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Message from the CEO

Dear stakeholders,

I am proud to present you with EVRAZ first comprehensive Report on sustainability performance. The decision to prepare a separate Sustainability report is a logical step in the Group’s continuous efforts to improve the economic, social, and environmental aspects of our operations and is a reflection of our commitment to transparency and corporate social responsibility.

The Group is convinced that creating long-term value and delivering robust operational and financial results are unattainable without the systematic management of sustainability performance. As a global steel and mining company, EVRAZ recognizes the importance of ensuring the highest levels of occupational health and safety, engaging and developing employees, protecting the environment, contributing to the development of the regions where we operate, and maintaining mutually beneficial business relationships with all groups of stakeholders.

A proactive and balanced approach to managing sustainability-related issues at all stages of the Group’s operational cycle forms an integral part of EVRAZ corporate philosophy. The Group strives to integrate best practices in sustainable development and contributes to attaining the sustainable development goals (SDGs) adopted by the UN General assembly in 2015.

In 2018 the Group delivered impressive results and demonstrated financial and operational resilience. In the reporting year EVRAZ generated EBITDA of US$3.777 million, our highest since 2016. These results are underpinned by initiatives to boost efficiency and reduce costs, as well as efforts to improve sustainability performance. Healthy financial and operational results allow the Group to expand the areas, scope, and direction of the Group’s sustainable development activities and to create value for stakeholders.

One of the most crucial sustainability-related projects in 2018 was the continuation and launch of blast furnace No. 7 in Sverdlovsk Region (EVRAZ NTMK). The furnace has an annual rate of output of 2.6 million tonnes and is considered to be one of the “cleanest” in Russia: it increases resilience. In the reporting year EVRAZ spent US$2.1 million on environmental protection programmes and places a focus on ecosystems. One of the most noteworthy projects completed in this area in 2018 was the rehabilitation of disturbed land at the EVRAZ ZSMK waste storage area. 17.9 hectares of land were rehabilitated, 2,400 pine seedlings were planted, and the territory was then transferred to the Administration of Novokuzelets.

The attainment of the Group’s strategic goals depends on having a stable economic and social environment in key regions of operation. As a major employer and taxpayer, EVRAZ recognizes its responsibilities towards supporting local communities. With this in mind, the Group implements a number of long-term projects aimed at sponsoring and promoting education and sports, the development of infrastructure, and environmental protection and conservation.

At the federal level, in 2018 EVRAZ provided support to the Rogachev Centre for Paediatric Haematology and Immunology, whose aim is to improve the treatment of acute myeloblastic leukaemia in children. The Group also contributes to the development of education and culture by sponsoring the Documentary Film Centre in Moscow, the Garage Museum of Contemporary Art in Moscow, the Yeltsin Centre in Ekaterinburg, and the Novokuzelets Drama Theatre, the men’s volleyball club Dynamo (Moscow) and the Grand Slam community.

EVRAZ also pays special attention to the training and development of our personnel and working with young professionals. In 2018 the Group held a number of major educational events, including the WorldSkills programme, the EVRAZ New Leaders programme, and the new corporate training programme Top-300. The Group also held for the first time ever a mentorship forum, and launched a new project entitled Mentorship Reloaded.

In 2018 the Group continued with work to enhance and systematise the remuneration system: grading evaluations were conducted and the approach to remuneration reviewed. After this preliminary work is completed, a two-year project will be launched in 2019 to upgrade the payment system used within the Group.

Another key development in 2018 was a project to streamline the EVRAZ organisational structure in accordance with the results of a benchmarking analysis of the structures of Russia’s largest metals companies. Currently the Group is working on optimising the number of management levels, which will facilitate faster decision-making and improved controls.

The Group encourages open and transparent communications and collects regular feedback from employees. Since 2016 EVRAZ has conducted the annual ‘We Are Together’ engagement survey. In 2018 the geography of the survey was expanded to include employees from the Shared Service Centre, EVRAZ Mali Metal, and Evraztekhnika. The results of the survey conducted in 2018 showed that the employee engagement level rose by 1 percentage point, to 53%, thus demonstrating a positive trend in employee satisfaction.

The Group implements various environmental protection programmes and places a focus on finding new ways to mitigate our impacts on ecosystems. One of the most noteworthy projects completed in this area in 2018 was the rehabilitation of disturbed land at the EVRAZ ZSMK waste storage area. 17.9 hectares of land were rehabilitated, 2,400 pine seedlings were planted, and the territory was then transferred to the Administration of Novokuzelets.

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MANAGING ENVIRONMENTAL IMPACTS

Taking a holistic approach to managing environmental impacts is crucial for the Group’s growth and business continuity. The principles of minimising negative impacts on the environment and the efficient use of resources are integrated into EVRAZ daily operations.

The Group has an Environmental Management System (EMS) in place, which ensures that environmental risks are mitigated and that all regulatory requirements are met. The EMS also incorporates environmental and social impact assessments, environmental due diligence, and the management of environmental projects.

In 2018 EVRAZ made significant progress in terms of reducing our negative environmental impacts. By the end of 2018 the consumption of fresh water had fallen by 20%, and an overall share of 111.3% of non-mining waste had been recycled, compared with 104.7% in the previous year. As of December 2018 the Group’s total greenhouse gas emissions had declined 6.9% year on year, while the key air emissions (sum of NOx, SO2, dust and VOC) had fallen by nearly 6.5%.

COMMUNITY RELATIONS

The Group’s commitment to improving the quality of life of people in regions of operation and the management of social and environmental risks is a key priority.

EVRAZ focuses on developing close relationships with local communities and supporting their social and economic development. The Group is actively involved in several voluntary and charitable initiatives, thereby helping people in difficult life circumstances, supporting children, and organising social and sports events.

In the medium-term the Group is considering creating a volunteers programme to further develop this stream and to support volunteering locally.

EVRAZ will go on working to create shareholder and safety among employees. The Group is committed to improving our sustainability performance and by further integrating economic, social, and environmental considerations into the Group’s decision-making.

Alexander Frolov
Chief Executive Officer
EVRAZ is a vertically integrated steel, mining, and vanadium business, and is among the top steel producers in the world based on crude steel production. A significant share of the Group’s internal iron ore and coking coal consumption is covered by own mining operations. The Group is listed on the London Stock Exchange and is a constituent of the FTSE 100 Index.
Sustainability report 2018

WHAT WE PRODUCE

Our product line is very broad and changes depending on a range of criteria, including the customer’s geographical location, specific technical conditions, the purpose of the product, and how it will be used further. We have customers in over 70 countries worldwide. EVRAZ is constantly improving products and services and hence strengthening our long-term relationships with partners and customers.

Our products are used in various industries and meet the highest quality standards. All our products are certified (a number of certificates can be viewed at the English version of the official EVRAZ website).

We greatly value our clients, and therefore strive to improve not only our products, but also the experience that clients have from interacting with us, and we provide a tailored approach to each of them.

We widely apply a range of modern technologies, and also develop and use mobile apps. For example, people can view our wheel shop at EVRAZ NTMK in Nizhny Tagil, Russia by downloading our EVRAZ Wheels app from the Apple App or Google Play stores. It is even possible to connect via Google Cardboard glasses and enjoy a virtual reality experience.

APPENDIX TO REPORTING

The 2018 Sustainability Report (“the Report”) covers the key results of EVRAZ sustainability performance between 1 January 2018 and 31 December 2018, and includes the Group’s plans for 2019 and the medium term.

EVRAZ began preparing annual reports in 2004, and these reports incorporated an extended chapter on Corporate Social Responsibility (CSR). However, for 2018 EVRAZ took the decision to publish a separate report dedicated to sustainability. The Group’s most recent reports, together with additional information about its sustainability performance, can be accessed on EVRAZ official website: http://www.evraz.com/en/events/annual_reports

In 2018 the Report was prepared in accordance with the Global Reporting Initiative Sustainability Reporting Standards: Core option (“GRI Standards”). In order to ensure compliance with GRI Standards, the Group’s internal procedures relating to the Report’s preparation were reviewed.

The Report describes EVRAZ sustainable development management practices and was prepared in accordance with the interests of the investment community and other stakeholders. The Sustainability Report is published in both the English and Russian languages.

REPORT BOUNDARIES

The sustainability information contained in this Report covers the performance of the following EVRAZ assets, unless otherwise indicated in the text of the Report or in Appendix 3:

<table>
<thead>
<tr>
<th>Segment</th>
<th>Company (referenced in the Report)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steel segment</td>
<td>EVRAZ Stanady Tula</td>
</tr>
<tr>
<td>Steel, North America segment</td>
<td>EVRAZ Inc. NA (including, EVRAZ Portland, EVRAZ Pueblo)</td>
</tr>
<tr>
<td>Sales, services, and logistics companies</td>
<td>EVRAZ Inc. NA Canada (including EVRAZ Canmos, EVRAZ Red Deer, EVRAZ Calgary, EVRAZ Regina)</td>
</tr>
</tbody>
</table>

...
IDENTIFICATION OF MATERIAL TOPICS

In order to determine and include the most significant content in the Report we conducted a materiality assessment, which was developed in accordance with the requirements of GRI Standards (including using such criteria as “Influence on stakeholder assessments and decisions” and “Significance of economic, environmental, and social impacts”). Based on the results of the analysis, 14 significant topics were identified and approved, including in relation to economic, environmental, and social categories. These topics were also prioritised through a survey of members of the Working Group about the preparation of the Report, held in December 2018.

GRI disclosure requirements were met equally for all topics, irrespective of the priority level. At the same time, topics with a high level of materiality were given special attention in terms of the level of additional detail provided in the Report.

DATA PREPARATION METHODOLOGY

The calculation, collection, and consolidation of economic, environmental, and social indicators presented in the Report were carried out in accordance with the GRI Standard reporting principles and requirements and on the basis of the current procedures in place for collecting and preparing management information in the Group.

Performance indicators, as well as data on sustainable development, are presented in units of the International System of Units (SI). Sources of information related to personnel management, labour protection, industrial safety, and environmental protection are mandatory state statistical forms. On an annual basis relevant departments report via these forms to local governments and the Group’s management.

In order to ensure the comparability of data, the most significant indicators related to the Company’s activities are presented for the previous three years.

ASSURANCE

The Group engaged EY to provide independent assurance of the Sustainability Report in order to ensure the quality, accuracy, and completeness of the reported data.

CONTACT INFORMATION

The Group considers and carefully analyses feedback from stakeholders on the completeness, objectivity, and materiality of information disclosed in its sustainability reports, which helps improve our sustainability performance and non-financial reporting processes. We always welcome your suggestions about the Report and our performance. Please send any questions and suggestions you have to:

IR Department
Moscow: +7 (495) 232-13-70
London: +44 (207) 832-89-90
E-mail: ir@evraz.com

See Appendix 5. Independent Assurance Report on page 78.
SUSTAINABILITY APPROACH

Employees

Health, safety and environment

Community relations

Supply chain

Appendices

1.91
LTIFR per 1 million hours

68,379
employees
headcount at the end of the year

US$29.8 million
Investments related to improving environmental performance

US$27 million
spent on social programmes and infrastructure maintenance in 2018

GLOBAL SUSTAINABLE DEVELOPMENT GOALS
The Group works in four main areas in the sphere of sustainable development.

### MAIN SUSTAINABLE DEVELOPMENT AREAS OF EVRAZ

**Economic stability**  
The Group aims to maintain solid economic growth and create long-term value for the Group.

**Employee well-being**  
We strive to ensure for employees safe working conditions, decent compensation packages, and professional development opportunities.

**Environmental protection**  
The Group seeks to reduce adverse and minimise positive environmental impacts from our operations.

