

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

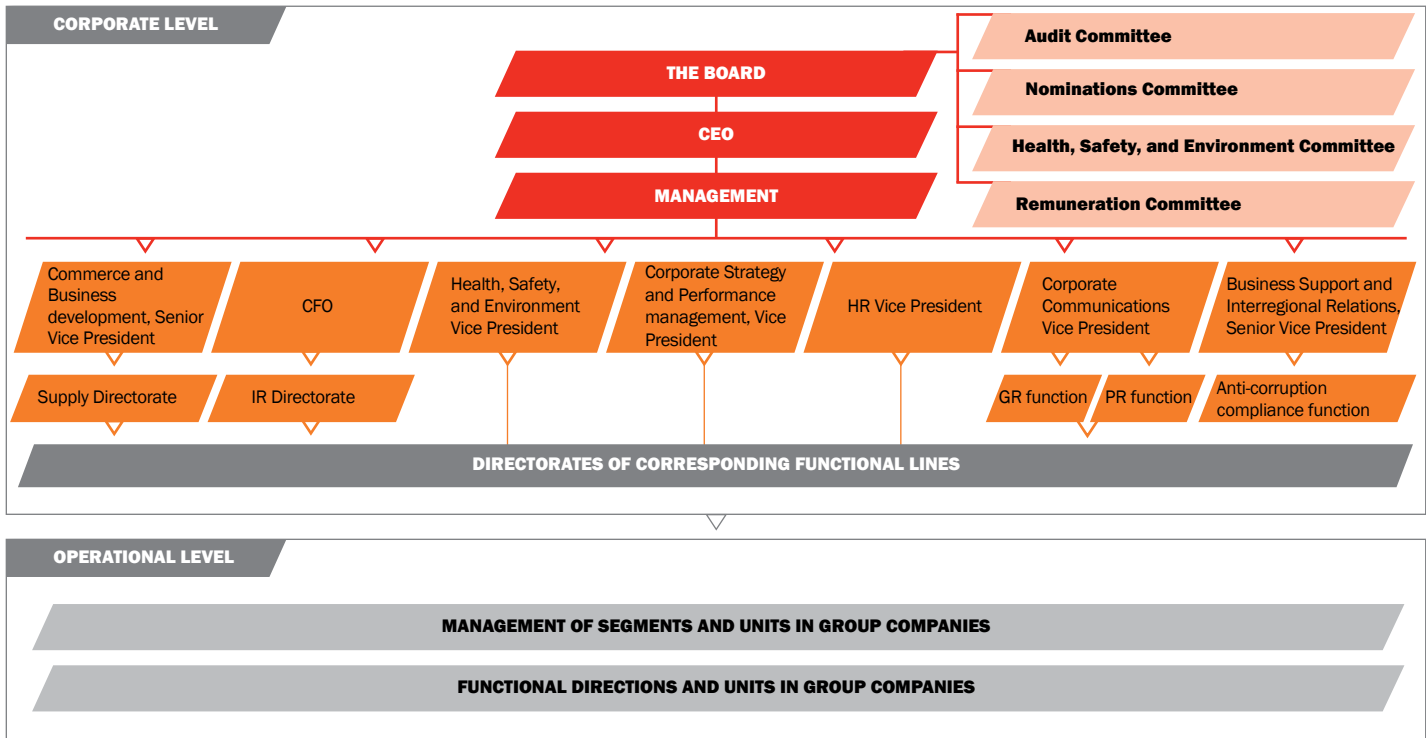
The management of sustainable development issues is integrated into all levels of the Group's corporate governance system.

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
	<p>Ensure healthy lives and promote well-being for all at all ages</p> <ul style="list-style-type: none"> Ensuring high medical insurance standards for our employees and their families in the framework of our compensation package Supporting projects aimed at promoting healthy lifestyles among our employees, devoting particular attention to young specialists, and in communities of our regions of operation Investing in building sports facilities in regions of operation
	<p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p> <ul style="list-style-type: none"> Providing professional education opportunities for all our staff Supporting social projects to facilitate education and to improve conditions in educational institutions in regions
	<p>Ensure the availability and sustainable management of water and sanitation for all</p> <ul style="list-style-type: none"> Reducing fresh water consumption including water from surface sources Increasing the quality and volume of recycled water
	<p>Ensure access to affordable, reliable, sustainable, and modern energy for all</p> <ul style="list-style-type: none"> Decreasing electricity use in each segment of the Group Promoting initiatives related to generating electricity in-house
	<p>Promote sustained, inclusive, and sustainable economic growth, full and productive employment and decent work for all</p> <ul style="list-style-type: none"> Fulfilling our tax liabilities Providing equal social guarantees and creating equal opportunities for high-performance work and professional growth for our employees Providing healthy and safe working conditions Employment creation in regions of operation
	<p>Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation</p> <ul style="list-style-type: none"> Investing in infrastructure development projects in regions of operation
	<p>Ensure sustainable consumption and production patterns</p> <ul style="list-style-type: none"> Decreasing the volume of waste generated during production activities Increasing the volume of waste recycled
	<p>Take urgent action to combat climate change and its impacts</p> <ul style="list-style-type: none"> Reducing CO₂ emissions by lowering the consumption of energy resources and by improving efficiency
	<p>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</p> <ul style="list-style-type: none"> Rehabilitation of disturbed lands and landscaping activities Restoration of aquatic biodiversity Socio-ecological campaigns being managed jointly by municipal administrations
	<p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p> <ul style="list-style-type: none"> Compliance with applicable legislation, including in relation to human rights protection The proactive implementation of anti-corruption and bribery initiatives, discouraging conflicts of interest Working with the state authorities to meet the needs of local communities
	<p>Strengthen the means of implementation and revitalise the global partnership for sustainable developments</p> <ul style="list-style-type: none"> Implementing and supporting sustainability initiatives promoted by Russian and international sector associations and institutions