region of Steel segment, which would result in a 70% level of integration.



using specialised simulators and tests. Training methods are based on identified risks, task-specific safe work practices, and established safety and health regulations.

Employee engagement

As a part of EVRAZ culture of safety programme, leadership sessions for managers have been developed, with a view to boosting managers’ engagement in developing the health and safety management system and to building their commitment. For the next period we plan to work on integrating operational level employees into health and safety management systems. In previous years EVRAZ actions focused on developing and improving training sessions for employees; in 2019, the focus will be on moving from a safety culture of adhering to rules to a safety culture of personal commitment among not only managers but also operational level employees.

Occupational health services

In 2018, we developed a programme that aims to improve health services for managers. This programme will be performed in 2019 and it includes regular medical check-ups, regular medical supervision, monitoring of following medical prescriptions and developing culture of healthy lifestyle. EVRAZ ZSMK is planned to be the first company to improve health services for managers in 2019.



# Environmental stewardship

## APPROACH TO ENVIRONMENTAL MANAGEMENT

The continuous development of sustainable operations is an integral part of EVRAZ priority strategic goals. As a mining and steel-making company, we aim to reduce the negative impacts caused by our day-to-day operations in order to be compliant with applicable legal environmental requirements and consistent with the expectations of our stakeholders. The Group's multifaceted approach to environmental issues is reflected both in our business strategy and environmental governance structure.

At Management Company level the Environmental Management Directorate handles environmental issues, including in relation to the Group's strategy and KPIs, environmental planning, developing corporate requirements, environment-related data collection and consolidation, environmental reporting, and monitoring respective risks and obligations.

The EVRAZ Environmental Management Directorate is responsible for the majority of environment-related activities, and liaises with the Group's segments on matters concerning our environmental performance.

### Environmental Management System

- In line with our HSE Policy we strive to use the best available technologies and adopt the most reliable management practices, which allows us to accelerate the shift towards sustainability. Our corporate Environmental Management System (EMS) is based on the following principles:
- Coordinating environmental programmes and the Group's development strategy
  - Environmental risk assessment and mitigation, risk-audits of current and prospective assets
  - Risk-based justifications of environmental projects
  - Managing environmental projects in accordance with the management of investment projects, the consideration and approval of such projects by the Management Company, and personal responsibility for project implementations
  - Liaising with the Law department on environmental regulatory issues
  - Continual monitoring and analysis of applicable legislation

EVRAZ recognises a variety of risks and liabilities related to our primary activities and is committed to preventing or minimising environmental impacts caused by steel-making and mining processes. All Group enterprises, therefore, are obliged to perform environmental procedures under the EVRAZ EMS, which is based on the plan-do-check-act (PDCA) model and has been developed for all Group operations to extend the principles of EVRAZ HSE Policy and contribute to attaining EVRAZ environmental targets. EMS procedures are managed by the Headquarters (HQ) Environmental Management Directorate.

### KEY EVENTS

- Installation of the “cleanest” in Russia metallurgy blast furnace at EVRAZ NTMK
- 3,500 trees planted by EVRAZ employees as part of landscaping and land rehabilitation projects
- 72,300 whitebait fish were released into the rivers of the Kemerovo and Sverdlovsk regions in 2018 as part of aquatic restoration activities

### FUNCTIONS OF THE EVRAZ ENVIRONMENTAL MANAGEMENT DIRECTORATE



### KEY EMS PROCEDURES AT EVRAZ

Procedure	Description
Monitoring legal environmental requirements	Aims to keep operational management informed about legislative changes on a daily basis and provide a legal opinion on the implementation of environmental requirements. All significant regulatory changes are reported to vice presidents, the CEO, and HSE Committee.
Environmental risk assessment	Aims to identify environmental risks and develop management measures. The environmental risk assessment approach is consistent with the general risk management framework across EVRAZ. The risks and related management actions are reviewed by vice presidents of the segments, the CEO, and HSE Committee on a quarterly basis.
Environmental commitments assessment	A unified approach to managing environmental commitments to ensure environmental compliance and reduce the risk of failure to fulfil environmental commitments in a timely manner, which could lead to the withdrawal of environmental permits and licences, the imposition of penalties, and the suspension of operations.
Environmental planning	The methodology and approach for setting annual KPIs and budgeting for environmental activities. It is based on legal compliance and risk management principles.
Environmental project management	A unified approach towards the justification and management of environmental projects, based on environmental risk assessment and project management principles. The objective is to ensure that each environmental project has targets, terms, a budget, and resources.
Asset retirement obligation assessment	A unified approach towards providing site rehabilitation estimates, as part of legal obligations related to the retirement of a tangible long-lived asset (i.e. remediation work, such as land rehabilitation, removing underground fuel storage tanks, clean-ups, etc.)
Environmental and social impact assessment (ESIA)	EVRAZ conducts an ESIA for all new operations and projects, which includes consulting with local and regional governments, businesses and community members in the affected area. ESIA's evaluate any potential direct or indirect impacts that the new operation may have on the local community and the surrounding environment. The ESIA process entails creating mitigation plans to minimise and manage any potential impacts, as well as consulting with local communities on any decisions that may be made throughout the project's life.
Environmental due diligence (Audits)	The process established for identifying environmental liability and risks associated both with existing sites and assets being acquired. The process is organised in addition to internal environmental audits and inspections conducted by site specialists.
REACH compliance	The procedure established for maintaining compliance with regulations on the registration, evaluation, authorisation, and restriction of chemicals (REACH).
Corporate environmental reporting (management review)	Establishes the methodology and terms for evaluating EVRAZ environmental performance. The guidelines aim to ensure a uniform approach to collecting and analysing environmental data at the Group's facilities.

We place great emphasis on developing a fundamental environmental management system and, in order to be in line with the best international practices, we certify our production facilities under the ISO 14001 standard. EVRAZ is proud that all our major steel mills had received this certification.

### EVRAZ Fundamental Environmental Requirements

Technological processes in metallurgical production are inevitably linked to environmental impacts. In order to minimise the number of onsite incidents, the Group has developed the EVRAZ Fundamental Environmental Requirements.

Violation of the Fundamental Environmental Safety Requirements shall result in disciplinary action against the managers of the respective structural units and further financial penalty.

EVRAZ is obliged to meet the environmental requirements set by the authorities of the regions where it operates. Monitoring environmental compliance is a key EVRAZ EMS procedure, and is performed on a daily basis.

### EVRAZ FUNDAMENTAL ENVIRONMENTAL REQUIREMENTS

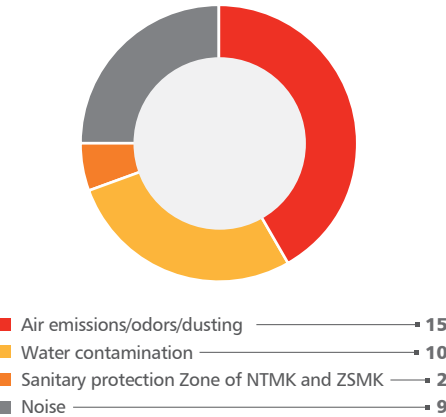
	It is forbidden to shut down environmental control systems without proper authorisation and notification
	It is forbidden to discharge any chemical products (oil, acids, alkali and other liquid products prohibited for discharge under the company's technological requirements) both into sewage systems and on the ground
	It is forbidden to burn or dump production and consumption waste outside designated areas

Expenditure related to improving environmental performance amounted to US\$29.8 million in 2018, compared to US\$28 million in 2017. The total value of non-compliance related fines and penalties stood at US\$2.2 million in 2018, compared to US\$2.6 million in 2017.

In 2018 no significant environmental accidents<sup>1</sup> occurred at the Group's companies. However, in 2018 we registered 36 public complaints, and each of them was thoroughly investigated and feedback was provided. EVRAZ ZSMK and EVRAZ NTMK, which received complaints

concerning air emissions, odors and dusting, are executing “Clear Air” projects [\(for further details, see Reducing emissions pages 51-52\)](#) to reduce such effects of their operation. Rapsadskaya-Koksovaya, which received a public complaint concerning water contamination, is building a new treatment facility to improve the quality of discharged water [\(for further details on our environmental programmes and projects, see Environmental strategy page 48\)](#).

### REGISTERED PUBLIC COMPLAINTS, 2018



<sup>1</sup> Significant environmental accidents (first and second category incidents) comprise massive discharges into natural zones, hazardous emissions, the destruction of reservoirs, and fires at facilities.



Trainings

As part of ongoing efforts to raise awareness of environmental issues among EVRAZ management, environmental specialists, and onsite workers, we regularly conduct various training courses and seminars. These include annual sessions for the HQ Environmental team (which consists of all environmental project leaders), where we hold internal workshops and participate in external events, mainly conferences. Plant workers are given the opportunity to do environmental courses at the EVRAZ corporate learning centre.

ENVIRONMENTAL STRATEGY

EVRAZ addresses environmental issues at a strategic level, hence our environment-related goals constitute a crucial part of the Group’s objectives. Our main focus areas are water management, waste management, and air emissions, since these are most exposed to negative impacts from metallurgical production. In 2017 the HSE Committee adopted three major five-year environmental targets in relation to these topics, as well as a number of programmes aimed at improving overall environmental performance.

By the end of 2018 the Group had made visible progress in terms of the water consumption target – fresh water consumption was down by 29.1%. The overall share of 111.3% of non-mining waste was recycled, compared to 104.7% in the previous year. We succeeded in lowering the greenhouse gas intensity ratio by 1%, and are making steady progress towards achieving our five-year goal.

Environmental programmes

- Key environmental programmes being implemented at EVRAZ companies include:
- The Clear Air national ecological project at EVRAZ ZSMK
  - The Clear Air national ecological project at EVRAZ NTMK
  - Off gas systems update at EVRAZ Vanady Tula
  - Water protection programme at EVRAZ ZSMK and Rapsadskaya Coal Company
  - Coking plant biochemical unit upgrade at EVRAZ NTMK

EVRAZ FIVE-YEAR ENVIRONMENTAL TARGETS

Area	Five-year target (2018–2022)	2018 results
Fresh water consumption reduction	by 10%	by 29.1%
Recycling of non-mining waste and by-products	to 95% per year	111.3% per year
Not exceeding the greenhouse gas (GHG) intensity ratio	to maintain the intensity ratio below two tonnes of carbon dioxide (CO <sub>2</sub> ) equivalent (tCO <sub>2</sub> e) per tonne of steel cast	2.005 tCO <sub>2</sub> e per tonne of steel cast

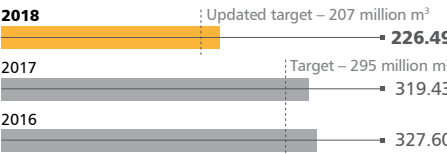
BALANCING WATER SUPPLY

Water is one of the key resources required in the Group’s day-to-day operations, and raising the efficiency of water use and preventing related environmental accidents remain priority areas.

As a part of our five-year environmental targets, we aim to achieve a 10% reduction in fresh water consumption compared to the baseline of 2016. In 2018, the total volume of fresh water consumed for production needs stood at 226.49 million m³, and in the past three years the overall decline in water withdrawn has

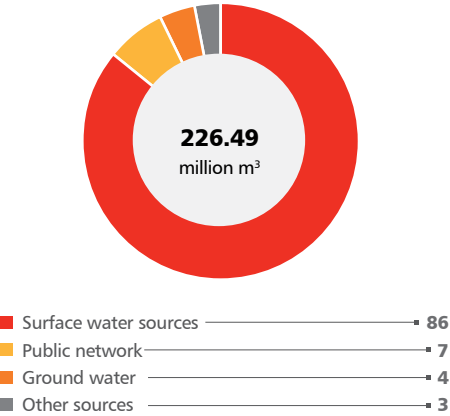
been 31%.<sup>1</sup> Compared with 2017, EVRAZ fresh water consumption has fallen by approximately 93 million m³, which has occurred largely due to the exclusion of some assets<sup>2</sup> whose fresh water consumption comprised around 63 million m³. Water intensity rate (m³ of water used per tonne of steel cast) plummeted by 28.1% in 2018 and equalled to 0.014.<sup>3</sup> Moreover, fresh water withdrawal intensity (m³ of water used per consolidated revenue) also dropped and reached the level of 17.64, compared with 29.5 in 2017.