**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.

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**Leona Vitolina**  
Acting CEO, EVRAZ

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**APPENDICES**  
See the sections Ethics and business conduct, p. 30-17, and Ethical approach, p. 40-45.
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**

<table>
<thead>
<tr>
<th>SDG</th>
<th>Our input</th>
</tr>
</thead>
</table>
| **Ensure healthy lives and promote well-being for all at all ages** | ▪ 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 |
| **Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all** | ▪ Providing professional education opportunities for all our staff  
   ▪ Supporting social projects to facilitate education and to improve conditions in educational institutions in regions |
| **Ensure the availability and sustainable management of water and sanitation for all** | ▪ Reducing fresh water consumption including water from surface sources  
   ▪ Increasing the quality and volume of recycled water |
| **Ensure access to affordable, reliable, sustainable, and modern energy for all** | ▪ Decreasing electricity use in each segment of the Group  
   ▪ Promoting initiatives related to generating electricity in-house |
| **Promote sustained, inclusive, and sustainable economic growth, full and productive employment and decent work for all** | ▪ 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 |
| **Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation** | ▪ Investing in infrastructure development projects in regions of operation |
| **Ensure sustainable consumption and production patterns** | ▪ Decreasing the volume of waste generated during production activities  
   ▪ Increasing the volume of waste recycled |
| **Take urgent action to combat climate change and its impacts** | ▪ Reducing CO₂ emissions by lowering the consumption of energy resources and by improving efficiency |
| **Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss** | ▪ Rehabilitation of disturbed lands and landscaping activities  
   ▪ Restoration of aquatic biodiversity  
   ▪ Socio-ecological campaigns being managed jointly by municipal administrations |
| **Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels** | ▪ 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 |
| **Strengthen the means of implementation and revitalize the global partnership for sustainable developments** | ▪ Implementing and supporting sustainability initiatives promoted by Russian and international sector associations and institutions |
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 Code of Conduct

The Code of Conduct lays out the principles of ethical business conduct and EVRAZ anti-corruption policies and procedures.

The Group takes a proactive approach to updating its 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 training for management, specialists, and administrative staff.

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 of 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 setting 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 initiative of bribery. This result would not have been possible without the constant efforts the Group has been putting with the provisions of these documents at all times.

The Group’s Board of Directors and management pay special attention to promoting ethical and bribery-related efforts and to ensuring the Group’s control of these matters. The Group has appointed a corporate compliance manager and local compliance managers at each Material Subsidiary. The responsibilities of the 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’s corporate compliance manager, and to the Senior Vice President for business support.

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 understands that informing business partners and educating its 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 Vanadyt Tula, and EVRAZ Metal Ipprons.
- The EVRAZ North America (“EVA”) 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 retaliation. All inquiries are registered in the IT system and are handled by executives and specialists responsible for the matter, e.g., HR, HSE, or Security specialists, who analyse them and prepare 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 (EVA 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 (EVA is not included). Out of these complaints, six were investigated and six were referred for management, specialists, and administrative staff had undergone the training.

In order to ensure that employees have an up-to-date understanding of the principles of ethical business 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.

For more information on the analysis and management of corruption risks, see the “Anti-corruption and anti-bribery” section of the Annual Report.

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## SUSTAINABILITY APPROACH

### Employees

Health, safety and environment

SUSTAINABILITY APPROACH

### Employees

Health, safety and environment

Approach to managing sustainability risks

The timely identification, analysis, and assessment of risks, alongside implementing effective measures for managing them, are crucial for attaining EVRAZ strategic goals and objectives. The Group takes a portfolio view and focuses not only on strategic and financial risks, but also on risks in the environmental, social, and economic spheres.

Adopting a holistic, systematic, and proactive approach to managing sustainability risks is a prerequisite for the Group’s long-term success and stable growth. The Group’s risk management system encompasses risks both at corporate and operational levels and establishes a single organisational framework for identifying, assessing, and managing risks.

The Group employs the same approach to identifying, evaluating, monitoring, and managing financial and non-financial risks. On a yearly basis the Group reassesses all risks in order to ensure that all of them are accounted for, and that effective risk management measures are developed.

In order to more efficiently control the risks that could have the greatest impact on the attainment of EVRAZ goals, risks are divided into two categories: principal and non-principal. Principal risks are those that have the highest speed of impact and volatility and which are, therefore, carefully monitored by EVRAZ management and Board of Directors. Non-principal risks, on the other hand, are those that are not considered capable of seriously impacting the Group’s performance, future prospects, or reputation.

The table below summarises the types of and describes the Group’s sustainability related risks and provides an overview of the Group’s measures to manage them.

### SUSTAINABILITY RISK MANAGEMENT ORGANISATIONAL STRUCTURE

<table>
<thead>
<tr>
<th>Level</th>
<th>Key functions</th>
</tr>
</thead>
</table>
| Corporate level | - The CEO has ultimate responsibility for risk management and is tasked with ensuring that the risk management system is effectively executed.  
- The Risk Management Group plays a key role in identifying, assessing, and monitoring Group-wide risks and mitigation actions. |
| Operational level | - Regional business unit management teams are responsible for adopting regional risk appetite and identifying, assessing, and managing risks at a regional level.  
- Site level identifies, assesses, and mitigates against sustainability risks at an operational level and play a key role in raising risk awareness and promoting a culture of safety. |
| Site level | - The Board of Directors oversees the risk management process and approves the Group’s risk appetite.  
- The Audit Committee supports the Board of Directors in monitoring risk exposure against risk appetite and reviews the effectiveness of the risk management system. |
| Site level | - The CEO has ultimate responsibility for risk management and is tasked with ensuring that the risk management system is effectively executed.  
- The Risk Management Group plays a key role in identifying, assessing, and monitoring Group-wide risks and mitigation actions. |
| Site level | - Regional business unit management teams are responsible for adopting regional risk appetite and identifying, assessing, and managing risks at a regional level.  
- Site level identifies, assesses, and mitigates against sustainability risks at an operational level and play a key role in raising risk awareness and promoting a culture of safety. |

For more detailed information on principal risks, their impact, and risk management actions see the “Principal risks and uncertainties” section of the 2018 Annual report.

### THE GROUP’S SUSTAINABILITY RISKS

<table>
<thead>
<tr>
<th>Risk</th>
<th>Description</th>
<th>Risk management actions</th>
</tr>
</thead>
</table>
| HSE: environment | Risks of adverse environmental impacts and incidents related to air emissions (including greenhouse gases), water, waste, and tailings management, as well as non-compliance with applicable laws and regulations | - Regular monitoring of the environmental risks  
- Implementing changes and ensuring compliance with applicable environmental laws and regulations  
- Implementing air emissions and water use reduction programmes at plants  
- Implementing waste management improvement programmes  
- Certification of most EVRAZ operations under ISO 14001  
- Compliance with REACH requirements |
| HSE: health, safety | Risks related to the potential danger of fire, explosions, and electrocution; breaches of applicable HSE laws; and risks specific to individual mines/plant, such as rock falls, falling objects, and moving machinery | - Including safety performance metrics and standardising critical safety programmes in management KPIs  
- Implementing an emergency isolation programme (Lock-Out-Tag-Out)  
- Further developing a programme of behaviour safety observations, which drives a more proactive approach to preventing injuries and incidents  
- Implementing a series of health and safety initiatives related to underground mining  
- Implementing maintenance and repair modernisation programmes and a downtime management system  
- Further developing the occupational safety risk assessment methodology  
- Assessing the effectiveness of corrective measures  
- Certification of EVRAZ main steel mills under OHSAS 18001  
- Trainings on HSE regulations for employees |
| Business interruption | Risks related to lengthy outages or production delays, especially in coal mining | - Disaster recovery procedures that are subject to regular review  
- Methane monitoring and depassing systems  
- Timely maintenance of mining equipment  
- Employee safety training  
- Detailed analyses of the causes behind incidents  
- Ensuring supply chain efficiency and improving supplier relationships |
| Compliance risks (including anti-corruption and anti-bribery matters) | Risks related to non-compliance with applicable laws and regulations, including in the fields of corruption and bribery | - Yearly re-evaluations of risks of fraud and corruption across all assets  
- Informing employees about ethical business conduct principles as defined in internal corporate documents  
- Anti-corruption trainings for employees  
- Inserting a framework clause on anti-corruption in contracts with business partners  
- Operation of whistleblower line  
- Inquiries of Direction of compliance with business procedures into suspicious transactions, activity, or circumstances on its own initiative or received signals |
| Product competition | Risks related to excessive supply of steel products and slabs on the global market; increased market competition and low demand for construction products | - Developing and improving loyalty and customer focus programmes and initiatives  
- Quality improvement initiatives |
| Non-principal risks | Risks related to a lack of skills, a failure of succession planning, and reduced productivity due to labour unrest or poor job satisfaction | - Monitoring changes and compliance with applicable labour laws and regulations  
- Implementing staff training and development programmes and initiatives  
- Regular meetings with trade union representatives  
- Introducing a grading system and remuneration management principles  
- Implementing a human capital development programme  
- Collaborations with universities and colleges to improve educational programmes  
- Analysing the employee engagement level and how it can be improved |
| Social and community risks | Risks related to socio-economic instability in regions where the Group operates, deteriorations in relations with local communities and authorities, and loss of the Group’s “social licence” to operate | - Taking part in social projects in regions of operation  
- Supporting social, infrastructural, sport, educational, and cultural programmes  
- Stakeholder engagement and working together with cities and regional authorities  
- Local urban infrastructure improvement |
| Climate change risks | Risks related to climate change and extreme weather events that could lead to business disruptions, shortage of resources, damage to the supply chain, equipment, and reputation | - Implementing air emissions reduction programmes at plants  
- Participating in developing greenhouse gas emission regulations in Russia  
- Implementing energy efficiency projects and, as a result, reducing greenhouse gas emissions |

[REACH – Regulation (EC) No. 1907/2006 of the European Parliament and of the Council according to which as of 1 June 2007, all chemical substances, mixtures and substances in articles (in some cases produced in or imported to European Economic Area (EEA) territory above a threshold per year are subject to registration procedures such as registration, evaluation, authorisation and restriction of chemicals. If chemicals are not registered in accordance with REACH, the products are not allowed to be manufactured or imported into the EEA]
SUSTAINABILITY APPROACH

Employees
Health, safety and environment
Community relations
Supply chain
Appendices

Main stakeholders and their importance to EVRAZ

- Shareholders and investors: Shareholders and the investment community finance and determine the Group's overall direction of development.
- Employees: The attainment of EVRAZ's goals is possible only if we have a high-skilled and motivated team.
- Customers: Client satisfaction and loyalty drive our performance in the long term.
- Industry organizations: To implement planned sectoral development initiatives we need to enlist the support of the industrial community.
- Media: Proactive engagement with the media boosts the quality and transparency of information about the Group.
- Local communities: The health and well-being of local populations are vital to the sustainable growth of EVRAZ.
- Government authorities: Maintaining an active dialogue with government authorities facilitates operational stability.

Types of communication channels

- External channels:
  - EVRAZ Hotline
  - Annual reports
  - Site visits to production assets
  - Production and quality improvement programmes
- Internal channels:
  - The media
  - Social media
  - Official website
  - Internal communications with employees
  - Town hall meetings and other Group-wide events

Customer focus

In the reporting year EVRAZ continued our work to improve existing communication channels, both for external and internal stakeholders.

To ensure open communication for all stakeholders, EVRAZ has set up a whistleblowing hotline (8-800-555-88-88), as well as an e-mail address (0066@EVRAZ.com) available on the official website of the Group (https://www.evrAZ.com/contacts/hotline). Using these channels any stakeholder can leave a message or call to discuss an area of concern.

Information regarding concerns raised in 2018 is available in the section Ethics and business conduct, see pages 16-27.

Feedback collection

In order to ensure the continuous improvement of the Group's stakeholder engagement process, we also concentrate our efforts on collecting feedback from both external and internal stakeholders. We focus our attention on three main areas:

- An annual reputational survey of external stakeholders (reputational audit)
- Customer satisfaction surveys
- The We Are Together employee engagement survey

Reputational audit

In order to get an accurate understanding of EVRAZ image and to plan activities and events in the sphere of stakeholder engagement, EVRAZ commissions an annual evaluation (a reputational audit conducted by a third-party), which involves seeking feedback from our main external stakeholders. Government authorities (both federal and regional), reporters, clients, counterparts, and industry associations are asked to provide feedback on a number of aspects, which we deem important for our image.

