



Policy for approval of services to be provided by EVRAZ external auditor

Date of approval: 14 June 2012

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1. Objective and general principles

This policy (the "Policy") has been developed to provide guidance on the approval process for the services provided by the external auditor (the "Auditor") to EVRAZ plc (the EVRAZ), its subsidiaries and significant associates (the "Group").

Audit Committee is responsible for overseeing relations with the Auditor, including:

- Selection of the Auditor,
- Approval of scope and fees for Audit Services and Non-Audit Services
- Ongoing assessment of the Auditor's independence, including establishing the policy for providing Non-Audit Services by the Auditor

This policy has been developed to assure that the ongoing independence of the Auditor is not compromised, and to ensure that the Group is in compliance with the requirements of the UK Corporate Governance Code (the "Code") published by the Financial Reporting Council (the "FRC"), FRC Guidance on Audit Committee and Auditing Practice Board (the "APB") Ethical Standard 5 "Non-audit services provided to audited entities".

These guidelines and requirements are used by the Management and the Audit Committee in developing a list of prohibited services and in making the decision on the appropriateness of selection of the Auditor for provision of specific Non-Audit Services.



2. Review, Approval and Monitoring of compliance with the policy.

Group's Audit Committee is responsible for establishing this Policy and its approval. The current version of the policy has been approved by the Audit Committee on June 14, 2012.

The day-to-day management of this Policy is delegated by the Audit Committee to the Group's Head of accounting and controlling, who is responsible for timely updates of the Policy, communication of the Policy to the Group's employees and for monitoring the compliance with the Policy.

3. Definitions


Audit Services – audit and review engagements conducted by an independent external auditor in accordance with applicable standards, laws and regulations for auditing and review engagements in respect of the consolidated, separate and individual financial statements of the Group, and/or of its subsidiaries, significant associates and joint ventures that are prepared in accordance with International Financial Reporting Standards, respective statutory or other applicable accounting framework.

Audit Related Services – services which under applicable standards, laws and regulations can be performed only by the Auditor, for example, given consent to preliminary announcements of EVRAZ plc.

Non-Audit Services – services other than Audit Services or Audit Related Services, which consist of two types of non-audit services: i) Further Assurance Services defined as Non-Audit Services that are unrelated to the audit and where the company has discretion to appoint the external auditor but are closely related to the performance of the audit or review of the financial statements or that are logically and commonly performed by the external auditor (for example, services that are provided by the Auditor in respect of capital market transactions); and ii) Other Non-Audit Services, which include all other non-prohibited non-audit services.

Prohibited Services – services that the Audit Committee specifically prohibits to contract with the Auditor, because they represent significant perceived threat to independence of the Auditor:

- Any contingent fee arrangements, unless the element of the fees that are contingent is clearly immaterial in the context of the Group audit fee,
- Internal audit work outsourcing,
- Design and implementation of significant management information systems,
- Valuation services (except when legally required),
- Actuarial valuation services,

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- Tax services a) related to promotion of tax structures and products whose effectiveness is likely to be influenced by accounting treatment, b) services requiring representations to tax authorities,
 - Litigation support services,
 - Legal services,
 - Recruitment and remuneration advice ,
 - Dealing, underwriting or promoting clients securities,
 - Accounting services.

Pre-approval – means the approval of the scope and fees for specific services as required by this Policy should be obtained prior to contracting the external auditors to perform this service. In making pre-approval decision Audit Committee consider significant perceived threats to independence of the Auditor that may be posed by engagement under consideration, namely: self-interest threat, self-review threat, management threat, advocacy threat, familiarity (or trust) threat, and intimidation threat.

4. Authorization Guidance

- a) Prohibited Services should not be contracted with the Auditor regardless of the amount of the fees.
- b) All annual Audit Services should be pre-approved by the Audit Committee. The changes in the scope and fees of Audit Services that occurs during the year should be pre-approved by the Audit Committee Chairman and subsequently reported to the Audit Committee at the nearest meeting of the Committee.

All contingent fees arrangements should be pre-approved by the Audit Committee Chairman

- c) The general limit for the fees relating to Non-audit services other than Further Assurance Services is established at 40% of the Group's Audit Services fees based on the latest approved annual Audit Service fees. Once this limit is approached, the Head of accounting and controlling should immediately notify the Audit Committee. All additional Non-Audit Services, including those that led to exceeding the limit, can be contracted only after a specific pre-approval by the Audit Committee. In the exceptional circumstances the Audit Committee may increase this limit in a particular year. The reason for such decision should be documented.
- d) The Group's CFO is authorized to and should pre-approve Audit Related Services and Further Assurance Services, including capital market transactions related services. The scope and fees for such services are reported to the Audit

Committee at the nearest meeting of the Committee that occurs after such transaction.

- e) The Group's CFO is authorized to and should pre-approve Non-audit services other than Further Assurance Services with the fees less than US \$150,000, unless they are subject to a)-d) above. The cumulative amount of such contracts that are not reported to the Audit Committee at any point of time should not exceed US \$300,000. The scope and fees for such services should be reported to the Audit Committee at the nearest meeting of the Committee that occurs after such transaction. Such reporting resets the cumulative limit mentioned above.
- f) The Chairmen of the Audit Committee is authorized to and should pre-approve Non-audit services other than Further Assurance Services with fees less than US \$500,000, unless they are subject to a)-e) above. Cumulative amount of such contracts that are still not reported to the Audit Committee at any time should not exceed US \$1,000,000. The scope and fee for such services are reported to the Audit Committee at the nearest Audit Committee meeting that occurs after such transaction. Such reporting reset cumulative limit mentioned above.
- g) The Audit Committee should pre-approve all Non-audit services other than Further Assurance Services with fees in excess of US \$500,000, unless they are covered by a) and d) above.

Summary of this guidance is provided in a table below

	Audit Committee	Audit Committee Chairman	Group's CFO
AUDIT AND AUDIT RELATED SERVICES			
Annual Audit Services	Pre-approval		Initial recommendation with request for pre-approval
Additional scope of audit services that emerges during the year	Reported to at earliest meeting of the Committee	Pre-approval	Initial recommendation with request for pre-approval



	Audit Committee	Audit Committee Chairman	Group's CFO
NON-AUDIT SERVICES:			
Services with contingent fees	Reported to at earliest meeting of the Committee	Pre-approval	Initial recommendation with request for pre-approval
Audit Related Services and Further Assurance Services	Reported to at earliest meeting of the Committee		Pre-approval
Non-audit services other than Further Assurance Services:			
- Less than US \$150,000 with the cumulative total unapproved by the Audit Committee less than US \$300,000* <i>*-this limit is reset after approval of related services by the Audit Committee</i>	Reported to at earliest meeting of the Committee		Pre-approval
- Less than US \$500,000 with the cumulative total unapproved by the Audit Committee less than US \$1,000,000* <i>*-this limit is reset after approval of related services by the Audit Committee</i>	Reported to at earliest meeting of the Committee	Pre-approval	Initial recommendation with request for pre-approval
- In excess of US \$500,000	Pre-approval		Initial recommendation with request for pre-approval