

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.

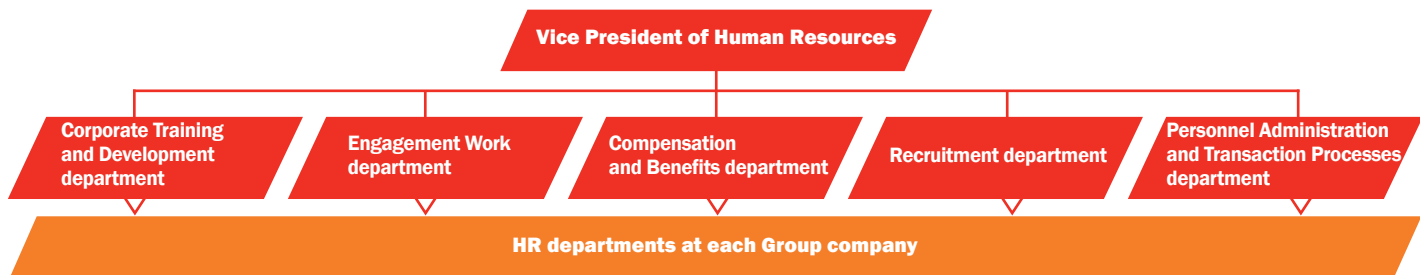
The organisational structure of the Human Resources (HR) department is present at three levels. This stream is spearheaded by the Vice President of HR, who manages five departments: Corporate Training and Development, Engagement Work, Compensation and Benefits, Recruitment, Personnel Administration, 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 maturity 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

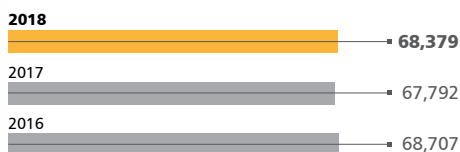
In 2018, the HR function of EVRAZ underwent an independent assessment of its maturity. Within this procedure, each HR process was assessed on the following criteria: reporting system, departments' functions, automation level, regulation of the current process, planning and evaluation models, organisational 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

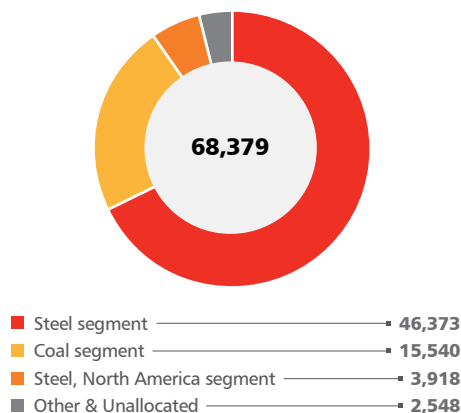
The number of EVRAZ employees in 2018 reached 68,379. Compared to 2017, the Group saw an almost 1% rise in headcount.

NUMBER OF EMPLOYEES AS OF 31 DECEMBER IN 2016–2018, people¹



¹ 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.