An individual level of importance is attached to each criteria. We actively track the results of the evaluation, in order to be able to constantly improve our performance and to satisfy the needs and expectations of all stakeholders.

Criteria included in external evaluation

- Financial efficiency
- Management efficiency
- Quality of products and services
- Informational transparency
- HR capacity
- Ethical business conduct
- Attractive employer
- Social responsibility
and expectations of our stakeholders. In addition, attaining positive evaluation results is a KPI for PR Department employees. Based on the results of the reputational audit, events and projects are planned, which must be approved by the Vice President and CEO of EVRAZ at a Management Committee meeting.

In 2018 the evaluation results demonstrated that EVRAZ corresponds to the level of 2017 year – 8.2 points.

Customer satisfaction survey
In order to maintain customer services at a high level, EVRAZ annually conducts a client satisfaction survey for the whole Group.

One of the largest metals trading companies in the Group, EVRAZ Metal Import (EMI), also conducted a 5th client satisfaction survey in 2018. Over 800 customers throughout Russia, with a combined share of 25% of EMI sales, took part in the survey, which was conducted by an independent agency through personal phone interviews. The overall result was a satisfaction level of 91% – a 7% increase on 2016. EMI did not conduct a survey in 2017, in order to concentrate on implementing and developing programmes to boost client satisfaction.

Employee engagement survey
We Are Together
The Group also places special emphasis on the workplace environment, and with this in mind we conduct the annual staff engagement survey We Are Together. The survey is conducted by an independent agency anonymously, in order to obtain the most objective and honest results. One of the main survey goals is to identify development areas and plan initiatives and events accordingly for implementation in the following year. In 2018, over 43,000 (more than 60%) employees participated in the survey. In general, the survey results indicated that the engagement level is climbing and that we are moving in the right direction.

For more information, see pages 31-32 of the Employees section.

During the ongoing process of engaging with stakeholders we implement a variety of instruments aimed at meeting their expectations.

STAKEHOLDER ENGAGEMENT MECHANISMS IN EVRAZ

<table>
<thead>
<tr>
<th>Stakeholder groups</th>
<th>Expectations of stakeholders</th>
<th>Engagement instruments</th>
<th>Where to find out more about key projects/initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholders and investors</td>
<td>▪ Stable growth in economic indicators ▪ An increase in EVRAZ value ▪ The Group maintaining a good reputation</td>
<td>▪ Disclosure of relevant financial and non-financial information ▪ Participation in Russian/international investment conferences ▪ The regular hosting of Investor Days ▪ Organising site visits ▪ Day-to-day and ad-hoc engagement</td>
<td>The section Corporate governance report in the Annual Report, p. 108</td>
</tr>
<tr>
<td>Employees</td>
<td>▪ Equal treatment and a favourable workplace environment ▪ Safe and healthy working conditions ▪ A decent compensation package ▪ Opportunities for professional development and career growth</td>
<td>▪ Development of safety culture ▪ Educational programmes to develop the professional skills of our employees on a regular basis ▪ Regular interaction with trade unions ▪ An internal portal for employees ▪ Annual staff engagement monitoring ▪ Corporate newspapers ▪ Hotlines</td>
<td>The sections Employees, p. 26-30; Health and Safety, p. 40-45</td>
</tr>
<tr>
<td>Customers</td>
<td>▪ Fair and reasonable pricing ▪ High-quality Group products ▪ Uninterrupted deliveries</td>
<td>▪ Regular monitoring of customer satisfaction levels ▪ Meetings and feedback sessions with clients/EVRAZ management ▪ An electronic platform for clients ▪ Site visits to production assets</td>
<td>EVRAZ website, URL: <a href="http://www.evraz.com/clients/">http://www.evraz.com/clients/</a> (available only in Russian)</td>
</tr>
<tr>
<td>Suppliers and contractors</td>
<td>▪ Fulfilment of contractual agreements ▪ Transparent selection process ▪ Maintaining an ethical approach to doing business</td>
<td>▪ Negotiating with potential suppliers ▪ Electronic platform for suppliers ▪ Educational programmes for contractors to ensure a high level of workplace safety</td>
<td>The section Supply Chain, p. 64-68</td>
</tr>
<tr>
<td>Government and regulatory authorities</td>
<td>▪ Adherence to regulations and making timely tax payments ▪ Social and economic development of regions ▪ Reducing harmful impacts on the environment</td>
<td>▪ Disclosure of information concerning the Group’s social, economic, and environmental performance ▪ Agreements on the socio-economic development of the regions ▪ Regular meetings with representatives of the government and regulatory authorities at federal, regional, and local levels</td>
<td>The section Communities, p. 54-63</td>
</tr>
<tr>
<td>Local communities</td>
<td>▪ Jobs for the local population ▪ Assistance in reaching social, infrastructural, and environmental objectives ▪ Minimising negative impacts on the environment ▪ Implementing a variety of social, infrastructural, and environmental projects based on the needs of local communities ▪ Organising social events for the populations of regions ▪ Holding direct dialogues with local communities</td>
<td>▪ The section Supply Chain, p. 64-68; Communities, p. 54-63</td>
<td>The section Communities, p. 54-63; The sections Memberships of associations and institutions, p. 24</td>
</tr>
<tr>
<td>Industry organisations</td>
<td>▪ Cooperation and support through joint initiatives ▪ Proactive participation in conferences/forums</td>
<td>▪ Organising and participating in conferences as well as other industry events ▪ Initiating and supporting a variety of social, economic, educational, and environmental projects</td>
<td>The sections Memberships of associations and institutions, p. 24</td>
</tr>
<tr>
<td>Media</td>
<td>▪ Maintaining an open dialogue and active interactions ▪ Timely and sufficient responses to requests from the media</td>
<td>▪ Hosting regular press conferences ▪ Supporting and initiating mutual communication projects ▪ Supporting regional TV channels/newspapers ▪ Organising site visits</td>
<td>EVRAZ website, URL: <a href="http://www.evraz.com/media/">http://www.evraz.com/media/</a></td>
</tr>
</tbody>
</table>
EVRAZ is actively engaged in collaborating with prominent industry association and institutions. The Group supports initiatives and conferences and participates in round tables and discussions. As of 2018 EVRAZ was a member of the following organisations:  
- The Russian Managers Association (AMR)  
- The Russian Union of Industrialists and Entrepreneurs (RSPP)  
- The Association of Industrialists of the Mining and Metals Production Sector of Russia (AMROs)  
- The World Steel Association (WSA)  
- The Russian Steel Association  
- The Non-Commercial Partnership National Association for Subsoil Use Auditing (NP NAEN)  
- The Association of Railway Equipment Manufacturers  
- The Consumer Council on Operations of OJSC Russian Railways  
- The Steel Construction Development Association (SCDA)

**EVRAZ AWARDS IN 2018**

<table>
<thead>
<tr>
<th>Award/Context</th>
<th>Project</th>
<th>Place</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercomm 2018</td>
<td>Steel Dynamics</td>
<td>I place</td>
<td>Special Loan</td>
</tr>
<tr>
<td></td>
<td>Relay of Good Deeds</td>
<td>I place</td>
<td>Charity</td>
</tr>
<tr>
<td></td>
<td>2018 Arnold Seventyfifth corporate ski and snowboarding competition</td>
<td>I place</td>
<td>Lifestyle</td>
</tr>
<tr>
<td>CEB Internal Communications Awards</td>
<td>EVRAZ faces</td>
<td>Shortlist</td>
<td>Innovation in Digital, Social &amp; Mobile Communication</td>
</tr>
<tr>
<td>Association of Directors of Communications and Corporate Media in Russia</td>
<td>Special edition of the We Are Together newspaper</td>
<td>I place</td>
<td>Corporate Media</td>
</tr>
<tr>
<td>Professional skills competition of the Novosokuznetsk Union of Journalists</td>
<td>EVRAZ News - Siberia</td>
<td>I place</td>
<td>Corporate Media</td>
</tr>
<tr>
<td>Corporate Charity leaders contest</td>
<td>Relay of Good Deeds</td>
<td>I place</td>
<td>Volunteers</td>
</tr>
<tr>
<td>Corporate media award from Metal Supply and Sales magazine</td>
<td>EVRAZ News</td>
<td>I place</td>
<td>Steel Industry Editions</td>
</tr>
<tr>
<td>Event of the Year award</td>
<td>Business conference of partners and clients in Spitalsberg</td>
<td>I place</td>
<td>Exit event of the year</td>
</tr>
<tr>
<td>PROBA II Global PR AWARDS 2018</td>
<td>EVRAZ faces</td>
<td>Shortlist</td>
<td>Digital project</td>
</tr>
<tr>
<td>Silver threads SN-2018 corporate calendar contest</td>
<td>Corporate Calendar 2018</td>
<td>I place</td>
<td>Best idea in the corporate calendar</td>
</tr>
<tr>
<td>AKMR: Digital Communications AWARDS</td>
<td>EVRAZ Steel Generations (joint project with komsomolskaya Pravda)</td>
<td>I place</td>
<td>The Best Content Solution</td>
</tr>
<tr>
<td></td>
<td>The Power of Generations (joint project with lenta.ru)</td>
<td>I place</td>
<td>The Best Content Solution</td>
</tr>
</tbody>
</table>

**MEMBERSHIPS OF ASSOCIATIONS AND INSTITUTIONS**

- **EVRAZ helped set up the Steel Construction Development Association, which unites all steel construction market participants, producers, and suppliers of metal, steel production plants, architectural firms, scientific-research and project design institutes, and educational establishments. The SCDA’s main aim is to promote the use of steel instead of concrete in Russian construction, use of building materials, and technical documentation for design, construction, use of building materials, and educational establishments.**

**STEEL CONSTRUCTION DEVELOPMENT ASSOCIATION**

**Engineering centre**
- Fulfils pre-project proposals and gives expert consultations on facilitating a more rational and effective use of steel structures for SCDA members.
- Maintains a database of built objects as well as a catalogue of SCDA participants and educational establishments. The SCDA’s main aim is to promote the use of steel instead of concrete in Russian construction, use of building materials, and technical documentation for design, construction, use of building materials, and educational establishments.

**Regulatory and technical centre**
- Improves Russian regulatory and technical documentation for design, construction, use of building materials, and educational establishments.

**Media centre**
- Promotes the benefits of steel construction technology among investors, developers and government agencies.
- Holding SCDA social events and scientific conferences and seminars.

**Scientific and educational centre**
- Implementing training programs for architects and designers on steel structure design.
- Organising competitions for architecture students and designers.
- Establishing the SCDA Technical Library.

**DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED**

<table>
<thead>
<tr>
<th>Item</th>
<th>Stakeholder</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct economic value generated</td>
<td></td>
<td>12,878</td>
</tr>
<tr>
<td>Revenue from sale of goods</td>
<td>Wide variety of stakeholders</td>
<td>12,525</td>
</tr>
<tr>
<td>Revenue from rendering of services</td>
<td></td>
<td>311</td>
</tr>
<tr>
<td>Revenue from financial investments</td>
<td></td>
<td>18</td>
</tr>
<tr>
<td>Other operating income</td>
<td></td>
<td>24</td>
</tr>
<tr>
<td>Economic value distributed</td>
<td></td>
<td>(11,708)</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>Suppliers and contractors</td>
<td>(7,170)</td>
</tr>
<tr>
<td>Wages and other payments to employees</td>
<td>Employees</td>
<td>(1,913)</td>
</tr>
<tr>
<td>Payments to providers of capital</td>
<td></td>
<td>(1,913)</td>
</tr>
<tr>
<td>Payments to shareholders</td>
<td>Shareholders and Investors</td>
<td>(2,556)</td>
</tr>
<tr>
<td>Payments to creditors</td>
<td></td>
<td>(356)</td>
</tr>
<tr>
<td>Payments to government</td>
<td>Government authorities</td>
<td>(683)</td>
</tr>
<tr>
<td>including income tax expense</td>
<td></td>
<td>(683)</td>
</tr>
<tr>
<td>Community investments</td>
<td>Local communities</td>
<td>(127)</td>
</tr>
<tr>
<td>Economic value retained</td>
<td></td>
<td>1,170</td>
</tr>
</tbody>
</table>

* The information from the audited IFRS Financial Statements of the Company were used to prepare the Disclosure 201-1 in accordance with the GRI recommendation. Data are presented on an accrual basis.
Employes

2018 HIGHLIGHTS

68,379 employees
headcount at the end of the year

7% voluntary turnover rate

MATERIAL TOPICS

EMPLOYMENT

TRAINING AND EDUCATION

GLOBAL SUSTAINABLE DEVELOPMENT GOALS

68,379 employees
headcount at the end of the year

7% voluntary turnover rate

2018 HIGHLIGHTS

MATERIAL TOPICS

EMPLOYMENT

TRAINING AND EDUCATION

GLOBAL SUSTAINABLE DEVELOPMENT GOALS

68,379 employees
headcount at the end of the year

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2018 HIGHLIGHTS

MATERIAL TOPICS

EMPLOYMENT

TRAINING AND EDUCATION

GLOBAL SUSTAINABLE DEVELOPMENT GOALS

68,379 employees
headcount at the end of the year

7% voluntary turnover rate
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 favorable 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.