EVRAZ FRESH WATER CONSUMPTION FOR PRODUCTION NEEDS, 2016–2018, million m³

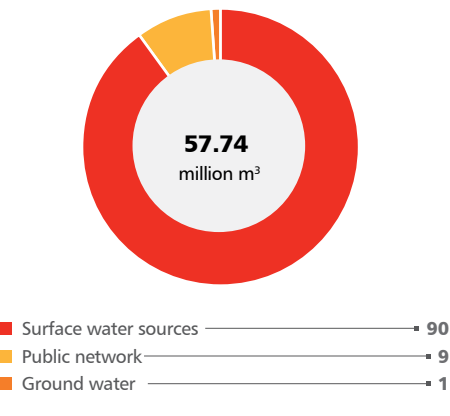


FRESH WATER CONSUMPTION BY SOURCES, %

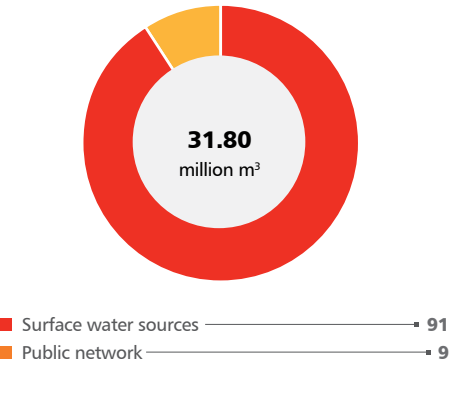
EVRAZ TOTAL



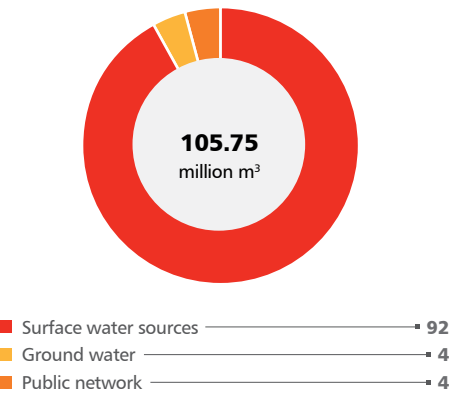
EVRAZ NTMK



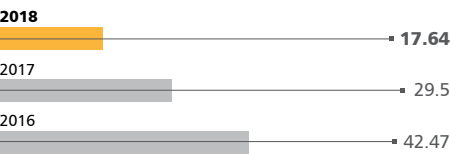
EVRAZ KGOK



EVRAZ ZSMK



FRESH WATER WITHDRAWAL INTENSITY, m³/US\$ revenue



The new five-year target is to decrease fresh water consumption by 10% compared with the baseline of 2016. The Group has set 2016 (231 million cubic metres) as a new baseline, taking into account asset exclusion.

Over 86% of total fresh water is used by EVRAZ NTMK, EVRAZ KGOK, and EVRAZ ZSMK. 91% of their needs are covered by surface

WASTE STEWARDSHIP

EVRAZ operations inevitably entail the generation of waste, such as barren rock, spent ore, and tailings left over from the processing of ore and concentrates. Our ultimate goal is to reduce the amount of waste we produce and to manage it in a rational and non-hazardous way. We first seek to minimise waste at source by improving technological processes and enhancing the quality of our products. Alternatively, we can reuse some

waste types in further operations, e.g. steelmaking, land rehabilitation, road or dam constructions, and heating. Waste that was not utilised in current operations is being safely stored to become a production site later. Under no circumstances do we incinerate or store waste outside of special facilities, in line with applicable legislation and the EVRAZ Fundamental Environmental Requirements.

water, including water from rivers, lakes, and reservoirs. Total water consumption at these sites stood at 201.08 million m³, with fresh water making up 97% of this demand.

A large share (92.8%) of water used for our production is formed by a circulating water supply. This method allows us to reduce the annual fresh water intake and to use water sources in a more rational way. In addition, the Group’s sites implement initiatives to boost the efficiency of water use.

Case study

EVRAZ ZSMK MEASURES TO BOOST WATER USE EFFICIENCY



In 2018, EVRAZ ZSMK (the Group’s largest water consumer: nearly 47% of fresh water consumption) installed new equipment, which led to a drop in annual wastewater discharges and water intake of around 3 million m³. A new slurry thickening facility for gas cleaners replaced the plant’s slurry storage facility that collected water which was used to purify blast furnace gases. Now water is separated from slurry and used in production processes.

Following the installation of new equipment, a 3 million m³ reduction in annual water intake is expected.

<sup>1</sup>The figure comprises data on EVRAZ ZSMK (incl. Evrazruda), EVRAZ NTMK, EVRAZ KGOK, EVRAZ DMZ (sold in 2018), Rapsadskaya Coal Company, Yuzhkoks (sold in 2017), Evraz Sukha Balka (sold in 2017), Nakhodka Trade Sea Port (sold in 2017), Vametco (sold in 2017), Mezhegeyugol Coal Company, Evraz Caspian Steel, Evraz Palini e Bertoli, EVRAZ Vanady Tula, Evraz Stratcor, Inc., EVRAZ Nikom, a.s., EVRAZ Inc. NA, EVRAZ Inc. NA Canada.  
<sup>2</sup>EVRAZ DMZ, Yuzhkoks, Nakhodka Trade Sea Port, EVRAZ Sukha Balka, Vametco.  
<sup>3</sup>The figure comprises data on EVRAZ ZSMK, EVRAZ NTMK, EVRAZ DMZ, EVRAZ Inc. NA, EVRAZ Inc. NA Canada.

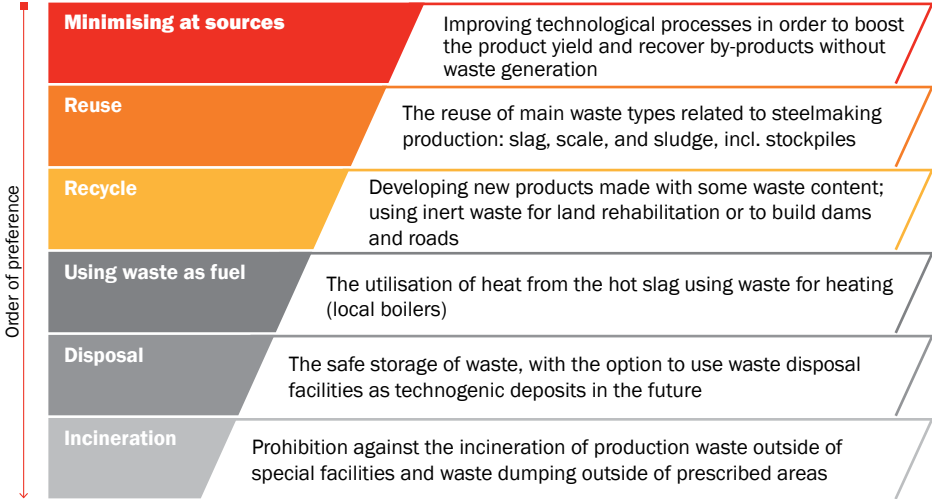


Total non-mining waste and by-product generated by EVRAZ companies<sup>1</sup> in 2018 amounted to 7.95 million tonnes.

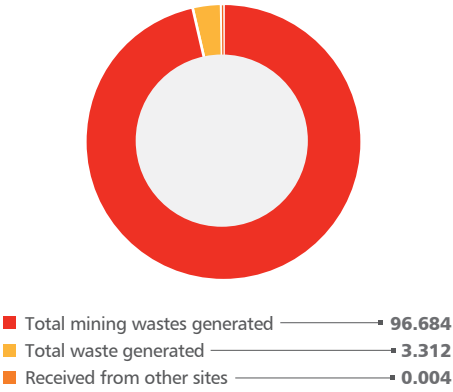
Under EVRAZ five-year environmental goals we are required to recycle 95% of non-mining waste and by-products each year. In 2018 this rate amounted to 111.3%, as waste was recycled from old waste dumps, which is 6.6% more than in 2017 due to the increasing volumes of waste recycling at EVRAZ NTMK. In 2016, waste recycling rate was 120.1% and its visible drop in the next years was caused by reduction in the processing of previously disposed waste at EVRAZ ZSMK. The sale of the old heap, where the previously formed and disposed wastes were located, has curtailed the historical ecological footprint of EVRAZ. However, this makes it impossible for EVRAZ companies to reuse the recyclable wastes stored there. The recycling of previously disposed of metallurgical slag and materials allows EVRAZ to maintain the recycling rate at higher than 100%.

The Group uses non-hazardous mining waste for the purposes of land rehabilitation and to build dams and roads; in 2018, 26.7% (62 million tonnes) of waste was reused in these ways.

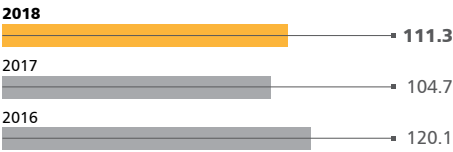
WASTE MANAGEMENT STRATEGY



EVRAZ WASTE GENERATED AND RECEIVED, 2018, %<sup>1</sup>



WASTE RECYCLING RATE, 2016–2018, %<sup>1</sup>



Case study

EVRAZ RECYCLING

EVRAZ Recycling operates in western Canada (with 13 facilities it is the largest metal scrap recycler in the area) and in the USA (three facilities in North Dakota and Colorado). EVRAZ Recycling buys, processes, and sells ferrous and non-ferrous materials and provides end-of-life automobile recycling services.

Mercury switch recovery programme

EVRAZ Canadian recycling facilities have operated a mercury switch removal programme since 2003, and our US recycling sites participate in the End-of-Life Vehicle Solutions (ELVS) mercury switch programme, which promotes proper waste management and the management of substances of concern and recyclability. EVRAZ North America steel mills specify 100% provided with recycled, mercury-free material for input to melt.

EVRAZ Regina surpasses the 40 millionth tonne of scrap steel recycled

The Regina Steel mill has been in operation for over 58 years and has been producing steel since 1960. Since the Regina Steel mill's inception, the facility has melted over 40 million tonnes of scrap. As for the steel, EVRAZ Regina managed to recycle 97.2% of both post-consumer and post-industrial steel, showing the highest recycling rate for the last 14 years.

97%

of EVRAZ North America steel mills' output is recycled, containing more than 87% post-consumer recycled material

REDUCING EMISSIONS

Greenhouse gas emissions

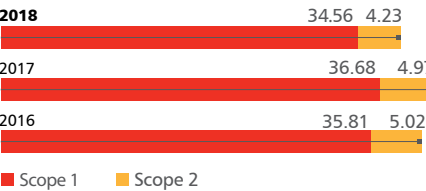
Mining and steel-making processes produce CO<sub>2</sub> and other greenhouse gases emissions. The Group recognises the need to mitigate against the consequences of climate change and to lessen related risks, and supports global programmes to reduce greenhouse gas emissions. In accordance with the requirements of the Companies Act 2006, (Strategic Report and Directors' Report – Regulations 2013), EVRAZ conducts a full assessment of greenhouse gas emissions at all companies and has participated in the Climate Change Adaptation Programme since 2011. The central pillar of EVRAZ strategy to reduce emissions is achieving a decrease in resource consumption and greater energy efficiency.

To achieve this, in 2018 the Group set a five-year target for its steel and steel-products making operations (Steel segment and Steel, North America segment account for 76.15% of total GHG emissions in 2018) to maintain GHG intensity ratio below two tonnes of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e) per tonne of steel cast. In 2018 this ratio almost reached the target level totalling 2.005 tCO<sub>2</sub>e. Operations in the Coal segment produced 23.85% of total GHG emissions in 2018, as a result of fugitive methane (CH<sub>4</sub>) leakage, caused by methane ventilation from underground mines and post-mining emissions from coal.

As of December 2018, the overall GHG emissions of the Group had fallen by 6.86% year-on-year due to operations ceasing in Ukraine and lower volumes of underground mining against the higher open pit mining.

Scope 1 emissions generated by EVRAZ reached 34.6 million tCO<sub>2</sub>e, 5.8% less than in the previous period. Scope 2 emissions totalled 4.2 million tCO<sub>2</sub>e, demonstrating a decrease of 14.9%.

EVRAZ SCOPE 1 AND 2 EMISSIONS, million tCO<sub>2</sub>e<sup>2</sup>

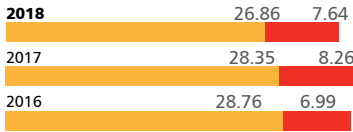


APPROACH TO ACCOUNTING GHG EMISSIONS

EVRAZ measures direct emissions of all seven GHGs stated in the Kyoto Protocol (Scope 1), as well as indirect emissions linked to the purchased electricity and heat (Scope 2). The inventory approach is based on the 2006 IPCC Guidelines for National Greenhouse Gas Inventories

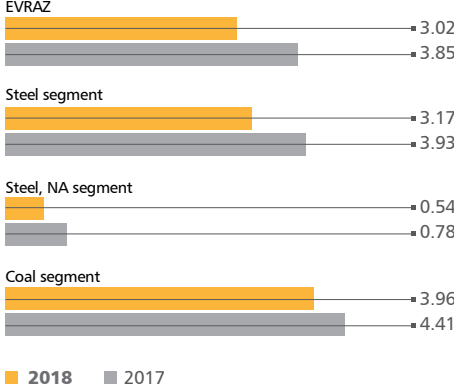
(IPCC 2006) and the WRI/WBCSD GHG Protocol Corporate Accounting and Reporting Standard. We report GHG emissions for both scopes expressed in tCO<sub>2</sub>e, calculated using the IPCC 2006 global warming potentials.

