

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.

Key area of local communities support

KEY AREAS OF LOCAL COMMUNITIES SUPPORT

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

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.

Regional projects

| Regions | EVRAZ | | |
|--------------------------|---|---|---|
| | for Kids | for Cities | for Sports |
| Sverdlovsk region | <ul style="list-style-type: none"> Implemented Programme for professional orientation and development and improvement of educational institutions of Nizhny Tagil and Kachkanar Provided equipment for a sport field and playground at School No. 81 in Nizhny Tagil Arranged roof repairs at the Children's Art School in Kachkanar Provided funding for laboratory equipment and to improve the facilities and landscaping at Nizhny Tagil Mining and Metallurgical College Provided funding for workshop equipment and scholarships at Kachkanar Mining Industry College Acquired equipment for the student design bureau at Nizhny Tagil Technical Institute, a branch of Ural Federal University Together with the Agency for Social Investment and Innovation, held the Children's Foresight for the first time in Kachkanar Continued to fund rehabilitation programmes for children with cerebral palsy in Nizhny Tagil and Kachkanar | <ul style="list-style-type: none"> Supported the "Clean Games" in Kachkanar, a nationwide environmental and educational project aimed at cleaning up the environment and waste sorting Donated equipment and ambulances to medical centres Helped Kachkanar's cultural centre to acquire multimedia equipment Assisted with a project to develop a comprehensive traffic plan for Kachkanar 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 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 | <ul style="list-style-type: none"> 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 Equipped a skate park for the Jupiter Olympic reserve sport school in Nizhny Tagil Helped the Uralochka sport school in Nizhny Tagil to acquire an office and sport equipment Helped to repair sport facilities and acquire equipment for hockey players at the district Sports and Recreation Complex in Kachkanar Helped Kachkanar's Olymp sport school to travel to competitions and provided funding to hold a football competition Supported volleyball club "Uralochka NTMK" |
| Kemerovo region | <ul style="list-style-type: none"> 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 Helped the Novokuznetsk Drama Theatre to equip a children's theatre workshop and baby theatre Continued to fund rehabilitation programmes for children with cerebral palsy in Novokuznetsk and Mezhdurechensk Helped to Install a sports ground near school No. 23 in Mezhdurechensk Helped the Tashtagol technical school of mining technologies and the service sector to improve the equipment of special mining technical profile classrooms | <ul style="list-style-type: none"> 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 Provided donations to help overhaul the municipal heating network pipes in Tashtagol Provided donations to improve the municipal infrastructure in Tashtagol district as part of the Miners' Day celebrations 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 | <ul style="list-style-type: none"> Held the 15th annual Andrey Sevenyuk corporate ski and snowboard competition in Tashtagol Helped the Shoria hockey team to acquire sport equipment in Tashtagol district Provided assistance to Novokuznetsk's Metallurg-Zapsib sport school to organise their team's participation in football competitions at the Russian Championship Helped the Mezhdurechensk sport school to conduct a streetball competition for local amateur teams Supported Children's Sport School No. 2 in Novokuznetsk in organising the 33rd annual City Games and helped to repair a stadium Installed a modular building on Mount Yugus in Mezhdurechensk for the Khokhrin Olympic reserve sport school for skiing Supported Hockey Club "Metallurg Novokuznetsk" |
| 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® | - |

KEY PROJECTS



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.

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 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

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**



Case study

“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**



Case study

“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/ 13 | 56/ 12 | 95/ 14 | 72/ 12 | 354/51 |
| Number of votes | 11,061 | | 12,344 | | 23,405 |

EXAMPLES OF WINNING PROJECTS

| Title of the project | Description |
|---|---|
| Urals | |
| "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). |
| Siberia | |
| "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 Novoasbest. 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.



“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, Rospadskaya. The project team travelled hundreds of kilometres to put all the stories together.

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.

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.