Organisational structure development

In order to attain our strategic objectives, the Group needs to consistently work. 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 experiences 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 subordinate 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 underway 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.

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 HR structures.
and prohibited by law as well as the principles that prevail in the Group. Child labour, bonded labour, human trafficking and other forms of slavery (known as “modern slavery”) are strictly prohibited at all EVRAZ enterprises and among their suppliers. We are committed to acting ethically and, in so far as we can reasonably do so, to require that our suppliers run their businesses within the same ethical framework.

The ratio of men to women in the number of employees and senior management was unchanged compared to the previous year. The low percentage of women in the structure of employees is due to legislative restrictions related to women working in hazardous industries.

**Diversity of Employees in 2018 by Gender, Broken Down by Major Geographic Regions and Employees, %**

<table>
<thead>
<tr>
<th>Region</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russia &amp; CIS</td>
<td>73%</td>
<td>27%</td>
</tr>
<tr>
<td>North America</td>
<td>73%</td>
<td>27%</td>
</tr>
<tr>
<td>Europe</td>
<td>66%</td>
<td>34%</td>
</tr>
<tr>
<td>Kemerovo region</td>
<td>68%</td>
<td>32%</td>
</tr>
</tbody>
</table>

**Employer Overall and Voluntary Turnover Broken Down by Regions, 2018,**

<table>
<thead>
<tr>
<th>Region</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russia &amp; CIS</td>
<td>12%</td>
<td>17%</td>
</tr>
<tr>
<td>North America</td>
<td>12%</td>
<td>8%</td>
</tr>
<tr>
<td>Europe</td>
<td>13%</td>
<td>14%</td>
</tr>
<tr>
<td>Overall</td>
<td>12%</td>
<td>14%</td>
</tr>
</tbody>
</table>

**Employee Turnover**

In 2018, compared to 2017, the percentage of resignations was unchanged. However, the percentage of employees that voluntarily quit their jobs rose by 1%.

**Breakdown of Full and Part-Time Employees by Gender, 2018,**

<table>
<thead>
<tr>
<th></th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full</td>
<td>67,804</td>
<td>27%</td>
</tr>
<tr>
<td>Part</td>
<td>4,740</td>
<td>33%</td>
</tr>
</tbody>
</table>

**Breakdown of Employees By Age, 31 December 2018,**

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;20</td>
<td>12%</td>
<td>17%</td>
</tr>
<tr>
<td>20-29</td>
<td>27%</td>
<td>27%</td>
</tr>
<tr>
<td>30-39</td>
<td>29%</td>
<td>12%</td>
</tr>
<tr>
<td>40-49</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>50-59</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>≥60</td>
<td>3%</td>
<td>3%</td>
</tr>
</tbody>
</table>

**Breakdown of Temporary Staff by Gender, 31 December 2018,**

<table>
<thead>
<tr>
<th></th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>16,379</td>
<td>62%</td>
<td>38%</td>
</tr>
</tbody>
</table>

**Average Wage Ratio, EVRAZ vs the Region of Prevalence, 2018,**

<table>
<thead>
<tr>
<th>Region</th>
<th>Average</th>
<th>EVRAZ</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russia &amp; CIS</td>
<td>1.5</td>
<td>1.6</td>
<td></td>
</tr>
<tr>
<td>North America</td>
<td>1.3</td>
<td>1.5</td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>1.6</td>
<td>1.5</td>
<td></td>
</tr>
</tbody>
</table>

**Motivation and Employee Engagement**

The issue of creating decent and favourable working conditions for employees is an important part of the EVRAZ HR strategy. In order to achieve this, we pay special attention to the motivation of employees – both financial and non-financial. Also, in order to facilitate employees’ achieving better results and producing more ideas, EVRAZ pays special attention to the issue of employee engagement.

**Financial motivation**

EVRAZ offers its employees competitive wages. The Group seeks to provide employees with a level of remuneration at or higher than mid-market values. At the same time, the level of wages of employees that work under fixed-term contracts does not differ from the level of wages of employees working under permanent contracts. Exceptions are university students who do internships at EVRAZ, as well as employees who work part-time – these do not receive annual bonuses or vacation travel vouchers.

**Non-financial motivation**

EVRAZ employees are also provided with a broad, non-financial compensation package, which not only meets but exceeds minimum legal requirements. Packages include a voluntary medical insurance programme, additional voluntary insurance against accidents at work, a corporate pension programme, free wellness leave vouchers for employees and their families, and a reduction in mortgage payments programme. In addition, there is a special programme to support former EVRAZ employees who have worked for 30 or more years in the Group.

In 2018 HR Directorate updated the Corporate Awards Policy, which included establishing new corporate work experience awards for employees of the Evrazholding LLC corporate centre such as awards for 10, 15, and 20 years of experience.

EVRAZ employees receive a comprehensive health-related social package, which is currently comprised of three parts: mandatory statutory health insurance (VHI), including variations (for example, additional insurance for industrial accidents) • Health check-ups (complex express medical examinations for major part of employees) • Availability of production facility doctors (each employee can visit a doctor without having to leave their production facility)

In addition, every company has decentralised response systems to ensure that in the event of an industrial accident (for example, an accident at work, a corporate pension programme, free wellness leave vouchers for employees and their families, and a reduction in mortgage payments programme. In addition, there is a special programme to support former EVRAZ employees who have worked for 30 or more years in the Group.

In 2018, in the Siberia region of Steel segment, the pilot project California was launched, aimed at increasing the attractiveness of jobs, motivating employees to work more productively, and boosting employee engagement. The project gives employees an opportunity to be compensated, within certain limits, for social services costs that are included in the approved list. To increase the motivational component, the California costs fund is divided into two parts: Permanent and Motivational. The Permanent part includes a basic VHI package, payments for meals, corporate events, New Year presents, and the Corporate Awards Policy. The Motivational part includes an extended VHI package, a mortgage programme, children’s health improvement programmes, and sports activity engagement. In November 2018, a Permanent package for employees was implemented, and in May 2019 a Motivational package is planned to be introduced.

**Social and labour conditions**

It is very important for the Group to ensure decent labour and social conditions for employees. EVRAZ regularly implements and maintains programmes that meet national standards for the maintenance of non-production premises. These programmes are aimed at creating comfortable social and living conditions for EVRAZ employees. Overheads of washing offices, wardrobes, sanitary facilities, and rest rooms are carried out on a regular basis. All work is performed in accordance with unified requirements approved for all EVRAZ companies.

Documents to standardise employee catering are regularly updated in order to establish uniform structural and methodological requirements for organising catering at all EVRAZ companies. These documents establish general requirements for organising public catering and stipulate control methods that ensure its hygiene and life safety, as well as the procedure for organising relations among public catering enterprises and between an employee and an enterprise within the scope of public catering.

**Employee engagement**

Effective dialogue between management and Group employees is an important part of ensuring that the business develops successfully. EVRAZ is trying to be open to such a dialogue, and for this purpose communication channels such as polls and a hotline are used, and various related events are held.

Since 2015, EVRAZ has conducted an annual research into employee engagement. In 2018 the We Are Together engagement survey was conducted.
conducted for the third time. This year, the geography of the survey was expanded, and 2,400 responses were received from a wide range of locations. The survey covered the issues of discrimination. We sought to obtain quantitative results to track engagement level dynamics within the Group, as well as qualitative results during work with focus groups. At the end of December a specific session was held, where 300 top managers, including the CEO, and shop managers examined the results of the survey and discussed the engagement improvement strategy. It is important for EVRAZ to ensure that each employee is fully aware of this area, hence the survey results were also published in the corporate newspaper and in the Company’s intranet. Thus we achieved full disclosure and transparency of the engagement survey results.

In 2018, 43,285 employees took part in the survey, and 39,324 (91%) of them responded. The average response rate in 2018 was 78%, which is 1% lower than in 2017.

### Dynamics of Employee Engagement Survey Response Rate

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Response Rate (%)</td>
<td>74%</td>
<td>76%</td>
<td>76%</td>
</tr>
</tbody>
</table>

At the beginning of 2019 we plan to work with focus groups and hold Town Halls (meetings with the head of the company) on various issues:

- Delegating authority
- Discussing and explaining goals
- Discussing development issues
- Using metrics
- Encouraging employees to be leaders
- Providing new opportunities
- Branching career paths
- Providing additional training
- Acknowledging achievements
- Providing regular feedback
- Devising management strategies
- Developing a new leadership programme
- Improving the effectiveness of the measuring tools

### LEARNING AND DEVELOPMENT

In order to develop the potential of employees, it is necessary to implement and maintain various staff training and development programmes. In this regard, EVRAZ works in parallel on developing employee management, mentorship programmes, and interaction with external bodies.

In 2018 the average number of training hours per employee per year increased by almost 11% compared to 2017.

In 2018 EVRAZ continued with the Foreman to Managing Director programme, in which production facility managers participate. Top-300 is a platform for facilitating interaction among managers and between people that are critical within the production chain. EVRAZ CEO Alexander Frolov and V. V. Gorkov, EVRAZ President, were the first staff to undergo the training. As a result, the CEO and the Group’s top managers have become curators for the first 103 programme participants.

EVRAZ not only organizes internal training programmes, but also actively interacts with external bodies. This year the Group continued work with the Skolkovo Business School on the New EVRAZ Leaders programme. In 2018 a large selection process was held, and each selected employee was given a promotion opportunity. In 2019 we plan to work with projects sponsored by corporate directors, and the project goal will be the development of soft skills.

### THE POWER OF GENERATIONS

In 2018 a joint project between EVRAZ and Kuzbasskaya Tovarishch. The Power of Generations, was launched: https://www.evraz.com/tmvk/sib/pokolenie/

The project consists of six success stories featuring experienced EVRAZ mentors and talented younger employees, and showcases the growing skills and career paths of 14 people, who also work at the Group’s key assets: EVRAZ Kachkanarsky GOK, EVRAZ Norilsk Nickel, and EVRAZ ZMK. The project underscores the importance of diverse career professions and seeks to boost their popularity among young people.

One of the key areas of working with employees is improving EVRAZ corporate culture. The corporate culture forms an integral element of the Group’s success, and inspires employees to fulfil their professional goals and objectives. The EVRAZ corporate culture includes advanced communication channels with employees (corporate portal, newspaper, hotline, meetings), between employees and management on various issues, and related events.

The Group pays special attention to the creation and preservation of our history, therefore EVRAZ decided to launch a project to popularize the success stories of EVRAZ employees.

Investing in the development of young people is an important line of work at EVRAZ. The Group is continuously implementing various training and development programmes, and the number of its employees has almost doubled. This year the Group continued work with the Skolkovo Business School on the New EVRAZ Leaders programme. In 2018 a large selection process was held, and each selected employee was given a promotion opportunity. In 2019 we plan to work with projects sponsored by corporate directors, and the project goal will be the development of soft skills.