EVRAZ MAIN SCOPE 1 EMISSIONS, million tCO<sub>2</sub>e<sup>3</sup>

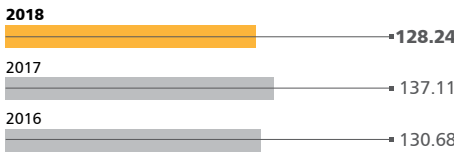


■ CO<sub>2</sub> emissions, million tCO<sub>2</sub>e  
■ CH<sub>4</sub> emissions, million tCO<sub>2</sub>e

GHG EMISSIONS PER CONSOLIDATED REVENUE, kg CO<sub>2</sub>e/US\$



EVRAZ KEY AIR EMISSIONS, 2016–2018, kt<sup>4</sup>



The Group reports the GHG intensity ratio per consolidated revenue, broken down by the operating segments, as well as specific Scope 1 and Scope 2 GHG emissions from the Steel segment per tonne of steel cast (see page 79 of Annual report).

Air emissions

Reducing air emissions is vital in order to combat air pollution. Taking into consideration the interests and expectations of our stakeholders, we pursue a comprehensive strategy to ensure that technological improvements are made that will facilitate a reduction in emissions. We regularly upgrade gas treatment systems and replace obsolete equipment with modern systems.

The key air emissions generated by the Group comprise nitrogen oxide (NOx), sulphur oxide (SOx), dust, and volatile organic compounds (VOC). These demonstrated a year-to-year decline of 6.5% in the reporting period.

The Group also strives to reduce CO (carbon monoxide) emissions as the part of its sustainable transition and implements national projects at EVRAZ NTMK and EVRAZ ZSMK sites enhancing this reduction. In 2018, CO emissions within the whole Group reached the level of 285.94 kt showing a decrease of 8.1% compared with 2017.

<sup>1</sup> The figure comprises data on EVRAZ ZSMK (incl. Evrazruda), EVRAZ NTMK, EVRAZ KGOK, Rapsadskaya Coal Company, Mezhegeyugol Coal Company, Evraz Caspian Steel, Evraz Palini e Bertoli, EVRAZ Vanady Tula, Evraz Strator, Inc., EVRAZ Nikom, a.s., EVRAZ Inc. NA, EVRAZ Inc. NA Canada.

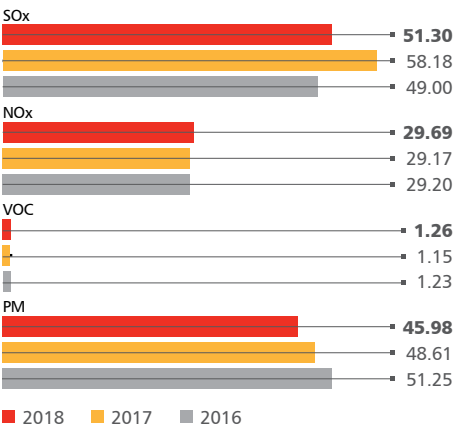
<sup>2</sup> The figure comprises data on the following greenhouse gases: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, SF<sub>6</sub>, HFC+PFC for Scope 1 emissions. The figure comprises data on companies included in Appendix 3.

<sup>3</sup> Other GHG excluded due to their insignificance in the total emissions volume.

<sup>4</sup> The figure comprises data on EVRAZ ZSMK (incl. Evrazruda), EVRAZ NTMK, EVRAZ KGOK, EVRAZ DMZ (sold in 2018), Rapsadskaya Coal Company, Yuzhkoks (sold in 2017), Evraz Sukha Balika (sold in 2017), Nakhodka Trade Sea Port (sold in 2017), Vametco (sold in 2017), Mezhegeyugol Coal Company, Evraz Caspian Steel, Evraz Palini e Bertoli, EVRAZ Vanady Tula, Evraz Strator, Inc., EVRAZ Nikom, a.s., EVRAZ Inc. NA, EVRAZ Inc. NA Canada.



EVRAZ KEY AIR EMISSIONS BREAKDOWN,  
2016–2018, kt<sup>1</sup>



CLEAR AIR PROJECT EVRAZ ZSMK

The first stage of the project was implemented in 2017 as part of a nation-wide initiative entitled Year of Ecology. By the end of 2018, EVRAZ ZSMK had introduced technological advances and implemented equipment renovation measures at sintering and central heating and power plants. By the end of 2018 total expenditure stood at US\$14.98 million, and a 18.17 thousand tonne reduction in air emissions had been achieved. EVRAZ ZSMK is committed to continuing with the renovation of its central heating and powering plant, as well as installing a closed heat exchanger for its coke and by-product processes and building off gas desulfurisation installation as part of the Ecology national project.

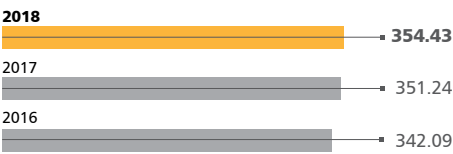
CLEAR AIR PROJECT EVRAZ NTMK

EVRAZ NTMK also took part in the Year of Ecology and by 2018 had performed a number of activities to improve air quality. The technical retooling of a coke dry quenching plant and construction of a new blast furnace with a modern dust and gas removal facility resulted in a 7.65 thousand tonne reduction in air emissions. Related expenditure stood at US\$14.9 million. As part of the Year of Ecology national project it is planned to continue installing blast furnaces with cleaning facilities, decommission a coke oven gas cooling tower, repair gas scrubbers, and make technical improvements to coke and by-product processes.

BOOSTING ENERGY EFFICIENCY

Efficient energy use is an important component within the sustainability process. The energy intensity level of the Group’s companies is the key driver behind our energy efficiency programmes and, in turn, helps us achieve our emissions reduction goal. Measures taken to boost energy efficiency include striking a balance between self-produced energy and energy purchased from suppliers, minimising energy losses during transfers, using renewable resources and waste energy, and selling any energy surpluses.

EVRAZ TOTAL ENERGY CONSUMPTION,  
2016–2018, million GJ<sup>2</sup>



For more information about the energy efficiency measures being carried out across our business segments, see page 83 of the 2018 Annual report.

PROTECTING BIODIVERSITY

The Group’s operations do not take place in any specially protected natural reservations or areas of high biodiversity value, however, we are aware of the possible ramifications that our mining and steelmaking operations have for biodiversity in areas where we operate. We therefore aspire to cultivate a culture of fostering among our employees a proper attitude towards nature and biodiversity, as well as to environmental project management and productive communication with local communities. As part of managing biodiversity, we place a special

emphasis on encouraging local initiatives from our enterprises.

- The major biodiversity issues we address comprise:
- The rehabilitation of disturbed lands and landscaping activities
  - The restoration of aquatic biodiversity
  - Socio-ecological campaigns being managed jointly by municipal administrations

Rehabilitation of disturbed  
lands and landscaping

- EVRAZ implements a number of long-term projects that are designed to offset the environmental footprint of our activities.
- Since 2012 the Abagursky branch of EVRAZ ZSMK has been reclaiming tailing dump No. 2, with a total area of 98 hectares.
  - The Raspadskaya mine is delivering a project to rehabilitate 138 hectares of land disturbed during open mining since 2015.

The year 2018 saw the completion of a project to rehabilitate disturbed land at the old EVRAZ ZSMK waste storage area. A total of 17.9 hectares was rehabilitated, 2,400 pine seedlings were planted, and the territory was transferred to the Administration of Novokuznetsk.

Restoration of aquatic  
biodiversity

Ensuring that water ecosystems provide suitable habitats for various species is an integral part of EVRAZ stance on biodiversity. We are committed to implementing measures that help river species survive safely in water intake areas near our power plants.

A new fish protection device was commissioned in 2018 at the coastal pumping station in Novokuznetsk, which supplies water to the combined heat and power (CHP) plant of the West Siberian Metallurgical Plant. The new device helps prevent young fish from perishing in the water intake area on the Tom River. A two-barrier protection system ensures that large- and medium-sized fish are kept away from the water intake bucket of the pumping station using a small grid; fish are also repelled by an electric field that is created.

72,300  
whitebait

fish were released into the rivers of the  
Kemerovo and Sverdlovsk regions in 2018

3,500 trees

were planted by EVRAZ employees in 2018

Socio-ecological campaigns

- Voluntary clean-ups, tree planting, building and setting up birdhouses.
- The Second Life to the Trees campaign: replanting young trees from mining allotments, where forest is to be felled.
- Big Green Games: participating in ecological clean-up contests between companies in Novokuznetsk.
- The “Clean Games” – a team game involving the collection and sorting of waste from parks.
- The Clean Shores for the Rivers campaign: cleaning up coastal areas.
- The Save the Spring campaign: activities to improve the condition of springs and wells.

As a part of our social activities, EVRAZ is committed to raise the awareness of specially protected natural zones and their inhabitants among the population.

For further details, see Community relation pages 54-63

Case study

LANDSCAPING  
INITIATIVES

EVRAZ performs landscaping activities at the industrial sites and sanitary protection zones of our enterprises. As part of various environmental campaigns we plant trees in parks, squares, city streets, and territories around kindergartens. We run the Second Life to the Trees campaign, part of which involves bringing young trees from mining allotments (where forests are to be felled) and planting them in earmarked locations.

Case study



PRAISING SIBERIAN  
NATURE

In 2018 EVRAZ supported the publication of a book dedicated to the nature of the Kemerovo Region. The book comprises sections on specially protected natural reservations, local nature reserves, and eco-museums and provides extensive information about the inhabitants and geographic features of the region. The book will be used in thematic workshops and environmental literacy seminars. Experts from the Novokuznetsk culture department are planning to create ecological paths and walking routes based on the book.

GOALS FOR 2019 AND MIDTERM PERIOD

The Group is determined to continue our work to achieve the five-year environmental targets that have been set and to keep pace with progress made during previous periods.

A number of important projects are scheduled for final or partial completion in 2019:

- Kiln off gas system upgrade, EVRAZ Vanady Tula
- Re-heat Furnace Low NOx installation, EVRAZ Regina

- Mine water treatment unit construction (Sheregesh), EVRAZ ZSMK (Evrazruda)
- Stormwater System Upgrades, EVRAZ Portland
- Closed water cycle system upgrade, EVRAZ Vanady Tula
- Electric precipitator efficiency restoration (ZS Power Station), EVRAZ ZSMK
- Coke gas direction to by-product recovery plant №3, EVRAZ NTMK

<sup>1</sup>The figure comprises data on EVRAZ ZSMK (incl. Evrazruda), EVRAZ NTMK, EVRAZ KGOK, EVRAZ DMZ (sold in 2018), Raspadskaya Coal Company, Mezhegeyugol Coal Company, Evraz Caspian Steel, Evraz Palini e Bertoli, EVRAZ Vanady Tula, Evraz Strator, Inc., EVRAZ Nikom, a.s., EVRAZ Inc. NA, EVRAZ Inc. NA Canada.

<sup>2</sup>The figure comprises data on Steel segment (EVRAZ ZSMK (incl. Evrazruda), EVRAZ NTMK, EVRAZ KGOK, Evraz Caspian Steel, EVRAZ Vanady Tula, Evraz Strator, Inc., EVRAZ Nikom, a.s. and Evraz Palini e Bertoli), Steel, North America segment (EVRAZ Inc. NA., EVRAZ Inc. NA Canada), Coal segment (Raspadskaya Coal Company, Mezhegeyugol Coal Company)



# Community relations



## 2018 HIGHLIGHTS

**US\$27** million

spent on social programmes and infrastructure maintenance in 2018

**EVRAZ** – the winner of the Corporate Charity Leaders contest

Grants totalling **US\$230** thousand

were issued to 51 projects within EVRAZ City of Friends – City of Ideas annual contest.

## MATERIAL TOPICS

INDIRECT ECONOMIC IMPACTS

LOCAL COMMUNITIES



## GLOBAL SUSTAINABLE DEVELOPMENT GOALS





MANAGEMENT APPROACH

Taking our social responsibilities seriously, EVRAZ strives to adhere to international best practices by making a meaningful contribution to local economies and supporting communities wherever it operates. This includes fostering proper ethical behavior, caring for employee wellbeing, protecting the environment, and being an engaged partner for local communities. Everywhere that EVRAZ operates, it seeks to build sustainable, positive partnerships with local governments and non-governmental organisations, as well as with business, media and other partners.

EVRAZ has an effective system for managing community relations and external communications in place. The key responsibility for engagement with regions of operations lies with the GR and PR departments. The headquarter is responsible for setting strategic priorities and guidelines as well as for executing nationwide projects and collaborating

with stakeholders at federal level. Companies are responsible for community relations on sites and local stakeholder relations.

The creation of value for local communities and regions of operation is ingrained in our Corporate Strategy<sup>1</sup>. Transparent and constructive cooperation with local communities is an integral part of EVRAZ activities and development. Creating shared value, respecting human rights, views and traditions of people in the regions of operation are among the principles that are stipulated in our Business Conduct Policy for Employees – The EVRAZ Way<sup>2</sup>. The principles and rules of engagement with federal and local authorities employees at all levels are defined in the Regulation for interaction with state authorities<sup>3</sup>. The local community engagement is guided by the Social Investments Guidelines<sup>4</sup> and Policy on Charitable Donation and Sponsorship Activity<sup>5</sup>.

