

## 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

#### 1 INDIVIDUAL MAKING A REPORT

##### Communication through available channels:

- ✉ email (vopros@evraz.com and hotline@evraz.com)
- ☎ the hotline phone number
- 🌐 and internal corporate portals

#### 2 CONTACT CENTRE

**Key role:** collecting and registering reports

**Corporate Whistleblowing line:** reports are received and registered by an in-house contact centre

**ENA Whistleblowing line:** reports are received and registered by a third party, Navex Global

#### 3 RESPONSIBLE EXECUTIVE

**Key role:** ensuring the transparency, swiftness, and independence of whistleblowing procedures

**Corporate Whistleblowing line:** Vice President of Corporate Communications, Internal Audit Director

**ENA Whistleblowing line:** General Counsel and Corporate Secretary, Internal Audit Director, Director of Corporate Security

#### 4 SERVICES RESPONSIBLE FOR HANDLING REPORTS

**Key role:** investigating issues and preparing appropriate responses/solutions

At the end of the investigation feedback is provided to the person that submitted the report (if the message is not anonymous)

### 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