### Case study: TOP-300

In October a new corporate training programme Top-300 was launched. Its participants are production facility managers from all Group’s segments. The motivation behind creating a programme was the need to support transformations taking place within the Group. Heads of departments are involved in implementing EVRAZ Business System Transformation (EBST) projects as well as other improvements; these work with people and search for development opportunities. The first module, which took place in October, discussed the changes that occur in the Group and the goals that it sets. From 19 November 2018 onwards, the programme will continue in all subdivisions of EVRAZ ZMK, EVRAZ NTMK, and Raspadskaya Coal Company.

### Case study: MENTORSHIP

In 2018 the regional competition On the Mentoring Path was held. According to the voting results of jury members, which were presented by employees of industrial companies, teachers of Kemerovo State University and Kuzbass Technical university, EVRAZ ZMK, and the Head of the Department of the Siberia region of Steel segment and West Siberian CHF employees presented a mentorship project at the competition. According to Aleksei Sovetov, Deputy Chief Engineer for the Urals region, and West Siberian CHF, a mentor provides a new comer with a feeling of safety and encourages their development, shares knowledge and experience, instills the values and traditions of the company, and helps the newcomer be involved in corporate events and feel as though they are a valued part of the team. All these actions together combine to enhance the development of professional knowledge and help EVRAZ function more efficiently and harmoniously. There are 2,700 mentors currently working at EVRAZ ZMK and their number is growing.
EVRAZ NEW LEADERS PROGRAMME

EVRAZ New Leaders is the most popular corporate training and development programme. It was launched in 2009 and continues today. Employees with leadership experience that have been working in EVRAZ for over two years as a senior manager can take part. EVRAZ implements the programme in partnership with the Skolkovo Business School. Over the 10 years of the programme’s existence, 58 projects have been developed, and there have been 375 graduates. At the same time, 65% of programme graduates receive positions in the first two years after training, while 30% receive positions while still doing the programme.

GOALS FOR 2019 AND MIDTERM PERIOD

- One of EVRAZ priorities in 2019 is to improve the health management system. First, the Group plans to set up a so-called doctor maintenance facility, where doctors will treat members of senior management. The results of check-ups will be consolidated and recommendations made on future examinations and treatment. Second, EVRAZ plans to integrate all existing medical collective agreements with trade unions. Until recently long-term contracts were not concluded, hence the Group and trade unions negotiated wages annually. However, in 2018, it was decided to sign a sectoral agreement on wage growth rates for the next three years. The new agreement covers guaranteed minimum wage growth, which is not dependent on performance results. These changes were made in EVRAZ KGOK, EVRAZ NTMK, and EVRAZ Slanaya Tula. Thus the Group has ensured the social stability for employees in these regions for the immediate period. EVRAZ has plans to sign similar agreements in other companies. In order to preserve social benefits and to protect employees, in cases of outsourcing a tripartite agreement is signed between the Group, the outsourcing partners, and the main trade union. Under this agreement, if a service or the result of outsourcing affects EVRAZ employees, then trade unions become full participants in the tender procedures.

- EVRAZ plans to develop a production mentorship programme within the Group. This will begin with the implementation of new mentorship approaches at West-Siberian CHP, and then in all subdivisions of EVRAZ ZSMK, EVRAZ NTMK, and Raspadskaya Coal Company.

- For more information, see pages 40-45 of the Health & Safety section.

For four consecutive years EVRAZ has been participating in the WorldSkills programme, and is particularly interested in the hi-tech aspect of the programme. In 2018 a junior section was included, presented by the children of staff and sponsored by educational institutions. All educational centres and training grounds were equipped according to hi-tech international standards.

EVRAZ continues to pay attention to Health and Safety learning. In 2018 all theoretical training was transformed to an online format, while practical training was based on the case study method. Over 30% of the programme features case studies. The focus shifted from tracking the implementation of the programme features case studies. The focus shifted from tracking the implementation of the programme features case studies. The focus shifted from tracking the implementation of the programme features case studies. The focus shifted from tracking the implementation of the programme features case studies.

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- In 2019 the Group plans to begin a two-year project to complete changes to the EVRAZ payment system.
- The Group plans to expand the Top-300 programme to include production facility managers and higher positions.

- For more information, see pages 40-45 of the Health & Safety section.

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Go to www.evraz.com
Sustainability approach

Health, safety, and environment

2018 HIGHLIGHTS

1.91
LTIFR per 1 million hours

100%
EVRAZ employees completed health and safety trainings

29.1%
drop in fresh water consumption

6.9%
reduction in greenhouse gas emissions

MATERIAL TOPICS

GLOBAL SUSTAINABLE DEVELOPMENT GOALS

1.91
Indicator excludes fatalities as well as data on contractors.

OCCUPATIONAL HEALTH AND SAFETY
WATER
EFFLUENTS AND WASTE
EMISSIONS
ENERGY
BIODIVERSITY
ENVIRONMENTAL COMPLIANCE
Health, safety, and environment (HSE) management forms an integral part of our business, from strategic decision-making to operational activities. This includes continuously improving processes, management approaches, and control systems as well as providing a unified reporting structure, principles, and policies.

**HSE PRINCIPLES**

- **All incidents are preventable.**
- **Work must not start if it cannot be safely executed.**
- **EVRAZ managers at all levels are directly responsible for providing the required level of HSE – not only to employees, but also to contractors and guests at the Group’s facilities.**
- **EVRAZ managers at all levels should set an example of being compliant with HSE standards and rules.**
- **All EVRAZ employees are directly responsible for their compliance to HSE standards and rules.**

**HSE CORPORATE MANAGEMENT STRUCTURE**

- **HSE Committee of the Board of Directors**
- **EVRAZ plc Board of Directors**
- **EVRAZ CEO**
- **HSE Vice President**
- **HSE Management Committee**
- **Health and Safety Directorate**
- **Industrial Safety Directorate**
- **Environmental Management Directorate**

**HSE FUNCTION AND SAFETY REPRESENTATIVES FOR ALL EVRAZ OPERATIONS**

The Group executes a four-phase HSE management process consisting of forecasting, developing initiatives, monitoring, and analysis. In order to evaluate the effectiveness of the HSE management system the Group conducts both internal and external audits.

**MEMBERSHIP OF HSE-RELATED ASSOCIATIONS**

- **WORLD STEEL ASSOCIATION**
- **RUSSIAN STEEL**
- **RUSSIAN UNION OF INDUSTRIALS AND ENTREPRENEURS**

To ensure that our HSE principles are implemented we perform the following actions, which form the core of the HSE management system:

- **Forecast and assess main HSE risks.**
- **Develop and implement HSE initiatives.**
- **Monitor, review, and improve strategic HSE goals.**
- **Analyze performance: correct and resolve deficiencies.**

**HSE MANAGEMENT PROCESS**

The EVRAZ HSE principles set forth that the Group is obliged to apply best practices in the industry to mitigate against operational risks, facilitate the rational use of resources, and share information about HSE practices. Thus EVRAZ is an active member of various associations.
Health and safety

HEALTH AND SAFETY MANAGEMENT

KEY EVENTS
- Setting up the HSE management committee, consisting of all CEO-1 level executives, which review HSE matters on a monthly basis.
- Reviewing the Health, Safety, and Environment Policy.
- Reviewing Cardinal safety rules, adding new ones on transport safety and moving equipment.
- The continuous integration of contractors into the EVRAZ HSE management system.
- Improving the corporate safety behaviour of employees and contractors through a comprehensive training system, training assessment, and related events.
- Developing transport safety and emergency response programmes.

APPROACH

Occupational health and safety (OHS) forms a core part of EVRAZ sustainability activities and long-term success. The strategic goal of the Group is to achieve a zero occupational injury rate by constantly making improvements to the health and safety management system. EVRAZ approach consists of compliance with OHS legislation norms, integrating best practices, and controlling key risk factors, in addition to promoting safe behaviour among employees and contractors.

EVRAZ holds a certificate of compliance with international standards for occupational health and safety: the major metallurgical companies of the group are certified under OHSAS 18001:2007. In addition, EVRAZ entities completed the pre-registration and registration procedures of chemical products in accordance with REACH regulation that promotes human health and the environment goals.

In 2018, the Health and Safety Directorate revised the Cardinal safety rules of EVRAZ, which are mandatory for all that work at or visit the Group’s operations. Two new rules related to transport safety and moving equipment were added to the existing six.

EVRAZ Cardinal safety rules

- It is forbidden to be on the territory of companies in a state of alcoholistic and/or narcotic intoxication.
- It is forbidden to override protective equipment or security systems without prior authorisation.
- It is forbidden to conceal or distort the circumstances of an HSE incident.
- When working at heights, it is forbidden not to use safety systems for work at height included in the work permit, as well as personal protective equipment against falls.
- It is forbidden to not use a seal bell in personal transport on the territory of companies and in motor vehicles of the employer.
- It is forbidden to smoke and/or use illegal drugs (in some areas, cigarettes).
- It is forbidden to use explosive materials for purposes other than those specified in the Permit to Work, or to return the explosive materials to the warehouse after blasting operations, or to change the design of a detonator.
- It is prohibited to use machines and equipment not intended for such purposes to transport people.

DEVELOPMENT OF THE SAFETY CULTURE

The corporate safety culture forms a core component of OHS management. In 2018 corporate initiatives focused on improving the corporate safety behaviour of employees and contractors, building a comprehensive training system, further developing the occupational safety assessment methodology, and organising events to improve the corporate safety culture, for example EVRAZ Safety Week.

Occupational health and safety trainings

OHS education and trainings are aimed at providing employees with the knowledge and skills that they need to perform their work safely. Each EVRAZ business segment has its own training centre. EVRAZ is legally required to provide health and safety training for employees twice a year, which includes one week of training and an exam. All staff complete tests that comprise questions on working instructions and HSE regulations. Engineering and technical specialists are certified by commissions on their knowledge of safety rules, emergency responses, and annually on HSE as a whole. In addition, employees must complete a test on emergency procedures after extended periods of leave.

In addition to legislative requirements, EVRAZ places great emphasis on practical exercises. Both employees and contractors of all levels undergo training courses and practical tests on various simulators. Coal segment continues to develop “Virtual mini” project, which includes simulations on electrical safety, working at height and others. The Siberia region of Steel segment actively exploits its training centre and plans to expand training facilities next year. In total EVRAZ provides almost 2.5 million man-hours on OHS education and training of employees.

Leadership programme for managers

With a view to further enhancing corporate safety behaviour, EVRAZ needs to further improve the level of engagement from managers. Line managers, as part of the overall leadership team, play an essential role in developing the health and safety culture.

In 2018 we launched a leadership programme for line managers, which forms part of a larger programme to build commitment to health and safety issues among all EVRAZ employees and to foster safe practices at operations. The leadership programme includes criteria for determining safe behaviour from managers, evaluating actions, and HSE-related feedback sessions.

EVRAZ updated the effectiveness evaluation system for managers, which now includes metrics on HSE engagement. In 2018, 41 subdivisions of the Siberia region of Steel segment conducted evaluations of managers; a further 50 subdivisions will conduct evaluations in 2019.

In addition to a previously developed quantitative assessment indicator, a qualitative indicator was introduced. Each behaviour safety conversation and observation held by a manager is evaluated on a three-point scale. A manager receives one point for recording a violation of safety rules; for example, the incorrect use of personal protective equipment. Two points are given to a manager in the event of a recorded change in behaviour from an employee after a safety conversation. Lastly, three points are given if there is an improvement to a previously developed safe work procedure or an improvement of corporate safety culture as the three-point scale system, a unified format of safety conversations was introduced. A successful pilot project was launched at EVRAZ ZMK. There are plans to introduce changes at all Group enterprises in 2019.

These instruments help record unsafe behaviour and remedy it before any incident occurs. In previous years our focus was on developing a practice of behaviour safety communications and creating internal IT solutions that record the number of these conversations and track trends and assessment methodology. In 2018 we mainly focused not on the number of conversations and observations performed by managers, but on their quality.