KEY EVENTS

- EVRAZ provided extensive support for various projects and events for Novokuznetsk’s 400<sup>th</sup> anniversary in July 2018
- 354 projects applied for the contest EVRAZ City of Friends – City of Ideas.
- In 2018, EVRAZ and the online media Lenta.ru launched the joint digital project “Steel Dynasties”
- For the second consecutive year, EVRAZ NTMK’s employees have held the “Relay of Good Deeds”

RELATIONS WITH LOCAL COMMUNITIES

APPROACH

EVRAZ has adopted a systematic approach to local community development. All ongoing programmes have long-term planning and aim at improving the quality of life in the communities where the Group operates.

Each year, the Company approves a Social Investment Programme, which sets out the Company’s social investment priorities and budgets for the year ahead. As part of the planning process, EVRAZ seeks an active dialogue with local community representatives to identify the most relevant and important projects that comply with the Social Investment Guidelines and EVRAZ priorities. At the end of each year, the Group publicly reports on the implementation of that Social Investment Programme.

EVRAZ has the Social Investment Guidelines, Policy on Charitable Donation and Sponsorship Activity and other related documents that govern the relations with local communities. EVRAZ has two charity funds that operate in Siberia and the Urals that are managed by supervisory boards. When choosing social and environmental projects to support, the funds take into consideration EVRAZ Charity Policy and Social Investment Guidelines and define target areas for support, including funding orphanages and families in need, sponsoring educational, sports and cultural projects, subsidising medical centres and environmental programmes. All of the Company’s social investments are aimed at strengthening and further developing EVRAZ business and community partnerships.

According to the Social Investment Guidelines EVRAZ does not support the following:

- Organisations and programmes designed to influence legislation or elect candidates to state or local public offices;
- Political, military, religious and national or local governmental organisations and projects.

US\$ 27 million  
were spent on social programmes and infrastructure maintenance in 2018.

Value that  
we create  
for regions where  
we operate

Local communities  
EVRAZ sees that business sustainability is ultimately connected with the prosperity of the regions of our communities, which we support through social and improvement programmes.



State bodies  
EVRAZ contributes value to the government by providing construction and railway products for the development of infrastructure, and is also one of the largest taxpayers and employers in Russia.

Corporate Strategy



Corporate documents



Key area of local communities support

KEY AREAS OF LOCAL COMMUNITIES SUPPORT

For kids	<ul style="list-style-type: none"><li>▪ Sponsoring educational programmes for children and young people, providing scholarships</li><li>▪ Financing the purchase of necessary school supplies, sport equipment and developing the landscaping around schools</li><li>▪ Supporting children in orphanages</li><li>▪ Supporting families with children with special needs (children with health limitations and cerebral palsy)</li></ul>
For cities	<ul style="list-style-type: none"><li>▪ Contributing to the local urban infrastructure improvement</li><li>▪ Sponsoring the construction and renovations of playgrounds and workout spaces</li><li>▪ Supporting infrastructure projects, including the construction of roads, streets and embankment areas</li><li>▪ Sponsoring medical, educational and cultural institutions at federal and local levels</li></ul>
For sports	<ul style="list-style-type: none"><li>▪ Supporting amateur and professional sports teams</li><li>▪ Supporting individual athletes, by sponsoring equipment purchases, training programme and competitions</li><li>▪ Financing the purchase of necessary sport equipment and developing the sport landscaping around schools</li><li>▪ Supporting corporate sport as a very important part of the corporate social activities and corporate culture</li></ul>
Environmental protection	<ul style="list-style-type: none"><li>▪ Ensuring better environment in the regions of presence (for more information see Environment chapter)</li></ul>

KEY PROJECTS IN 2018

Federal level initiatives

EVRAZ actively supports social, sports, environmental and cultural programmes in the cities where it operates, including hosting our own events and joining nationwide and federal level initiatives.

At the federal level EVRAZ provided support for the Rogachev Centre for Paediatric Haematology and Immunology, which is aimed

to improve the treatment for acute myeloblastic leukemia in children. In cultural and educational sphere the Group supports the Documentary Film Centre in Moscow, the Garage Museum of Contemporary Art in Moscow, the Yeltsin Centre in Ekaterinburg and the Novokuznetsk Drama Theatre. In sport sphere EVRAZ supports the men’s volleyball club “Dinamo” (Moscow) , women’s volleyball club “Uralochka-NTMK” (Nizhny Tagil), hockey club “Metallurg”

(Novokuznetsk) and sponsored the Grand Slam international judo competition in Ekaterinburg.

Special attention in 2018 was addressed to the Health and Safety awareness raising campaign. This campaign was organised not only for EVRAZ employees but also for residents of regions and cities of Group's presence. A special social advertising campaign with TV programmes and billboards was developed and successfully implemented.

<sup>1</sup> <http://www.evraz.com/about/strategy/>  
<sup>2</sup> <https://www.evraz.com/governance/documents/>  
<sup>3</sup> <https://www.evraz.com/governance/anticorruption/> “Other documents on Anti-corruption compliance”  
<sup>4</sup> <https://www.evraz.com/governance/documents/>  
<sup>5</sup> <https://www.evraz.com/governance/anticorruption/>



Regional projects

Regions	EVRAZ		
	for Kids	for Cities	for Sports
Sverdlovsk region	<ul style="list-style-type: none"><li>Implemented Programme for professional orientation and development and improvement of educational institutions of Nizhny Tagil and Kachkanar</li><li>Provided equipment for a sport field and playground at School No. 81 in Nizhny Tagil</li><li>Arranged roof repairs at the Children's Art School in Kachkanar</li><li>Provided funding for laboratory equipment and to improve the facilities and landscaping at Nizhny Tagil Mining and Metallurgical College</li><li>Provided funding for workshop equipment and scholarships at Kachkanar Mining Industry College</li><li>Acquired equipment for the student design bureau at Nizhny Tagil Technical Institute, a branch of Ural Federal University</li><li>Together with the Agency for Social Investment and Innovation, held the Children's Foresight for the first time in Kachkanar</li><li>Continued to fund rehabilitation programmes for children with cerebral palsy in Nizhny Tagil and Kachkanar</li></ul>	<ul style="list-style-type: none"><li>Supported the "Clean Games" in Kachkanar, a nationwide environmental and educational project aimed at cleaning up the environment and waste sorting</li><li>Donated equipment and ambulances to medical centres</li><li>Helped Kachkanar's cultural centre to acquire multimedia equipment</li><li>Assisted with a project to develop a comprehensive traffic plan for Kachkanar</li><li>Donated funds to the Gift of Life Centre for Protection of Motherhood and Childhood to repair the facilities of the Baby and Mother crisis shelter in Nizhny Tagil</li><li>Provided donations to the Cozy City charity in Nizhny Tagil. The funds were used to help the veterans' council, landscape a city park, acquire books for local residents and other projects</li></ul>	<ul style="list-style-type: none"><li>Provided sponsorship for the Kachkanar municipal district Federation of Sambo and Judo to organise trips to competitions, as well as to acquire sport equipment and transportation to get children to competitions</li><li>Equipped a skate park for the Jupiter Olympic reserve sport school in Nizhny Tagil</li><li>Helped the Uralochka sport school in Nizhny Tagil to acquire an office and sport equipment</li><li>Helped to repair sport facilities and acquire equipment for hockey players at the district Sports and Recreation Complex in Kachkanar</li><li>Helped Kachkanar's Olymp sport school to travel to competitions and provided funding to hold a football competition</li><li>Supported volleyball club "Uralochka NTMK"</li></ul>
Kemerovo region	<ul style="list-style-type: none"><li>Made charitable donations to the Ostrov Nadezhdy, Orphanage School No. 95 and Rovesnik orphanages in Novokuznetsk to implement social projects and assist grown children when they leave the orphanages</li><li>Helped the Novokuznetsk Drama Theatre to equip a children's theatre workshop and baby theatre</li><li>Continued to fund rehabilitation programmes for children with cerebral palsy in Novokuznetsk and Mezhdurechensk</li><li>Helped to Install a sports ground near school No. 23 in Mezhdurechensk</li><li>Helped the Tashtagol technical school of mining technologies and the service sector to improve the equipment of special mining technical profile classrooms</li></ul>	<ul style="list-style-type: none"><li>Donated equipment and ambulances to medical centres, including a fully equipped mobile intensive care unit for the regional clinical centre for miners' health care in Leninsk-Kuznetsky</li><li>Provided donations to help overhaul the municipal heating network pipes in Tashtagol</li><li>Provided donations to improve the municipal infrastructure in Tashtagol district as part of the Miners' Day celebrations</li><li>Provided extensive support for various projects and events for Novokuznetsk's 400th anniversary in July 2018. The Group financed the creation of the only workout stadium in the Kemerovo region. EVRAZ helped to landscape public squares; repaired an Olympic reserve ski school and the Meridian centre of technical creation; and rebuilt the facade of the Metallurg stadium</li></ul>	<ul style="list-style-type: none"><li>Held the 15th annual Andrey Sevenyuk corporate ski and snowboard competition in Tashtagol</li><li>Helped the Shoria hockey team to acquire sport equipment in Tashtagol district</li><li>Provided assistance to Novokuznetsk's Metallurg-Zapsib sport school to organise their team's participation in football competitions at the Russian Championship</li><li>Helped the Mezhdurechensk sport school to conduct a streetball competition for local amateur teams</li><li>Supported Children's Sport School No. 2 in Novokuznetsk in organising the 33rd annual City Games and helped to repair a stadium</li><li>Installed a modular building on Mount Yugus in Mezhdurechensk for the Khokhrin Olympic reserve sport school for skiing</li><li>Supported Hockey Club "Metallurg Novokuznetsk"</li></ul>
Tula	Organised a summer outing for children with autism and acquired equipment, furniture and toys for children with health limitations	-	-
North America	Sponsored the Cherokee Creek Music Festival in Texas, the proceeds from which went to children's charities	Sponsored the Alberta Cancer Foundation's Enbridge® Alberta Ride to Conquer Cancer®	-



EVRAZ FOR KIDS

Case study



“CHILDREN’S FORESIGHT” IN KACHKANAR

The All-Russian social project “Children’s foresight” is a project aimed at the involvement of schoolchildren in the design of the future of their cities, as well as the implementation of their own socially significant projects.

The technology “Children’s foresight” includes not only the development of projects, but also their practical implementation. In 2018, EVRAZ together with the Agency for Social Investment and

Innovation held the Children’s Foresight for the first time in Kachkanar. More than 65 schoolchildren aged from 12 to 17 took part in the project. The proposed social projects were aimed at improving the city as well as leisure time for young people and bringing them to a healthy lifestyle.

The winners attended a social change leadership camp organised by the Agency for Strategic Initiatives that was held at the Artek international Children’s camp.

Case study



GENERATION M

In 2017–2018, the “Generation M” project was held in Mezhdurechensk with the partnership participation of EVRAZ, MTS and the administration of the Mezhdurechensk urban district. This project was a regional competition, which included special competitions and nominations, master classes with participation of professionals of the federal level. The project included several areas such as “Photo Art”, “Cinematography” and “Vocal”. For two years, more than 3 thousand people took part in the “Generation M” project. The aim of the project was the development of creative abilities, initiative, increasing the level of cultural leisure in the city among schoolchildren of Mezhdurechensk.

Within the Generation M on virtual creative sites of the project, children from all over the country can show their talents by participating in contests, online master classes and interactive exercises from Russian stars in different areas.

Since the start of the Generation M project, 240 children from 60 regions of the country became its winners and awardees; for each of them the project became a very important step in their creative career. The project gives children a lot of opportunities: from the internships at the largest animation and film studios of Russia to entering the big stage with stars and joining the creative universities of the capital.



EVRAZ FOR CITIES



“THE CLEAN GAMES” IN KACHKANAR

In 2018, EVRAZ contributed to the organisation of the Clean Games in Kachkanar. The Clean Games is a nationwide environmental and educational project aimed at cleaning up the environment and waste sorting.

1.5 tonnes of plastic, glass, metal, paper were collected on the shore of the Kachkanarsky pond. In the Clean Games 37 teams took part. Among the

participants are schoolchildren, teachers, employees of EVRAZ KGOK, families. In the defined area the participants had to collect garbage separately, collecting points. Points were awarded not only for the amount of garbage collected and batteries separately, but also for the correct answers in the environmental quiz, photos of the area before and after cleaning, participation in competitions.

EVRAZ FOR SPORT



“HIGH FIVE” IN NOVOKUZNETSK, NIZHNY TAGIL AND MOSCOW

An annual “High Five” event took place in Novokuznetsk, Nizhny Tagil and Moscow. The main goal of the event is to draw attention to a healthy lifestyle and running, as to the most accessible sport.