In addition to a previously developed quantitative assessment indicator, a qualitative indicator was introduced. Each behaviour safety conversation and observation held by a manager is evaluated on a three-point scale. A manager receives one point for recording a violation of safety rules; for example, the incorrect use of personal protective equipment. Two points are given to a manager in the event of a recorded change in behaviour from an employee after a safety conversation. Lastly, three points are given if there is an improvement to a previously developed safe work procedure or an improvement of corporate safety culture as the three-point scale system, a unified format of safety conversations was introduced. A successful pilot project was launched at EVRAZ ZMK. There are plans to introduce changes at all Group enterprises in 2019.

Behaviour safety conversations and safe work procedures

Behaviour safety conversations and safe work procedures make up another part of the EVRAZ Leadership programme, and aim to raise awareness and engagement among employees.
Preventing occupational injuries of any kind is a top priority of the EVRAZ OHS management system. We constantly monitor parameters such as LTIFR, number of fatalities, and other injury types in order to ascertain the main risk categories and to develop appropriate measures.

**LTIFR**

The last time injury frequency rate (LTIFR) is a strategic KPI for EVRAZ. We have set a target indicator for 2021 and use a holistic approach to achieving an LTIFR value of less than one point. Target KPIs are cascaded down throughout the Group in individual management performance scorecards. In 2018 EVRAZ achieved an LTIFR of 1.91, which excludes fatalities, comparable to the LTIFR of 1.90 recorded in 2017. A significant LTIFR improvement was recorded at the Coal segment, which in 2018 achieved a 36.4% year-on-year reduction. In other EVRAZ segments LTIFR improvement was not recorded in 2018. We expect to improve LTIFR rates in further periods by enhancing our focus on learning from past incidents, integrating associated best practices across the Group, and implementing HSE initiatives and programmes.

EVRAZ makes constant efforts to enhance our reporting system and in this regard implements new standard operating procedures, improves the corporate safety behaviour of employees and contractors, and continually develops the occupational safety risk assessment methodology.

**Fatalities**

To our great regret, in 2018 EVRAZ experienced six employee fatalities and four fatalities among contractors. The HSE Committee investigates each incident in accordance with the safety monitoring system. EVRAZ provides assistance to the families of victims and takes all necessary measures to prevent the recurrence of fatalities. The top three risk categories involving fatalities were rock falls, falling objects, and moving machinery. The main identified risk categories were moving, rotating equipment, dropped objects, trips, and falls. For each risk category EVRAZ organises HSE initiatives which are implemented by the corporate function and operational divisions.

| FATALITIES AMONG EMPLOYEES AND CONTRACTORS, 2016–2018 |
|------------------|------------------|
| **Year** | **Employees** | **Contractors** |
| 2016 | 2 | 2 |
| 2017 | 2 | 1 |
| 2018 | 2 | 0 |

**INVESTIGATION RESULTS INTO FATAL INCIDENT AT EVRAZRUDA**

In 2018 Evrazruda completed an investigation into a fatal injury that occurred at an upstream to its AT Dounesov. An electric locomotive driver attempted to retrieve by using a metal force trolley that had become detached. Upon entering a hazardous area the trolley moved and the driver was pinned against a wall. The dispatcher was instantly notified about the incident. An ambulance arrived within 30 minutes and confirmed the driver’s death, the cause of which was deemed to be severe brain damage.

After the incident, Evrazruda revised the method of running trolleys and included a special training simulator that helps employees to acquire necessary skills while working with trolleys. In addition, the process of inspecting trolleys is now under supervision of site managers.

**Main Types of High-Severity Work-Related Injuries and Fatalities in 2018 (Incl. Contractors)**

<table>
<thead>
<tr>
<th>Type of Injury</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Falls</td>
<td>6</td>
<td>4</td>
<td>10</td>
</tr>
<tr>
<td>Contact with moving equipment, machinery, and flying objects</td>
<td>5</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Rollover, the release of the rock mass</td>
<td>2</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Fall from height</td>
<td>2</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Electric shock or arc flash</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Traffic accident</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>External temperature exposure (equipment, materials)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Trips and falls</td>
<td>1</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Hitting by external object</td>
<td>3</td>
<td>0</td>
<td>2</td>
</tr>
</tbody>
</table>

**Transport safety**

Transportation vehicles are used extensively in EVRAZ operations, both in production processes and in transporting employees to Group facilities. In 2018 EVRAZ paid significant attention to improving transport safety among employees, and implemented a transport safety initiative at all companies. From 2018 EVRAZ began purchasing only buses that equipped with three-point seatbelts in order to ensure the safety of passengers in the event of an accident. The belts have already proved effective. In 2019 a safe driving campaign for all passenger transport drivers, which will include a training entitled Safe Driving Practices, will be introduced. From 2020, all freight drivers will also participate in the campaign.

**Monitoring safety performance**

The effective prevention of occupational injuries is impossible without a system to monitor safety performance. The recording and classification of OHS-related incidents, including work-related injuries and illnesses, are performed using a corporate software system. EVRAZ takes measures to prevent potential misrepresentations of data related to incidents. Each reported incident is double-checked in order to correctly determine the severity of an incident. In addition, every employee has an opportunity to report cases of information being withheld in relation to a work-related incident, using the EVRAZ hotline. In 2018, 100 cases were reported by EVRAZ employees regarding Health and Safety issues. After adding an incident to the system, each case is assessed and, where necessary, investigated, to determine the root causes and to develop appropriate remediation measures. The incident investigation process is set forth in the EVRAZ Instruction On Emergency Procedures, which was updated in the reporting period.

**Compliance with OHS-related regulations is a key component of providing a healthy and safe working environment for our employees. In accordance with these regulations the Group insures all EVRAZ employees against work-related accidents and occupational diseases. This insurance covers expenses related to the treatment of all occupational illnesses.**

EVRAZ also provides financial assistance to employees where necessary. Employees in need of extended medical treatment are eligible for additional compensation. In addition to legislative requirements, EVRAZ organises health campaigns at all Group facilities, which are available to all employees throughout the year. For example, in 2018 in the EVRAZ Komsomol region of Steel segment Compensation and benefits department issued almost 7,000 health spa vouchers for rest and treatment. ZSMK, Raspadskaya Coal Company and ROK Sibir each held a jury technical solutions for improving safety procedures and safety promotion campaigns. All participants were awarded certificates and corporate presents.

During annual medical checks a number of employees were timely diagnosed with various medical conditions and sent for special treatment. In 2018, 123 EVRAZ employees participated in medical health checks.

**EVRAZ SAFETY FIRST YOUTH CONFERENCE 2018**

EVRAZ promotes a culture of safety among young employees by organising the annual Safety First youth conference. In 2018, at the Urals region of Steel segment of EVRAZ KGOK, 50 teenagers took part in the conference, including guests from EVRAZ ZSMK, Rospadskaya Coal Company and ROK Sibir. Each participant is given a jury technical solutions for improving safety procedures and safety promotion campaigns. All participants were awarded certificates and corporate presents.
Number of registered occupational illnesses

In the reporting period, 256 cases of occupational diseases were recorded at EVRAZ companies worldwide: musculoskeletal and hearing disorders accounted for 82% of these. EVRAZ continuously monitors the working conditions of workplaces that see the highest health risks, and the Group continues to improve risk-based controls to prevent occupational diseases. Each employee has to undergo an annual medical examination, as well as health checks before beginning employment. A person with a high temperature or blood pressure or under the influence of alcohol is not permitted to work. The results of examinations help identify risk groups and evaluate whether an employee is fit to work. Employees that are prone to contracting occupational diseases receive treatment at health spas.

EMERGENCY PREVENTION AND RESPONSE

Evraz constantly upgrading the documentation is assigned a hazard class by analysing the types of hazardous substances used in its production process, previous emergencies at facilities, and the emergency prevention system. In addition, potential emergency scenarios are developed, and estimations made of how likely it is that they will occur and the most hazardous zones.

Evraz is constantly updating the documentation base in this area in order to boost the effectiveness of emergency responses. In 2018 the corporate document Instruction on Emergency Procedures was released, which must be applied to all Group’s companies. This corporate document includes detailed instructions on emergency response actions that include informing, investigation, control and reporting phases. In addition to this instruction, at each Evraz companies Emergency Investigation Procedures are developed in accordance with legislative norms.

If an emergency arises, emergency warning system is activated to inform local residents and authorities by the emergency rescue services, such as the Miner Rescue Centre, in accordance with signed agreements with Evraz. First aid, transfer services, and respective treatment are provided to any injured persons. For example, Raspadskaya has a commission to prevent and respond to emergencies and to ensure fire safety. The commission coordinates and warns of natural and technological disasters, manages emergency response assets and works to reduce the damage from incidents.

Case study

HAZARD IDENTIFICATION AND EMERGENCY RISK EVALUATION DOCUMENTS:

- Hazardous Production Facility (HPF) Accountability Map
- HPF Declaration of Industrial Safety
- Action Plan to Localise and Liquidate Emergency Situations at HPF
- HPF Safety Passport

It is important to Evraz to promote and improve our HSE management system through the active involvement of contractors and participation in external associations and conferences.

Contractor engagement

The Group continues to integrate our contractors into the Evraz HSE management system. These efforts include increasing contractor’s accountability for HSE performance. Work with contractors is regulated by the Standard on HSE Contractor Management and consists of a four-stage procedure.

In addition to these four procedures, contractors take part in practical Evraz training sessions. Contractors cannot be exposed to hazardous work until their practical skills and knowledge have been assessed. Contractors are obliged by the Russian legislation to complete OHS trainings. Evraz checks learning protocols of all contractors before they start work. Evraz ZSMK also conducts trainings among contractors using special simulators and tests. Training methods are based on identified risks, task-specific safe work practices, and established safety and health regulations.

ACTIONS FOR 2019 AND MIDTERM PERIOD

Lockout – tagout – tryout system

Evraz implements a lockout-tagout (LOTO) system, which is used to protect personnel against the unauthorised activation of equipment during repair works. The LOTO initiative is scheduled to be completed by 2020. In 2019 it is planned to integrate the LOTO system into 10 facilities in the Siberia region of Steel segment and at 12 - in the Ural region of Steel segment, which would result in a 70% level of integration.

Employee engagement

As a part of Evraz culture of safety programme, leadership sessions for managers have been developed, with a view to boosting managers’ engagement in developing the health and safety management system and to building their commitment. For the next period we plan to work on integrating operational level employees into health and safety management systems. In previous years Evraz actions focused on developing and improving training sessions for employees; in 2019, the focus will be on moving from a safety culture of adhering to rules to a safety culture of personal commitment among not only managers but also operational level employees.

OCCUPATIONAL HEALTH SERVICES

In 2018, we developed a programme that aims to improve health services for managers. This programme will be performed in 2019 and it includes regular medical check-ups, regular medical supervision, monitoring of following medical prescriptions and developing culture of healthy lifestyle. Evraz ZSMK is planned to be the first company to improve health services for managers in 2019.

EXTERNAL OHS ACTIVITIES

STEP 1
Health and safety qualification for contractors

STEP 2
Analysis of contractor compliance with health and safety requirements

STEP 3
Signing contract with contractor, including contractor’s safety responsibilities

Evaluation of how well contractor has met health and safety responsibilities

www.evraz.com
Environmental stewardship

APPROACH TO ENVIRONMENTAL MANAGEMENT

The continuous development of sustainable operations is an integral part of EVRAZ priority strategic goals. As a mining and steel-making company, we aim to reduce the negative impacts caused by our day-to-day operations in order to be compliant with applicable legal environmental requirements and consistent with the expectations of our stakeholders. The Group’s multifaceted approach to environmental issues is reflected both in our business strategy and environmental governance structure.

At Management Company level the Environmental Management Directorate handles environmental issues, in relation to the Group’s strategy and KPIs, environmental planning, developing corporate requirements, environment-related data collection and consolidation, environmental reporting, and monitoring respective risks and obligations.

The EVRAZ Environmental Management Directorate is responsible for the majority of environment-related activities and liaises with the Group’s segments on matters concerning our environmental performance.

Environmental Management System

In line with our HSE Policy we strive to use the best available technologies and adopt the most reliable management practices, which allows us to accelerate the shift towards sustainability. Our corporate Environmental Management System (EMS) is based on the following principles:

- Coordinating environmental programmes and the Group’s development strategy
- Environmental risk assessment and mitigation, risk-assessments of current and prospective assets
- Risk-based justifications of environmental projects
- Managing environmental projects in line with the Group’s investment policies, the consideration and approval of such projects by the Management Committee, and personal responsibility for project implementations
- Liaising with the Law department on environmental regulatory issues
- Continual monitoring and analysis of applicable legislation

EVRAZ recognises a variety of risks and liabilities related to our primary activities and is committed to preventing or minimising environmental impacts caused by steel-making and mining processes. All Group enterprises, therefore, are obliged to perform environmental procedures under the EVRAZ EMS, which is based on the plan-do-check-act (PDCA) model and has been developed for all Group operations, to extend the principles of EVRAZ HSE Policy and contribute to attaining EVRAZ environmental targets. EMS procedures are managed by the Headquarters (HQ) Environmental Management Directorate.

FUNCTIONS OF THE EVRAZ ENVIRONMENTAL MANAGEMENT DIRECTORATE

EVRAZ Fundamental Environmental Requirements

Technological processes in metallurgical production are inevitably linked to respective environmental impacts. In order to minimise the number of onsite incidents, the Group has developed the EVRAZ Fundamental Environmental Requirements. Variation of the Fundamental Environmental Safety Requirements shall result in disciplinary action against the managers of the respective structural units and further financial penalty.

EVRAZ is obliged to meet the environmental requirements set by the authorities of the regions where it operates. Monitoring environmental compliance is a key EVRAZ EMS procedure, and is performed on a daily basis.

Sustainability approach

Employees

Health, Safety and Environment

Supply chain

Community relations

Appendices
EVRAZ addresses environmental issues at a strategic level, hence our environmental-related goals constitute a crucial part of the Group’s objectives. Our main focus areas are water management, waste management, and air emissions, since these are most exposed to negative impacts from metallurgical production. In 2017 the HSE Committee adopted three major five-year environmental targets in relation to these topics, as well as a number of programmes aimed at improving overall environmental performance.

**Environmental programmes**

Key environmental programmes being implemented at EVRAZ companies include:

- The Clean Air national ecological project at EVRAZ ZSMK
- The Clean Air national ecological project at EVRAZ NTMK
- Off gas systems update at EVRAZ Vanady Tula
- Water protection programme at EVRAZ ZSMK and Rospadskaya Coal Company
- Coke plant biochemical unit upgrade at EVRAZ NTMK
- The Clear Air national ecological project
- Switching to the best available technologies
- Regulatory changes
- Environmental programmes
- Five-year environmental targets
- Status of environmental programmes
- Switching to the best available technologies
- Switching to the best available technologies
- Response to environmental requirements
- Becoming more stringent
- Five-year environmental targets
- Status of environmental programmes
- Switching to the best available technologies

**EVRAZ FIVE-YEAR ENVIRONMENTAL TARGETS**

By the end of 2018 the Group had made visible progress in terms of the water consumption target – fresh water consumption was down by 29.1%. The overall share of 111.3% of non-mining waste was recycled, compared to 104.7% in the previous year. We succeeded in lowering the greenhouse gas intensity ratio to 1%, and are making steady progress towards achieving our five-year goal.

**EVRAZ TOTAL**

- Fresh water consumption: 226.49 million m³
- Fresh water consumption by sources:
  - Surface water sources: 96
  - Public network: 7
  - Ground water: 6
  - Other sources: 3
- 31.80 million m³
- Surface water sources: 96
- Public network: 7
- Ground water: 6
- Other sources: 3
- 105.75 million m³
- Surface water sources: 96
- Public network: 7
- Ground water: 6
- Other sources: 3

**WASTE STEWARDSHIP**

EVRAZ operations inevitably entail the generation of waste, such as barren rock, spent ore, and tailings left over from the processing of ore and concentrates. Our ultimate goal is to reduce the amount of waste we produce and to manage it in a rational and non-hazardous way. We first seek to minimise waste at source by improving technological processes and enhancing the quality of our products. Alternatively, we can reuse some waste types in further operations, e.g. steelmaking, land rehabilitation, road or dam constructions, and heating. Waste that was not utilised in current operations is being safely stored to become part of raw materials for future production. Following the installation of new equipment, a 3 million m³ reduction in annual water intake is expected.
Total non-mining waste and by-product generated by EVRAZ companies in 2018 amounted to 7.05 million tonnes.

Under EVRAZ five-year environmental goals we are required to recycle 95% of non-mining waste and by-products each year. In 2018 this rate amounted to 113.1%, as waste was recycled from old waste dumps, which is 6.6% more than in 2017 due to the increasing volumes of waste recycling at EVRAZ NTMK. In 2018, waste recycling rate was 120.1%, and its viable drop in the next years was caused by reduction in the processing of previously disposed waste at EVRAZ ZSMK.

The sale of the old heap, where the previously disposed and formed waste disposal bases were located, has curtailed the historical ecological footprint of EVRAZ, however, it is impossible for EVRAZ companies to reuse the recyclable wastes stored there. The recycling of previously disposed of metallurgical slag and materials allows EVRAZ to maintain the recycling rate at higher than 100%.

The Group uses non-hazardous mining waste for the purposes of land rehabilitation and to build dams and roads; in 2018, 26.7% (62 million tonnes) of waste was reused in these ways.

### Waste Management Strategy

**Minimising at sources**
- Improving technological processes in order to boost the product yield and recover by-products without waste generation

**Reduce**
- The reuse of main waste types related to steelmaking production stages, slag, and ash, incl. stockpiles
- Developing new products made with some waste content, using inert waste for land rehabilitation or to build dam and road
- The utilisation of heat from the hot slag using waste for heating (local boilers)

**Recycle**
- The safe storage of waste, with the option to use waste disposal facilities as technical deposits in the future

**Disposal**
- Prohibition against the incineration of production waste outside of special facilities and waste dumping outside of prescribed areas

<table>
<thead>
<tr>
<th>Year</th>
<th>Total waste generated</th>
<th>Total waste recycled</th>
<th>Reused from other sites</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>96.684</td>
<td>5.312</td>
<td>5.004</td>
</tr>
</tbody>
</table>

**WASTE RECYCLING RATE, 2016–2018, %**

<table>
<thead>
<tr>
<th>Year</th>
<th>Recycling Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>113.1</td>
</tr>
<tr>
<td>2017</td>
<td>109.7</td>
</tr>
<tr>
<td>2016</td>
<td>120.1</td>
</tr>
</tbody>
</table>

### Mercury switch recovery programme

EVRAZ Canadian recycling facilities have operated a mercury switch removal programme since 2003, and our US recycling sites participated in the End-of-Life Vehicle Solutions (ELUS) mercury switch programme, which promotes proper waste management and the management of substances of concern and recyclable. EVRAZ North America steel mills specify 100% provided with recycled, mercury-free material for input to mills.

**EVRAZ Regina surpasses the 40 million tonnes of scrap steel recycled**

The Regina Steel mill has been in operation for over 50 years and has been producing steel since 1950. Since the Regina Steel mill’s inception, the facility has handled over 40 million tonnes of scrap. As for the steel, EVRAZ Regina managed to achieve 97.2% of both post-consumer and post-industrial steel, showing the highest recycling rate for the last 14 years.

**EVRAZ SCOPES 1 AND 2, emission, million tCO2e**

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO2e</td>
<td>28.35</td>
<td>8.26</td>
<td>6.99</td>
</tr>
<tr>
<td>CH4</td>
<td>0.54</td>
<td>0.74</td>
<td>0.44</td>
</tr>
</tbody>
</table>

**GHG EMISSIONS PER CONSOLIDATED REVENUE, kg CO2e/US$**

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>EVRAZ</td>
<td>3.02</td>
<td>3.02</td>
</tr>
<tr>
<td>Steel segment</td>
<td>3.17</td>
<td>3.19</td>
</tr>
<tr>
<td>Coal segment</td>
<td>3.96</td>
<td>4.45</td>
</tr>
</tbody>
</table>

**EVRAZ KEY AIR EMISSIONS, 2016–2018, kt**

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO</td>
<td>128.24</td>
<td>130.68</td>
<td>137.11</td>
</tr>
<tr>
<td>NOx</td>
<td>137.11</td>
<td>130.68</td>
<td>128.24</td>
</tr>
<tr>
<td>SOx</td>
<td>137.11</td>
<td>130.68</td>
<td>128.24</td>
</tr>
</tbody>
</table>

**EVRAZ measures direct emissions of all seven GHGs stated in the Kyoto Protocol (Scope 1)**

The inventory approach is based on the 2006 IPCC Guidelines for National Greenhouse Gas Inventories (IPCC 2006) and the WRI/WBSCD GHG Protocol Corporate Accounting and Reporting Standard. We report GHG emissions for both scopes expressed in tCO2e, calculated using the IPCC 2006 global warming potentials.

The Group reports the GHG intensity ratio per consolidated revenue, broken down by the operating segments, as well as specific Scopes 1 and Scope 2 GHG emissions from the Steel segment per tonne of steel cast.

### Reducing Emissions

**Greenhouse gas emissions**

Mining and steel-making processes produce CO2 and other greenhouse gases emissions. The Group recognizes the need to mitigate against the consequences of climate change and to lessen related risks, and supports global efforts for greenhouse gas emissions reduction. In accordance with the requirements of the Companies Act 2006, (Strategic Report and Directors’ Report – Regulation 2013), EVRAZ conducts a full assessment of greenhouse gas emissions at all companies and has participated in the Climate Change Adaptation Programme since 2011. The central pillar of EVRAZ strategy to reduce emissions is achieving a decrease in resource consumption and greater energy efficiency.

To achieve this, in 2018 the Group set a five-year target for its steel and steel-products making operations (Steel segment and Steel, North America segment account for 76.15% of total GHG emissions in 2018) to maintain GHG intensity ratio below two tonnes of CO2 equivalent (tCO2e) per tonne of steel cast. In 2018 this ratio almost reached the target level totaling 2.05 tCO2e. Operations in the Coal segment produced 23.86% of total GHG emissions in 2018, as a result of fugitive methane (CH4) leakage, caused by methane ventilation from underground mines and post-mining emissions from coal.

As of December 2018, the overall GHG emissions of the Group had fallen by 6.8% year-on-year due to operations ceasing in Ukraine and lower volumes of underground mining against the higher open pit mining.

Scope 1 emissions generated by EVRAZ reached 34.6 million tCO2e, a 5.8% less than in the previous period. Scope 2 emissions totaled 4.2 million tCO2e, demonstrating a decrease of 14.9%.

**EVRAZ SCOPES 1 AND 2 EMISSIONS, million tCO2e**

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<th>2018</th>
</tr>
</thead>
<tbody>
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<td>34.61</td>
<td>34.95</td>
<td>35.81</td>
</tr>
<tr>
<td>CH4</td>
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EVRAZ STATISTICS, INC., EVRAZ NIKOM, A.S., EVRAZ INC. NA, EVRAZ INC. NA Canada.

The Group’s approach to calculating the GHG intensity ratio per consolidated revenue, breakdown by the operating segments, as well as specific Scopes 1 and Scope 2 GHG emissions from the Steel segment per tonne of steel cast.

**Air emissions**

Reducing air emissions is vital in order to combat air pollution. Taking into consideration the interests and expectations of our stakeholders, we pursue a comprehensive strategy to ensure that technological innovations are made that will facilitate a reduction in emissions. We regularly upgrade gas treatment systems and replace obsolete equipment with modern systems.

The key air emissions generated by the Group comprise nitrogen oxide (NOx), sulphur oxide (SOx), dust, and volatile organic compounds (VOC). These demonstrated a year-to-year decline of 6.5% in the reporting period.