But the run is not only for pleasure – it is also for good purpose. Charitable

registration fee for adult participants is 100 rubles. EVRAZ doubles the amount collected during the race. All funds are transferred to sports rehabilitation of children diagnosed with cerebral palsy, as well as children who find themselves in a difficult life situation.

EVRAZ: CITY OF FRIENDS – CITY OF IDEAS

The “EVRAZ: City of Friends – City of Ideas” is an annual grant contest that has been held for more than 10 years. The project is aimed at engaging the public to improve urban space, protect the environment, develop social initiative and increase activity of the population in the field of social engineering, landscaping, environmental education and the preservation of urban natural resources.

The project “EVRAZ: City of Friends – City of Ideas” is a two-times winner of the annual

competition in the Corporate Charity Leaders contest, a joint project of the Donors’ Forum, PwC and Vedomosti newspaper, in category “the Best programme contributing to the NGOs, charity and volunteers infrastructure development in the region of the company’s presence.”

In 2018 contest has been held in four cities where the Group operates: in Nizhny Tagil, Kachkanar (Urals), Novokuznetsk and Mezhdurechensk (Siberia). The contest

received 167 applications from Siberia and 187 from the Urals in 2018. The grants totalling US\$230 thousand were issued to 51 projects. Overall, the projects received more than 23,405 votes and the programme’s website had 72,757 visitors. In 2019 the contest traditionally will be organised in Nizhny Tagil, Kachkanar, Novokuznetsk and Mezhdurechensk.

CONTEST 2018 IN NUMBERS

Region	Ural		Siberia		Total
City	Nizhny Tagil	Kachkanar	Novokuznetsk	Mezhdurechensk	
Total number of projects/ grants	131/ <b>13</b>	56/ <b>12</b>	95/ <b>14</b>	72/ <b>12</b>	<b>354/51</b>
Number of votes	11,061		12,344		<b>23,405</b>

EXAMPLES OF WINNING PROJECTS

Title of the project	Description
<b>Urals</b>	
“Reviving Yachting in Nizhny Tagil”	The project seeks to popularise the sport in the city and ensure that teenagers and youth have access to yachting. As part of the project, volunteers plan to repair at least 30 yachts of various classes and prepare them to sail during summer 2019.
“Miracle Pier – children’s playground for special children”	The project involves equipping playgrounds at Nizhny Tagil’s boarding school for hearing impaired children.
“At Home in the Forest”	The project involves creating conditions for sport tourism in the Kachkanar urban district, including acquiring modern equipment to professionally hold various competitions.
“Fairy Tale Film Workshop”	The project aims to encourage children and youth to study Russian folk culture, customs and traditions by creating a fairy-tale film at the live film studio in Nizhny Tagil’s Hall of Child and Youth Creativity.
“Sensory Garden”	The project at the sole kindergarten in the Valerianovsk village in the Sverdlovsk region aims to create conditions to make up for the lack of emotional and sensory communication with nature (including for children with health limitations).
<b>Siberia</b>	
“Sport Today – Healthy Generation Tomorrow”	The project entailed creating a sport field for students at Novokuznetsk School No. 12 named for Hero of the USSR Semyon Chernovsky, as well as children from large or low-income families and at-risk children.
“Dog as a Social Adaptation Agent”	The project in Novokuznetsk aims to help with the social engagement of children with health limitations by working with specially trained dogs.
“Film Summer”	The project aims to create an outdoor cinema for residents of Mezhdurechensk.
“From Life Safety Lessons to a Safe Life”	The project in Mezhdurechensk seeks to promote awareness and responsibility among schoolchildren regarding safety in the face of the social, natural and technogenic threats of the modern world.
“CyberSchool”	The project in Novokuznetsk is aimed at teaching programming and introducing children aged 6–16 to scientific and technical creativity.
“Healthy Lifestyle for Each Resident of Olzheras Village”	The project will help to install modern sports equipment in the village.





EVRAZ Volunteers

While EVRAZ does not have a centralised volunteering programme, for many years the Group’s employees have been helping people in difficult situations, supporting children’s institutions and organising various sport and social events of their own accord. In regions of operation, there is a very strong labour union movement and a high level of self-organisation within employees. As a result – the volunteer movement exists in regions created by employee’s initiative without headquarters involvement and any motivation programmes.

For the mid-term perspective EVRAZ consider the possibility to create a Volunteer programme to develop this stream more effectively and support volunteers locally.

For the second consecutive year, EVRAZ NTMK employees have held the “Relay of Good Deeds”. It started at the plant in February 2017 and has since had more than 8,000 participants who have helped 12 educational institutions in the Sverdlovsk region.

The Relay of Good Deeds project has received the special nomination “Kind Heart” in the Volunteering programme of the Corporate

Charity Leaders federal competition and won third place in the regional Corporate Charity Leaders – Ural contest.

In 2018, the following events were held as part of the Relay of Good Deeds:

- Helping Kindergarten No. 34 in Pervomaisky. The Group’s employees acquired kitchenware and toys, replaced the lighting and electrical wiring, repaired buildings, improved playgrounds, organised holiday events and gave the children books and school supplies.
- Helping Kindergarten No. 16 in Novosbest. Employees of EVRAZ NTMK helped the kindergarten to prepare for winter, including replacing pipes, repairing the heating and electrical systems, and improving the playgrounds.
- Helping the kindergartens in the villages of Bashkara and Kaigorodskoye. In Bashkara, EVRAZ NTMK’s employees repaired the fence, veranda, kindergarten slide, kitchen equipment and electrical wiring. In Kaigorodskoye, they updated the lighting in the classrooms. They also donated educational games, construction sets and toys for the children in both kindergartens.
- Helping Boarding School No. 1 in Nizhny Tagil. EVRAZ NTMK’s employees donated

an all-in-one printer/scanner/copier and two televisions. They also repaired the electrical wiring, as well as the equipment in the school’s metal and woodworking shops.

Bridging the gap between EVRAZ and the local communities

In 2018 EVRAZ focus attention on people in external communications and conducted two big digital projects in collaboration with nationwide media: “Steel Dynasties” with Lenta.ru and the “The Power of Generations” with Komsomolskaya Pravda newspaper (for more information see Employees section). The result of this collaboration was two media projects presenting family stories promoting steel related professions and popularisation of EVRAZ as a responsible company.

EVRAZ cares about health and environment in regions where operates. It is also an important aspect in communication with local communities. It is important to be transparent and open for stakeholders input. For these reasons in 2018 EVRAZ organised an open tour on the plant for local community representative.

Case study



OPEN TOUR ON PLANT AND BLAST FURNACE NO. 7 VISIT FOR LOCAL COMMUNITIES’ REPRESENTATIVES

EVRAZ NTMK for the first time invited residents of Nizhny Tagil on an environmental tour to the plant. The plant was visited by local authorities’ representatives, representatives of environmental and social NGOs, industrial companies, medical institutions of the city etc. All participants visited blast furnace No. 7 and were able to ask all the questions related to the environmental impact of the plant and other industrial aspect.

The successful launch of blast furnace No. 7 at EVRAZ NTMK was one of the most significant events for the Group in 2018. It took only 18 months to complete construction of the project, which had a

total CAPEX of US\$196 million. The furnace has an annual pig iron output of 2.5 million tonnes and is considered to be one of the cleanest in Russia, with an increase in air purification of 2.5 times and a reduction in coke consumption of 5 kilogrammes per tonne compared with other operating furnaces.

The blast furnace No. 7 construction was one of the most important investment projects in Sverdlovsk region which have a high social significance. It helps to secure working places for high-qualified employees and has an important environmental effect. It is a most clean blast furnace in the industry in Russia.

Case study



“STEEL DYNASTIES”

In 2018, EVRAZ and the online media Lenta.ru launched the joint digital project “Steel Dynasties”: <http://evraz.lenta.ru/#/>.

“Steel Dynasties” presents the story of five families of steelmakers and miners from Siberia and the Urals, where the professions are passed down from generation to generation. The combined work experience of the families exceeds 500 years. The five families represent the Group’s core operations: EVRAZ NTMK, EVRAZ ZSMK, EVRAZ KGOK, Raspadskaya. The project team travelled hundreds of kilometres to put all the stories together.

GOALS FOR 2019 AND MIDTERM PERIOD

- In 2019, EVRAZ plans to continue activities in all key areas of work in terms of socio-economic support of cities and regions of presence. Key areas remain: for Kids, for the City, for Sports.
- The Group will continue to expand cooperation with regional authorities. In 2019 it is planned to sign an agreement on socio-economic cooperation with the administration of the Kachkanar city.
- The list of charity programmes is not planned to be significantly changed. One of the key projects will be the Children’s Foresight, a programme to involve schoolchildren in the design and development of their cities, which will be held in Nizhny Tagil, Kachkanar and Mezhdurechensk in 2019.





# Supply chain



## 2018 HIGHLIGHTS

**9**  
environmental audit checks  
conducted for new suppliers

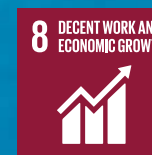
**68%**  
total spending on local  
suppliers in Siberia region  
of Steel segment

## MATERIAL TOPICS

SUPPLIER ENVIRONMENTAL  
ASSESSMENT



## GLOBAL SUSTAINABLE DEVELOPMENT GOALS






MANAGEMENT APPROACH

Having a responsible and effective supply chain in place is important within our business. Hence we place a special emphasis on ensuring that our procurement practices are in line with all applicable laws and our ethical principles.

The EVRAZ Supply Directorate participates in the implementation of the Group’s strategic objectives and provides commodities – machinery, materials, and services – for production and equipment upgrade programmes. The Supply Directorate, together with production facilities, identify the optimum technologies and products to purchase for production needs in order to facilitate a continuous reduction in production costs and to boost efficiency.

Since 2013 the Policy on the Basic Principles of Procurement Activities has been the main regulatory document governing procurement performance. The Policy sets out the general procurement approach and main principles and applies to all segments of the Group.

 The document is in the public domain and can be accessed by stakeholders on our official website (<http://www.evraz.com/ru/about/suppliers/policy-of-procurement/>, available only in Russian).

In addition to a high-level Policy, the Group has in a place a system of specific regulatory documents governing supply chain management, depending on the type of process and whether procurement is planned and conducted at the Management Company level or at EVRAZ segments.

EVRAZ PROCUREMENT PRINCIPLES

Integrity and Partnership

- We act with integrity by enhancing confidence, mutual trust, and benefits among our suppliers
- We seek to support the collaborative development and implementation of progressive technologies

Efficiency

- The Group is committed to carrying out procurements in the most effective way and at the lowest possible cost, without suffering any loss in quality

Transparency and Equality

- Any Russian or foreign company can become our supplier under the terms of free competition and provided that they respect all our requiremenets related to safety, reliability, and applicable legislation

Maintaining Low Inventory Levels

- Through the optimal organisation of production and procurement processes we seek to minimise inventories while at the same placing the highest priority on safety and the continuity of the production process

EXAMPLES OF THE MAIN REGULATORY DOCUMENTS ON PROCUREMENT ISSUES

Document	Scope
Regulation on the main process of supply chain management: planning, inventory management, inventory movement, procurement management, and category management.	Management Company, Urals and Siberia regions of Steel segment
Regulation on the procurement of services for Management Company needs (non-production services)	Management Company
Regulation on the process of organising and conducting the procurement of works and services	Urals and Siberia regions of Steel segment
Regulation on the process of organising and conducting tender procedures for major investment projects and repairs	Management Company, Urals and Siberia regions of Steel segment, Coal segment

KEY EVENTS

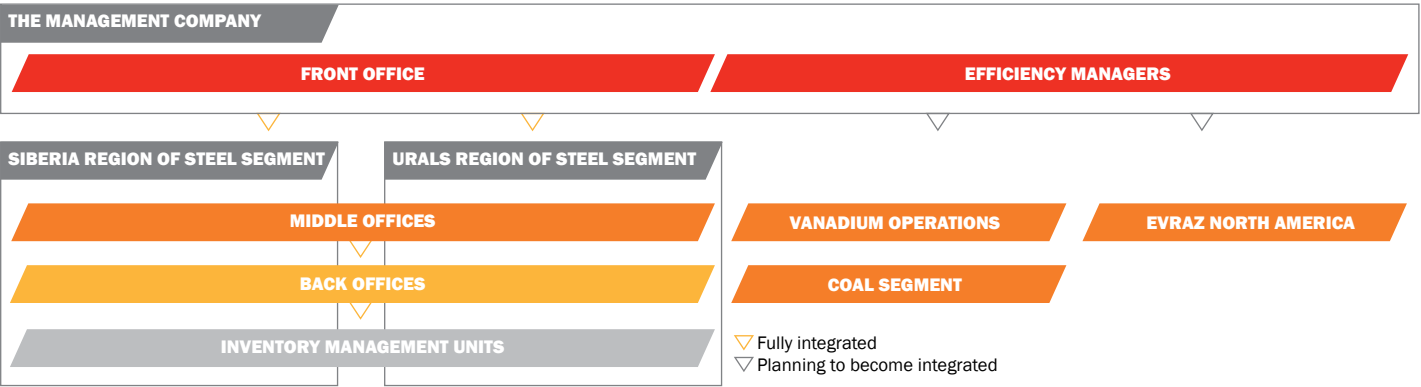
- Redesigning the management structure under the Transformation of the Supply Chain project
- Category strategies development at segment level
- The successful implementation of Supply Chain Roadmap 2018–2020 projects

Supply chain issues are organised using a vertically integrated structure, with reporting lines in place between the Management Company and the segments. In 2018, as part of the Transformation of the Supply Chain Project, the organisational structure was reviewed and redesigned. The front, middle, and back offices were allocated at Management Company and segment level. Responsibility for strategic planning and ensuring that an effective supply chain is in place was assigned to efficiency managers at the Management Company level. All technical issues and specifications fall under the supervision of segments. A specific Project supply chain management function was set up in the reporting year, to plan and control procurement for investment projects and capital repairs.

The Urals and Siberia regions of Steel segment are fully integrated into the supply chain system, which is led by the Management Company. The Vanadium operations and Coal segment reflect the overall approach of the Group in their procurement activities. In addition, all significant issues and decisions are negotiated with the Management Company. EVRAZ has plans to integrate all segments into the Group’s supply chain system.

The Group seeks to extract the maximum from existing IT systems so as to ensure a high level of transparency and efficiency when it comes to supply chain management. The main supply chain management system comprises the Electronic Trading Platform (ETP), which is based on the SAP SRM (Supplier Relationship Management). The system works as a platform for holding electronic procurement procedures for suppliers of materials and commodities, equipment, and other inventory items for production needs.

SUPPLY CHAIN ORGANISATIONAL STRUCTURE



Supplier screening and assessment

The EVRAZ approach to assessing suppliers is based on two main types of procurement: a) category strategies, which include types of products that are expensive and critical for ensuring production stability; b) inventories outside of category strategies. In 2018 there were six category strategies at Management Company level and 20 at segment I level.

With regard to category management, the procedure for checking potential suppliers for admission to procurement procedures is performed as part of developing a category strategies in accordance with respective regulatory and administrative documents. The scope of prequalification work for a supplier is determined when developing a category strategies and consists of the following:

- Testing a supplier’s competencies in terms of delivering a particular product or service
- Field inspections or supplier audits
- Checking a supplier’s financial standing
- Monitoring feedback on or negative information about a supplier

Requirements related to potential suppliers during the prequalification procedure are determined by the regulatory and administrative documents of the Management Company and segments, including in relation to labour protection, industrial safety, and environmental protection.

Based on the results of the evaluation, a list of prequalified suppliers is drawn up, which is used as a basis for sending invitations to take part in a respective procurement procedure (open, closed, etc.) The list of prequalified suppliers is approved as an integral part of the corresponding category strategy.


Regarding inventory that is outside category strategies, a list of prequalified suppliers is drawn up based on a decision of the Tendering Committee. The level of procurement importance and criticality forms the basis of the decision. The list of prequalified suppliers is created as part of the category management map.

In 2018 the Urals region of Steel segment conducted 11 supplier audit checks, and the Siberia region of Steel segment – 12 audit checks.

Responsible supply chain practices

As a major consumer of goods and services, EVRAZ can create a positive impact in terms of reducing social and environmental risks in the supply chain. The Group strives to work with suppliers that are committed to the principles of sustainable development.

Therefore, in order to facilitate responsible business practices in all supplier agreements, we include clauses expounding the Group’s attitude towards human rights, including our policy of having zero tolerance towards child labour, all forms of slavery, and other issues, which are set forth in detail in the EVRAZ Code of Conduct. Under a typical contract, adherence to the EVRAZ Code of Conduct forms an integral part of contractual relationships with suppliers. Anti-corruption clauses are also included in contracts.

 For more information about our anti-corruption efforts, see p. 16-17 of the section Ethics and business conduct.

In order to confirm that suppliers adhere to all applicable environmental legislation, we regularly conduct environmental audits of suppliers, who are selected according to the criteria of purchase costs and importance.





2018 RESULTS

In 2018 EVRAZ approved and began to implement projects from the Roadmap for Supply Chain Management 2018–2020. The range of projects and initiatives is aimed at optimising various supply chain processes. In 2018 the Group made significant progress towards realising Roadmap projects in the main priority areas (see figure on the right).

In order to contribute to the economic development of the regions where we operate we endeavour to give priority to local suppliers of goods and services. Thus in the reporting year the share of local suppliers in the procurement of the Siberia region of Steel segment was 68%.

In order to facilitate honest and mutually beneficial relationships with local suppliers, EVRAZ enters into long-term contracts with them. In 2018 in the Urals region of Steel segment the share of total expenditure on local suppliers with long-term contracts was over 62%.



EVRAZ PRIORITY AREAS IN THE DEVELOPMENT OF SUPPLY CHAIN MANAGEMENT

CATEGORY STRATEGIES

- Improving qualification levels among staff
- Analysing the implementation of category strategies

SUPPLIER RELATIONSHIP MANAGEMENT

- Increasing the transparency and quality of information about suppliers during prequalification processes
- Speeding up and simplifying the process of interacting with suppliers through automation instruments

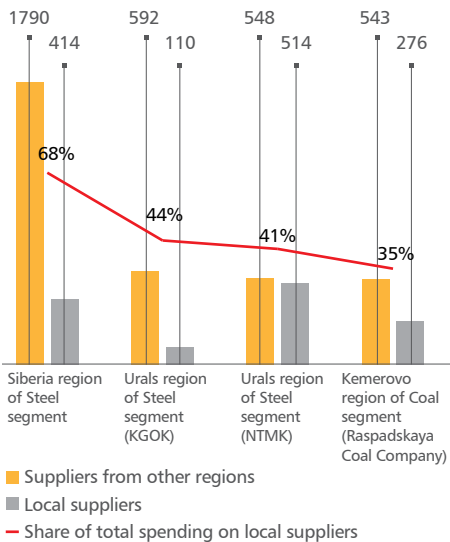
DATA MANAGEMENT

- The standardisation and simplification of inventories and supplier records in the IT system

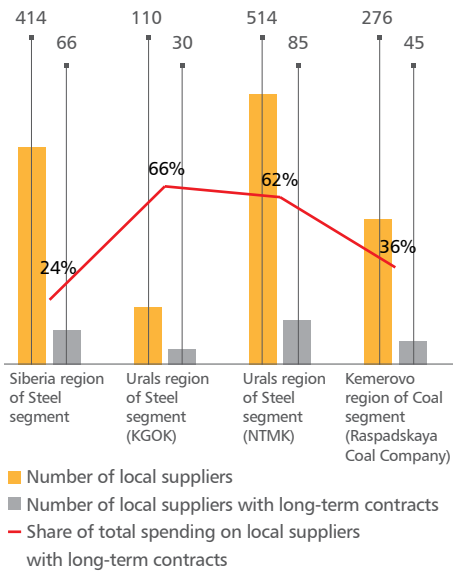
SAP ERP SYSTEM

- A unified automated ERP system, the standardisation of procurement processes

NUMBER OF LOCAL INVENTORY SUPPLIERS IN EVRAZ SUPPLY CHAIN, 2018



NUMBER OF LOCAL SUPPLIERS WITH LONG-TERM INVENTORY CONTRACTS, 2018



GOALS FOR 2019 AND MIDTERM PERIOD

EVRAZ will continue to work on enhancing the quality of procurement processes, as well as on integrating sustainability aspects into supply chain management.

In 2019 the development of the Suppliers Quality Management Programme, including automated solutions, is planned. The programme will also cover compliance assessments of suppliers against sustainability principles, including environmental, health and safety, and business ethics aspects. In addition, in 2019 a supplier performance management project will be launched, which will further boost overall procurement quality.

Supply processes assessment, both at Management Company and segment level, are planned for 2019. An external evaluator will assess the current state of the supply chain, including internal documents, and initiatives planned under the Roadmap will also be analysed. Based on the results of the analysis further areas for development will be identified.

The Group will continue to implement activities according to Roadmap priority areas, and taking into account the results of external assessments, with a focus on the further development of category strategies and the automation of procurement processes.



APPENDIX 1. GRI CONTENT INDEX

GRI Indicator	Disclosure	Page number (or link)	Comments/Omissions
GRI 102 GENERAL DISCLOSURES			
1. ORGANISATIONAL PROFILE			
GRI 102-1	Name of the organisation	About the Report, p. 4	
GRI 102-2	Activities, brands, products, and services	What we produce, p. 6	
GRI 102-3	Location of headquarters	About the Group, p. 4	
GRI 102-4	Location of operations	Where we operate, p. 5	
GRI 102-5	Ownership and legal form	EVRAZ plc	
GRI 102-6	Markets served	Who we are, p. 4 Annual report, p. 42-43	
GRI 102-7	Scale of the organisation	Where we operate, p. 5 What we produce, p. 6 Sustainability approach, p. 11 Personnel structure, p. 29-30	
GRI 102-8	Information on employees and other workers	Personnel structure, p. 29-30	Total number of employees by employment contract (permanent and temporary) is disclosed by gender only.
GRI 102-9	Supply chain	Supply chain, p. 65-68	The information concerning the share of local suppliers is disclosed only for the Urals and Siberia regions of Steel segment and Coal segment due to data collection unavailability in other segments.
GRI 102-10	Significant changes to the organisation and its supply chain	There were no significant changes in the Group's supply chain structure during the reporting period	
GRI 102-11	Precautionary Principle or approach	Sustainability risk management, p. 18-20	
GRI 102-12	External initiatives	Approach to sustainability management, p. 14-15	
GRI 102-13	Membership of associations	Memberships of associations and institutions, p. 24	
2. STRATEGY			
GRI 102-14	Statement from senior decision-maker	Message from CEO, p. 2-3	
3. ETHICS AND INTEGRITY			
GRI 102-16	Values, principles, standards, and norms of behaviour	Approach to sustainability management, p. 12 Ethics and business conduct, p. 16-17	
4. GOVERNANCE			
GRI 102-18	Governance structure	Approach to sustainability management, p. 14	
5. STAKEHOLDER ENGAGEMENT			
GRI 102-40	List of stakeholder groups	Stakeholder engagement, p. 20	
GRI 102-41	Collective bargaining agreements	The overall level of unionisation at the Group is 75%.	
GRI 102-42	Identifying and selecting stakeholders	Stakeholder engagement, p. 20	
GRI 102-43	Approach to stakeholder engagement	Identification of material topics, p. 8 Stakeholder engagement, p. 21, 23	
GRI 102-44	Key topics and concerns raised	Stakeholder engagement, p. 23	
6. REPORTING PRACTICE			
GRI 102-45	Entities included in the consolidated financial statements	Report boundaries, p. 7 Annual report, p. 237	
GRI 102-46	Defining report content and topic boundaries	Report boundaries, p. 7	
GRI 102-47	List of material topics	Identification of material topics, p. 8	



GRI Indicator	Disclosure	Page number (or link)	Comments/Omissions
GRI 102-48	Restatements of information	Due to the fact that non-financial data is subject to assurance for the first time in this reporting period, the following indicators disclosed in previous reports of the Group have been restated without any significant effect on the Group's results: 1. Air emissions; 2. Mining waste used and Mining waste recycling or re-use rate; 3. Employee turnover in North America; 4. Average hours of training per year per employee.	
GRI 102-49	Changes in reporting	Approach to reporting, p. 7	
GRI 102-50	Reporting period	Approach to reporting, p. 7	
GRI 102-51	Date of most recent report	Previous Annual report, containing CSR section was published on 01.03.2018	
GRI 102-52	Reporting cycle	Approach to reporting, p. 7	
GRI 102-53	Contact point for questions regarding the report	Contact Information, p. 9	
GRI 102-54	Claims of reporting in accordance with the GRI Standards	Approach to reporting, p. 7	
GRI 102-55	GRI content index	Appendix 1 – GRI Content Index, p. 69	
GRI 102-56	External assurance	Assurance, p. 9	
MATERIAL TOPICS			
GRI 200 ECONOMIC			
GRI 201 ECONOMIC PERFORMANCE			
GRI 103	Management Approach	Sustainability risk management, p. 19 Direct economic value generated and distributed, p. 25 Reducing emissions, p. 51	
GRI 201-1	Direct economic value generated and distributed	Direct economic value generated and distributed, p. 25	
GRI 201-2	Financial implications and other risks and opportunities due to climate change	Sustainability risk management, p. 19 Reducing emissions, p. 51	
GRI 202 MARKET PRESENCE			
GRI 103	Management Approach	Management approach, p. 28 Motivation and employee engagement, p. 31	
GRI 202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Motivation and employee engagement, p. 31	The data without breakdown by gender.
GRI 203 INDIRECT ECONOMIC IMPACTS			
GRI 103	Management Approach	Management approach, p. 56	
GRI 203-1	Infrastructure investments and services supported	Relations with local communities, p. 57	
GRI 203-2	Significant indirect economic impacts	Key projects in 2018, p. 57-63	
GRI 205 ANTI-CORRUPTION			
GRI 103	Management Approach	Ethics and business conduct, p. 16	
GRI 205-1	Operations assessed for risks related to corruption	Ethics and business conduct, p. 16	
GRI 205-2	Communication and training about anti-corruption policies and procedures	Ethics and business conduct, p. 16	
GRI 205-3	Confirmed incidents of corruption and actions taken	Ethics and business conduct, p. 17	
GRI 300 ENVIRONMENTAL			
GRI 302 ENERGY			
GRI 103	Management Approach	Boosting energy efficiency, p. 52	
GRI 302-1	Energy consumption within the organisation	Boosting energy efficiency, p. 52	Energy consumption is disclosed for a limited number of companies that are stated in the text of relevant section.

GRI Indicator	Disclosure	Page number (or link)	Comments/Omissions
GRI 303 WATER			
GRI 103	Management Approach	Approach to environmental management, p. 46-48 Balancing water supply, p. 48-49	
GRI 303-1	Interactions with water as a shared resource	Balancing water supply, p. 48-49 Protecting biodiversity, p. 52-53	
GRI 303-2	Management of water discharge-related impacts	Balancing water supply, p. 48-49	Legislation in the countries of our operation places high demands on the composition of water discharged by production facilities. For its part, the Group is committed to meet these requirements and ensure the quality of discharged water determined by law.
GRI 303-3	Water withdrawal	Balancing water supply, p. 49 Appendix 4. Environmental performance, p. 74-77	Total volume of water withdrawn is disclosed for NTMK, KGOK and ZSMK, which are the main assets consuming the major part of water.
GRI 303-5	Water consumption	Balancing water supply, p. 48-49 Appendix 4. Environmental performance, p. 74-77	Total volume of water consumed is disclosed for NTMK, KGOK and ZSMK, which are the main assets consuming the major part of water.
GRI 304 BIODIVERSITY			
GRI 103	Management Approach	Approach to environmental management, p. 46-48 Protecting biodiversity, p. 52-53	
GRI 304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Protecting biodiversity, p. 52	The Group's operations do not take place in any specially protected natural reservations or areas of high biodiversity value.
GRI 304-3	Habitats protected or restored	Protecting biodiversity, p. 52	Information concerning habitats protected or restored disclosed as the size of areas rehabilitated.
GRI 305 EMISSIONS			
GRI 103	Management Approach	Approach to environmental management, p. 46-48 Reducing emissions, p. 51-52	
GRI 305-1	Direct (Scope 1) GHG emissions	Reducing emissions, p. 51 Appendix 4. Environmental performance, p. 74-75	
GRI 305-2	Energy indirect (Scope 2) GHG emissions	Reducing emissions, p. 51 Appendix 4. Environmental performance, p. 74-75	
GRI 305-4	GHG emissions intensity	Reducing emissions, p. 51 Appendix 4. Environmental performance, p. 74-75	Intensity of GHG emissions is calculated as GHG emissions (kg CO2) divided by consolidated revenue, broken down by the operating segments.
GRI 305-5	Reduction of GHG emissions	Reducing emissions, p. 51 Appendix 4. Environmental performance, p. 74-75	Reduction of GHG emissions was accomplished also due to ceasing operations in Ukraine and lower volumes of underground mining against the higher open-pit mining.
GRI 305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Reducing emissions, p. 51-52 Appendix 4. Environmental performance, p. 74-75	
GRI 306 EFFLUENTS AND WASTE			
GRI 103	Management Approach	Approach to environmental management, p. 46-48 Waste stewardship, p. 49-50	
GRI 306-2	Waste by type and disposal method	Waste stewardship, p. 50 Appendix 4. Environmental performance, p. 76-77	The information is disclosed at total weight of hazardous waste, shares of waste generated and used.
GRI 306-3	Significant spills	Approach to environmental management, p. 46-48	In 2018 no significant environmental accidents occurred at the Group's production facilities, and in addition there were no corresponding material claims. Significant environmental accidents (first and second category incidents) comprise massive discharges into natural zones, hazardous emissions, the destruction of reservoirs, and fires at facilities.



GRI Indicator	Disclosure	Page number (or link)	Comments/Omissions
GRI 307 ENVIRONMENTAL COMPLIANCE			
GRI 103	Management Approach	Approach to environmental management, p. 46-48	
GRI 307-1	Non-compliance with environmental laws and regulations	Approach to environmental management, p. 47 Appendix 4. Environmental performance, p. 76-77	
GRI 400 SOCIAL			
GRI 401 EMPLOYMENT			
GRI 103	Management Approach	Management approach, p. 28	
GRI 401-1	New employee hires and employee turnover	Employees, p. 27 Personnel structure, p. 30	Employee turnover is disclosed in by region only.
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		EVRAZ provide the same benefits both to full-time and part-time employees.
GRI 403 OCCUPATIONAL HEALTH AND SAFETY			
GRI 103	Management Approach	Health and Safety Management, Approach, p. 40	
GRI 403-1	Occupational health and safety management system	Health and Safety management, p. 40	
GRI 403-2	Hazard identification, risk assessment, and incident investigation	Development of the safety culture, p. 40-41, Occupational injury prevention, p. 42-43 Emergency prevention and response, p. 44	
GRI 403-3	Occupational health services	Health, safety, and environment governance, p. 38-39	
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	Health, safety, and environment governance, p. 38-39 Development of the safety culture, p. 40-41	
GRI 403-5	Worker training on occupational health and safety	Development of the safety culture, p. 40-41	
GRI 403-6	Promotion of worker health	Treatment of occupational diseases, p. 43-44	
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Development of the safety culture, p. 40-41	
GRI 403-8	Workers covered by an occupational health and safety management system	Health and Safety management, p. 40	Despite the fact that only the main the major metallurgical enterprises of the Group are certified for compliance with the OHSAS 18001, all employees are covered by an occupational health and safety management system.
GRI 403-9	Work-related injuries	Occupational injury prevention, p. 42	Injury rates are not included data on contractors as the number of hours worked is not recorded.
GRI 403-10	Work-related ill health	Treatment of occupational diseases, p. 44	There are no available statistics on the number of fatalities as a result of work-related ill health. The Group does not collect data on contractors.
GRI 404 TRAINING AND EDUCATION			
GRI 103	Management Approach	Management approach, p. 28 Learning and development, p. 32	
GRI 404-1	Average hours of training per year per employee	Learning and development, p. 32	
GRI 404-2	Programmes for upgrading employee skills and transition assistance programmes	Motivation and employee engagement, p. 32 Learning and development, p. 33-34	
GRI 413 LOCAL COMMUNITIES			
GRI 103	Management Approach	Our approach p. 56	
GRI 413-1	Operations with local community engagement, impact assessments, and development programmes	Relations with local communities, p. 57	
GRI 413-2	Operations with significant actual and potential negative impacts on local communities	Relations with local communities, p. 57	

APPENDIX 2. TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

№	Recommendations	Covered in the Report
1	<b>Governance</b> Disclose the organisation’s governance around climate-related risks and opportunities.	Section “Sustainability risk management”, Figure “Sustainability risk management organisational structure” The Group employs the same approach to identifying, evaluating, monitoring, and managing financial and non-financial risks. On a yearly basis the Group reassesses all risks in order to ensure that all of them are accounted for, and that effective risk management measures are developed.
2	<b>Strategy</b> Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation’s businesses, strategy, and financial planning where such information is material	Section “Sustainability risk management”, Table “The Group’s sustainability risks”
3	<b>Risk management</b> Disclose how the organisation identifies, assesses, and manages climate related risks.	Section “Sustainability risk management”, Table The Group’s sustainability risks Climate change risks: <ul style="list-style-type: none"><li>▪ Implementing air emission reduction programmes at plants</li><li>▪ Participating in developing greenhouse gas emission regulations in Russia</li><li>▪ Implementing energy efficiency projects</li></ul>
4	<b>Metrics and Targets</b> Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	Section “Environmental strategy”, Figure “EVRAZ five-year environmental targets” Section “Reducing emissions”, Figures “EVRAZ Scope 1 and 2 emissions, million tCO2” and “EVRAZ GHG Emissions, million tCO2e”

APPENDIX 3. SCOPE OF GHG INDICATORS DISCLOSURE

1. EVRAZ Vanady Tula
2. EVRAZ ZSMK (including Evrazruda and Gurievsky rudnik)
3. EVRAZ KGOK
4. AVT-Ural
5. Mezhegeyugol Coal Company
6. Nakhodka Trade Sea Port (included only in the figure for 2017 due to asset disposition in 2017)
7. EVRAZ NTMK
8. EVRAZ Sukha Balka (included only in the figure for 2017 due to asset disposition in 2017)
9. EVRAZ DMZ (included in the figures for both 2017 and 2018, however, was sold in 2018)
10. Raspadskaya Coal Company (including Yuzhkoks, ATP Yuzhkuzbassugol, Kuznetskpogruztrans, Centralnaya Obogatitelnaya Fabrika Abashevskaya, Centralnaya Obogatitelnaya Fabrika Kuznetskaya, Mine Abashevskaya, Mine Alardinskaya, Mine Esaulskaya, Mine Kusheyakovskaya, Mine Osinnikovskaya, Mine Uskovskaya, Mine Erunakovskaya 8, Mezhdurechenskaya site)
11. Evraz Caspian Steel
12. EVRAZ Inc. NA (including, EVRAZ Portland, EVRAZ Pueblo)
13. EVRAZ Inc. NA Canada (including EVRAZ Camrose, EVRAZ Red Deer, EVRAZ Calgary, EVRAZ Regina)
14. Evraz Palini e Bertoli
15. Evraz Stratcor, Inc.
16. Evraz Vametco (included only in the figure for 2017 due to asset disposition in 2017)
17. EVRAZ Nikom, a.s.



APPENDIX 4. ENVIRONMENTAL PERFORMANCE

Indicator	Unit	2016	2017	2018	2018 vs. 2017			Definition	Comments
					Δ	%			
Air Emissions									
Key Air emissions	thousand tonnes	130.68	137.11	128.24	-8.87	-6.5		The key air emissions comprise NOx, SOx, dust and VOC emissions.	
SOx	thousand tonnes	49.00	58.18	51.30	-6.88	-11.8		Sulfur dioxide (SO <sub>2</sub> )	
NOx	thousand tonnes	29.20	29.17	29.69	0.52	1.8		Sum of Nitric oxides (NOx) as nitrogen dioxide (NO <sub>2</sub> )	
Dust	thousand tonnes	51.25	48.61	45.98	-2.63	-5.4		Sum of PM10 and PM25	
VOC	thousand tonnes	1.23	1.15	1.26	0.12	10.3		Volatile organic compounds	
CO	thousand tonnes	274.40	311.09	285.94	-25.15	-8.1		Carbon Monoxide (CO)	
Greenhouse Gases									
GHG Scope 1	Million tonnes CO <sub>2</sub> e	35.81	36.68	34.56	2.12	-5.8		Direct GHG emissions; sum of CO <sub>2</sub> equivalent of CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, PFC, HFC, SF <sub>6</sub> and NF <sub>3</sub>	Direct GHG emissions are emissions from sources that are owned or controlled by EVRAZ
CO <sub>2</sub>	Million tonnes CO <sub>2</sub> e	28.76	28.35	26.86	-1.49	-5.3		Carbon dioxide (CO <sub>2</sub> )	Direct CO <sub>2</sub> emissions from operations were calculated using the carbon balance method for carbon flows within production facilities, including fuel use. Emissions of other GHGs were calculated based on measured volumes, inventory changes or IPCC 2006 factors and models (including for post-mining coal methane emissions) where direct measurement data were not available.
CH <sub>4</sub>	Million tonnes CO <sub>2</sub> e	6.99	8.26	7.64	-0.63	-7.6		CO <sub>2</sub> equivalent of methane (CH <sub>4</sub> ) emission	
N <sub>2</sub> O	Million tonnes CO <sub>2</sub> e	0.07	0.06	0.06	-0.001	-1.1		CO <sub>2</sub> equivalent of nitrous oxide (N <sub>2</sub> O) emission	
PFC and HFC	Million tonnes CO <sub>2</sub> e	0.00010	0.00003	0.00009	0.00006	187.5		CO <sub>2</sub> equivalent of hydrofluorocarbons & perfluorocarbons emissions	
SF <sub>6</sub>	Million tonnes CO <sub>2</sub> e	-	-	-	-	-		CO <sub>2</sub> equivalent of sulphur hexafluoride (SF <sub>6</sub> ) emissions	
NF <sub>3</sub>	Million tonnes CO <sub>2</sub> e	-	-	-	-	-		CO <sub>2</sub> equivalent of nitrogen trifluoride (NF <sub>3</sub> ) emissions	
GHG Scope 2	Million tonnes CO <sub>2</sub> e	5.02	4.97	4.23	0.74	-14.9		Indirect GHG emissions from consumption of purchased electricity, heat or steam	"Scope 2 emissions are emissions associated with the generation of electricity, heating/cooling, or steam purchased by EVRAZ assets for own consumption. Scope 2 emissions were estimated using emission factors specifically developed for the country or region, if available, or otherwise factors provided by UK Defra or given in National Inventory Reports."
Total GHG	Million tonnes CO <sub>2</sub> e	40.83	41.65	38.79	2.86	-6.9		Calculation perimeter includes the following subsidiaries:	
GHG Steel Segment	Million tonnes CO <sub>2</sub> e	31.32	30.44	28.15	-2.29	-7.5		EVRAZ NTMK, EVRAZ KGOK, EVRAZ ZSMK, Evrazruda, EVRAZ DMZ, EVRAZ, Vanady Tula, EVRAZ Caspian Steel, EVRAZ Palini e Bertoli, EVRAZ Nikom, EVRAZ Stratcor	
Scope 1	Million tonnes CO <sub>2</sub> e	27.69	27.02	25.47	-1.56	-5.8			
Scope 2	Million tonnes CO <sub>2</sub> e	3.63	3.42	2.68	-0.74	-21.5			
GHG Steel NA Segment	Million tonnesCO <sub>2</sub> e	1.07	1.45	1.39	-0.06	-4.1		EVRAZ Calgary, EVRAZ Camrose, EVRAZ Portland, EVRAZ Pueblo, EVRAZ Red Deer, EVRAZ Regina	
Scope 1	Million tonnes CO <sub>2</sub> e	0.58	0.83	0.75	-0.08	-9.7			
Scope 2	Million tonnes CO <sub>2</sub> e	0.49	0.62	0.64	0.02	3.4			
GHG Coal Segment	Million tonnes CO <sub>2</sub> e	8.45	9.76	9.25	-0.51	-5.2		Raspadskaya Coal Company (Novokuznetsk and Mezhdurechensk sites), Mezhegeyugol	
Scope 1	Million tonnes CO <sub>2</sub> e	7.54	8.82	8.34	-0.48	-5.5			
Scope 2	Million tonnes CO <sub>2</sub> e	0.91	0.94	0.91	-0.03	-2.8			
GHG per t of steel cast	tCO <sub>2</sub> e per tonne of steel cast	2.11	2.02	2.005	-0.015	-0.7		EVRAZ NTMK, EVRAZ ZSMK, EVRAZ DMZ and EINA	Only steelmaking enterprises were included into the calculation.
GHG per revenue	kg CO <sub>2</sub> e/US\$	5.29	3.80	3.02	-0.80	-21.1			
GHG Steel Segment	kg CO <sub>2</sub> e/US\$	5.70	3.90	3.17	-0.70	-17.9		EVRAZ NTMK, EVRAZ KGOK, EVRAZ ZSMK, Evrazruda, EVRAZ DMZ, EVRAZ, Vanady Tula, EVRAZ Caspian Steel, EVRAZ Palini e Bertoli, EVRAZ Nikom, EVRAZ Stratcor	
GHG Steel NA Segment	kg CO <sub>2</sub> e/US\$	0.73	0.80	0.54	-0.30	-37.5		EVRAZ Calgary, EVRAZ Camrose, EVRAZ Portland, EVRAZ Pueblo, EVRAZ Red Deer, EVRAZ Regina	
GHG Coal Segment	kg CO <sub>2</sub> e/US\$	6.39	4.40	3.96	-0.40	-9.1		Raspadskaya Coal Company (Novokuznetsk and Mezhdurechensk sites), Mezhegeyugol	
Water Management									
Total fresh water intake for production needs	million m³	327.60	319.43	226.49	-92.94	-29.1			
surface water sources	million m³	293.70	288.55	196.74	-91.81	-31.8			
ground water	million m³	8.99	9.09	8.64	-0.46	-5.0			
seawater	million m³	-	-	-	-	-			
public network	million m³	18.27	17.30	15.34	-1.96	-11.3			
other sources	million m³	6.64	4.49	5.77	1.29	28.7			
Mine and quarry water usage for production needs		20.34	21.15	17.36	-3.79	-17.9			
mine water	million m³	11.86	11.78	11.01	-0.77	-6.5			
quarry water	million m³	8.48	9.37	6.35	-3.02	-32.2			



Indicator	Unit	2016	2017	2018	2018 vs. 2017			Definition	Comments
					Δ	%			
<b>Water Intensity</b>	<b>m³/tonne of steel cast</b>	<b>0.020</b>	<b>0.019</b>	<b>0.014</b>	<b>-0.01</b>	<b>-28.1</b>		<b>Estimated for metallurgical assets: ZSMK, NTMK, DMZ, EINA</b>	
Fresh water withdrawal intensity	m³/US\$ revenue	42.47	29.50	17.64	-11.86	-40.2		Total fresh water intake for production needs per EVRAZ total revenue	
Water recycled for use in own operations	%	90.1	90.4	92.8	2.40				
<b>Waste &amp; By-product Management</b>									
<b>Non-mining waste &amp; by-product generation</b>	<b>thousand tonnes</b>	<b>9,651.8</b>	<b>9,233.5</b>	<b>7,947.8</b>	<b>-1,285.7</b>	<b>-13.9</b>			
Metallurgical by-product generation	thousand tonnes	7,619.1	7,629.5	6,401.7	<b>-1,227.8</b>	<b>-16.1</b>		Metallurgical by-products Includes: slags, sludge and scale	
General waste	thousand tonnes	2,032.7	1,603.9	1,546.1	-57.8	-3.6			
non-hazardous waste generation	thousand tonnes	1,963.6	1,533.5	1,471.9	-61.5	-4.0			
hazardous waste generation	thousand tonnes	69.1	70.5	74.2	3.7	5.2			
Non-mining waste & by-product recycled	thousand tonnes	11,594.2	9,666.7	8,846.8	-819.9	-8.5			
Non-mining waste & by-product non-recycled	thousand tonnes	745.5	538.7	591.2	52.5	9.7			
Non-mining waste recycling or re-use rate	%	120.1	104.7	111.3	6.6	n/a		Amount of waste and by-products recycled or re-used vs. generated during the year.	
<b>Mining waste</b>	<b>thousand tonnes</b>	<b>157,305.7</b>	<b>169,569.5</b>	<b>232,004.5</b>	<b>62,435.0</b>	<b>36.8</b>		Mining waste include: overburden grounds, depleted rock, tailings	
Mining waste used	thousand tonnes	28,652.5	50,353.5	62,049.0	11,695.5	23.2			
Mining waste recycling or re-use rate	%	18.2	29.7	26.7	<b>-3.0</b>	<b>n/a</b>		Amount of waste and by-products recycled or re-used vs. generated during the year.	
<b>Environmental Compliance</b>									
Environmental commitments	US\$ million	119	102	121	<b>19.00</b>	<b>18.6</b>		A documented and approved by regulator liability to perform corrective actions to be in compliance with environmental requirements applicable to a specific facility	Exchange rate as of 31 December report year
Environmental Liabilities	US\$ million	224	289	244	<b>-45.00</b>	<b>-15.6</b>		Or Asset Retirement Obligation – is a legal obligation associated with the retirement of a tangible long-lived asset (i.e. remediation work such as, land rehabilitation, removing underground fuel storage tanks, cleanup, etc.).	"The amount of Environmental Liabilities is calculated using discounted amounts of future cash flows and disclosed in the Financial Statements as Site rehabilitation provision. Exchange rate as of 31 December report year"
Environmental Levies and Fines for Non-compliance	US\$ million	2.1	2.6	2.2	<b>-0.40</b>	<b>-15.4</b>		Total sum of accrued environmental levies (taxes) for the impact caused in excess of established standards and penalties/claims accepted for payment	Exchange rate - year average
Cost of environmental compliance	US\$ million	24	30.7	30.1	<b>-0.60</b>	<b>-2.0</b>		Expenses related to the maintenance of daily environmental operation (waste management, maintenance of environmental equipment, monitoring, etc.)	
Investments to improve environmental performance	US\$ million	12	28	29.8	<b>1.80</b>	<b>6.4</b>		Expenses related to the projects aimed to improve environmental performance	
Material environmental incidents	cases	0	0	0	<b>0.00</b>	<b>0.0</b>		Significant environmental accidents (first and second category incidents) comprise massive discharges into natural zones, hazardous emissions, the destruction of reservoirs, and fires at facilities.	
Public complaints	cases	38	29	36	<b>7</b>	<b>24.1</b>		Cases of public complaints registered by Evraz sites	
Compliance with REACH requirements	cases of non-compliance	0	0	0	<b>0.00</b>	<b>0.0</b>		Cases of non-compliance include: breaches of registration requirements, requirements to the content of Safety Data Sheets and breaches of the authorisation and restriction provisions.	



APPENDIX 5. INDEPENDENT ASSURANCE REPORT



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ИНН: 7709383532

Independent Assurance Report  
on the Sustainability Report 2018

To the Board of Directors and Stakeholders of  
EVRAZ plc

Subject matter

At the request of EVRAZ plc (hereinafter 'the Company') we have obtained a limited level assurance on the qualitative and quantitative information disclosed in the Sustainability Report 2018 of EVRAZ plc (hereinafter 'the Report') except for the following matters:

- ▶ Forward-looking statements on performance, events or planned activities;
- ▶ Correspondence between the Report and the Task Force on Climate-related Financial Disclosures; and
- ▶ Statements of third parties on performance in the Report.

Applicable criteria

The criteria of our engagement were the Global Reporting Initiative's Sustainability Reporting Standards (hereinafter 'the GRI Standards') and the sustainability reporting principles of the Company as set out in section 'About this report' of the Report. We believe that these criteria are appropriate given the purpose of our assurance engagement.

Management's responsibilities

The management of the Company is responsible for the preparation of the Report and for the information therein to present fairly in all material respects sustainability policies, activities, events and performance of the Company for the year ended 31 December 2018 in compliance with the GRI Standards and the sustainability reporting principles of the Company that are described in section 'About this report' of the Report. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of a sustainability report that is free of material misstatements, selecting and applying appropriate reporting principles and using measurement methods and estimates that are reasonable in the circumstances.

Our responsibilities

Our responsibility is to independently express conclusions that:

- ▶ The information in the Report is, in all material respects, a fair representation of sustainability policies, activities, events and performance of the Company for the year ended 31 December 2018;
- ▶ The Report is prepared 'in accordance' with the GRI Standards using the Core option.

We apply International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Summary of work performed

Our engagement was conducted in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by IFAC, and accordingly included the following procedures:

- ▶ Interviews with representatives of the Company management and specialists responsible for its sustainability policies, activities, performance and relevant reporting;
- ▶ Analysis of key documents related to Company sustainability policies, activities, performance and relevant reporting;
- ▶ Obtaining understanding of the process used to prepare the information on sustainability performance indicators of the Company and other engagement circumstances by reviewing the reporting process used for preparation of sustainability reports;
- ▶ Analysis of the Company stakeholder engagement activities via reviewing minutes of stakeholder meetings conducted by the Company;
- ▶ Benchmarking of the Report against sustainability reports of selected international and Russian peers of the Company and lists of sector-specific sustainability issues raised by stakeholders;
- ▶ Review of selection of corporate and external media publications with respect to the Company sustainability policies, activities, events, and performance in 2018;
- ▶ Analysis of material issues in field of sustainable development identified by the Company;
- ▶ Identification of sustainability issues material for the Company based on the procedures described above and analysis of their reflection in the Report;



- ▶ Review of data samples regarding key human resources, energy use, environmental protection, process safety, health and safety, and charitable activities indicators for the year ended 31 December 2018 to assess whether these data have been collected, prepared, collated and reported appropriately at the central office level;
- ▶ Collection on a sample basis of evidence substantiating the qualitative and quantitative information included in the Report at the central office level;
- ▶ Assessment of compliance of the Report and its preparation process with Evraz plc sustainability reporting principles; and
- ▶ Assessment of compliance of information and data disclosures in the Report with the requirements of the Core option of reporting 'in accordance' with the GRI Standards.

Our evidence gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

M.S. Khachatryan  
Partner  
Ernst & Young LLC

26 April 2019

Details of the subject of the independent assurance

Name: EVRAZ plc  
Entered in the Registrar of Companies for England and Wales October 13, 2011 and assigned registration number 7784342.  
Registered address and location: 5<sup>th</sup> Floor, 6ST Andrew Street, London, EC4A 3AE.

Details of the assurance provider

Name: Ernst & Young LLC  
Record made in the State Register of Legal Entities on 5 December 2002, State Registration Number 1027739707203.  
Address: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1.  
Ernst & Young LLC is a member of Self-regulated organization of auditors "Russian Union of auditors" (Association) ("SRO RUA"). Ernst & Young LLC is included in the control copy of the register of auditors and audit organizations, main registration number 11603050648.