The Group also strives to reduce CO2 (carbon monoxide) emissions as the part of its sustainable interaction and implements national projects at EVRAZ NTMK and EVRAZ ZSMK sites enhancing this reduction. In 2018, CO emissions within the whole Group reached the level of 285.94 kt showing a decrease of 8.1% compared with 2017.

The figure comprises data on EVRAZ ZSMK (incl. Evrazruda), EVRAZ NTMK, EVRAZ KGOK, Raspadskaya Coal Company, Yuzhkoks (sold in 2017), Evraz Sukha Balka (sold in 2017), Nakhodka Trade Sea Port (sold in 2017), Vametco (sold in 2017), Mezhegeyugol Coal Company, Evraz Caspian Steel, Evraz Palini e Bertoli, EVRAZ Vanady Tula, Evraz Stratcor, Inc., EVRAZ Nikom, a.s., EVRAZ Inc. NA, EVRAZ Inc. NA Canada.
The year 2018 saw the completion of a project to rehabilitate disturbed land at the old EVRAZ ZSMK waste storage area. A total of 179 hectares was rehabilitated. 2,400 pine seedlings were planted, and the territory was transferred to the Administration of Novokuznetsk.

Restoration of aquatic biodiversity

Ensuring that water ecosystems provide suitable habitats for various species is an integral part of EVRAZ stance on biodiversity. We are committed to implementing measures that help river species survive safely in water intake areas near our power plants.

A new fish protection device was commissioned in 2018 at the coastal pumping station in Novokuznetsk, which supplies water to the combined heat and power (CHP) plant of the West Siberian Metallurgical Plant. The new device helps prevent young fish from perishing in the water intake area on the Tom River. A two-barrier protection system ensures that large- and medium-sized fish are kept away from the water intake bucket of the pumping station using a small grid. Fish are also repelled by an electric field that is created.

72,300
whitebait
fish were released into the rivers of the Kemerovo and Sverdlovsk regions in 2018

3,500
trees
were planted by EVRAZ employees in 2018

**GOALS FOR 2019 AND MIDTERM PERIOD**

The Group is determined to continue our work to achieve the five-year environmental targets that have been set and to keep pace with progress made during previous periods.

A number of important projects are scheduled for final or partial completion in 2019:
- Khr. off gas system upgrade, EVRAZ Vanady Tula
- Re-heat Furnace Low NOx installation, EVRAZ Regina

**Case study**

**LANDSCAPING INITIATIVES**

EVRAZ performs landscaping activities at the industrial sites and sanitation reservation zones of our enterprises. As part of various environmental campaigns we plant trees in parks, squares, city streets, and territories around kindergartens. We run the Second Life to the Trees campaign, part of which involves bringing young trees from mining allotments (where forests are to be replanted and planting them in earmarked locations).

**PRAISING SIBERIAN NATURE**

In 2018 EVRAZ supported the publication of a book dedicated to the nature of the Kemerovo Region. The book comprises sections on specially protected natural reserves, local nature reserves, and eco museums and provides extensive information about the inhabitants and geographical features of the region. The book will be used in thematic workshops and environmental literacy seminars. Experts from the Novokuznetsk culture department are planning to create ecological paths and walking routes based on the book.

**PROTECTING BIODIVERSITY**

The Group’s operations do not take place in any specially protected natural reserves or areas of high biodiversity value. However, we are aware of the possible ramifications that our mining and Didn\'t make it.\n
**BOOSTING ENERGY EFFICIENCY**

Efficient energy use is an important component within the sustainability process. The energy intensity level of the Group’s companies is the key driver behind our energy efficiency programmes and, in turn, helps us achieve our emissions reduction goal. Measures taken to boost energy efficiency include striking a balance between self-produced energy and energy purchased from suppliers, minimising energy losses during transfers, using renewable resources and waste energy, and selling any energy surpluses.

**CLEAN AIR PROJECT EVRAZ ZSMK**

The first stage of the project was implemented in 2017 as part of a nation-wide initiative entitled Year of Ecology. By the end of 2018, EVRAZ ZSMK had introduced technological advances and implemented equipment renovation measures at sintering and central heating and power plants. By the end of 2018 total expenditure stood at US$4.98 million, and a 18.17 thousand tonne reduction in air emissions had been achieved. EVRAZ ZSMK is committed to continuing with the renovation of its central heating and power plants, as well as installing a closed heat exchanger for its coke and by product processes and building off gas desulphurisation installation as part of the Ecology national project.

**Sustainability approach**

Employees

HEALTH, SAFETY AND ENVIRONMENT

Community relations

Supply chain

Appendices
Community relations

2018 HIGHLIGHTS

US$27 million spent on social programmes and infrastructure maintenance in 2018

EVRAZ – the winner of the Corporate Charity Leaders contest

Grants totalling US$230 thousand were issued to 51 projects within EVRAZ City of Friends – City of Ideas annual contest.

MATERIAL TOPICS

GLOBAL SUSTAINABLE DEVELOPMENT GOALS
MANAGEMENT APPROACH

Taking our social responsibilities seriously, EVRAZ strives to adhere to international best practices by making a meaningful contribution to local economies and supporting communities whenever it operates. This includes fostering proper ethical behaviour, caring for employee wellbeing, protecting the environment, and being an engaged partner with local communities. Everywhere that EVRAZ operates, it seeks to build sustainable, positive partnerships with local governments and non-governmental organisations, as well as with business, media and other partners.

EVRAZ has an effective system for managing community relations and external communications in place. The key responsibility for engagement with regions of operations lies with the GR and PR departments. The headquarter is responsible for setting strategic priorities and guidelines as well as for executing nationwide projects and collaborating with stakeholders at federal level. Companies are responsible for community relations on sites and local stakeholder relations.

The creation of value for local communities and regions of operation is ingrained in our Corporate Strategy. Transparent and constructive cooperation with local communities is an integral part of EVRAZ activities and development. Creating shared value, respecting human rights, values and traditions of people in the regions of operation are among the principles that are stipulated in our Business Conduct Policy for Employees – The EVRAZ Way. The principles and rules of engagement with federal and local authorities, employees at all levels are defined in the Regulation for interaction with state authorities. The local community engagement is guided by the Social Investments Guidelines and Policy on Charitable Donation and Sponsorship Activity.

RELATIONS WITH LOCAL COMMUNITIES

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 engage partners in projects in Siberia and in 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 Group’s social investment projects 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.

Value that we create for regions where we operate

Local communities

EVRAZ sees that business sustainability is ultimately connected with the prosperity of the regions of our communities, which we support through social and improvement programmes.

State bodies

EVRAZ contributes value to the government by providing construction and railway products for the development of infrastructure, and is also one of the largest taxpayers and employers in Russia.

Corporate Strategy

Corporate documents

Key area of local communities support

KEY AREAS OF LOCAL COMMUNITIES SUPPORT

For kids

• 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

• 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, educational and cultural institutions at federal and local levels

For sports

• 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

• 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 Yelitstn Centre in Ekaterinburg and the Novokuźnetsk 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” (Novokuźnetsk) 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

EVRAZ

Sverdlovsk region

- 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

Kemerovo region

- Made charitable donations to the Ostrov Nadezhdy, Orphanage School No. 95 and Novosibirsk orphanages in Novosibirsk to implement social projects and assist grown children when they leave the orphanages
- Helped the Novosibirsk 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 Mezhdechensk
- Helped the Tashkent technical school of mining technologies and the service sector to improve the equipment of special mining technical profile classrooms
- Provided equipment and ambulances to medical centres, including a fully equipped mobile intensive care unit for the regional clinical centre for miners’ health care in Lensk-Kuznetsky
- Provided donations to help overhaul the municipal heating network pipes in Tashkent
- 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 Metalurg stadium
- Held the 15th annual Andrei Sevenyuk corporate ski and snowboard competition in Tashkent
- Helped the Shoria hockey team to acquire sport equipment in Tashkent district
- Provided assistance to Novokuznetsk’s Metalurg-Zapolya sport school to organise their team’s participation in football competitions at the Russian Championship
- Helped the Mezhdurechensk sport school to conduct a student’s 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 Yugsa in Mezhdurechensk for the Khokhrin Olympic reserve sport school for skiing
- Supported Hockey Club “Metalurg” for the first time in Kachkanar
- Provided sponsorship for the Kachkanar municipal district Federation of Sports and Youth 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 Isolochka 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 Olympic sport school to travel to competitions and provided funding to hold a football competition
- Supported volleyball club “Uralochka NTMK”

Tula

Organised a summer outing for children with autism and acquired equipment, furniture and toys for children with health limitations

North America

Sponsored the Cherubim 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®

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.

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 Innovation held the Children’s Foresight for the first time in Kachkanar. More than 65 schoolchildren aged 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 winners attended a social change leadership camp organised by the Agency for Strategic Initiatives that was held at the Artek international Children’s camp.

In 2017-2018, the “Generation M” project was held in Mezhdechensk with the participation of EVRAZ MTS and the administration of the Mezhdechensk 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 “PhotoArt”, “Cinematography” and “Local”. 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 Mezhdechensk.

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 fields.

Since the start of the Generation M project, 240 children from 60 regions of the country became its winners and award winners; 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 first steps at the largest animation and film studios of Russia to entering the big stage with stars and joining the creative universities of the capital.
“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 Kachkanar 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.

“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 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.

“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.

“FANTASY 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 town aims to create conditions to make up for the lack of emotional and sensory communication with nature (including for children with health limitations).

“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 Novokuzyetsk aims to help with the social engagement of children with health limitations by working with specially trained dogs.

“FLM SUMMER”

The project aims to create an outdoor cinema for residents of Mezhdureshensk.

“FROM LIFE SAFETY LESSONS TO A SAFE LIFE”

The project in Mezhdureshensk seeks to promote awareness and responsibility among schoolchildren regarding safety in the face of the social, natural and technogenic threats of the modern world.

“CYBERLIFE”

The project in Novokuzyetsk is aimed at teaching programming and introducing children aged 6-16 to scientific and technical creativity.

“HEALTHY LIFESTYLE FOR EACH RESIDENT OF OTKHEMA VILLAGE”

The project will help to install modern sports equipment in the village.

EXAMPLES OF WINNING PROJECTS

<table>
<thead>
<tr>
<th>Region</th>
<th>City</th>
<th>Title of the project</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>Ural</td>
<td>Nizhny Tagil</td>
<td>“At Home in the Forest”</td>
<td>The project involves creating conditions for sport tourism in the Kachkanar urban district, including acquiring modern equipment to professionally hold various competitions.</td>
</tr>
<tr>
<td></td>
<td>Kachkanar</td>
<td>“Miracle Pier – children’s playground for special children”</td>
<td>The project involves equipping playgrounds at Nizhny Tagil’s boarding school for hearing impaired children.</td>
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<tr>
<td></td>
<td>Novokuzyetsk</td>
<td>“FANTASY FILM WORKSHOP”</td>
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</table>

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 public spaces, 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 “City of urban natural resources.” The concept won the competition in the Corporate Charity Leaders competition, a joint project of the Donors’ Forum, PwC and Vedomosti newspaper, announcing “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 (Ural), Novokuzyetsk and Mezhdureshensk (Siberia). The contest received 167 applications from Siberia and 187 from the Urals in 2018. The grants totalling US$230 thousand were issued to 55 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, Novokuzyetsk and Mezhdureshensk.

CASE STUDY

“The Clean Games is a nationwide environmental and educational project aimed at cleaning up the environment and waste sorting. 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 Kachkanar 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.

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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 organizing 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 considers 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 and organised 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.

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 Kargosnokaya: In Bashkara, EVRAZ NTMK’s employees repaired the fence, verandas, kindergarten slides, kitchen equipment and electrical wiring. In Kargosnokaya, 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 Kommersantka 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.

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 iron ore 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 kilograms per tonnes compared with older 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 Foreseeing”, 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.

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 working experience of the families exceeds 500 years. The five families represent the Group’s core operations: EVRAZ NTMK, EVRAZ ZMOK, EVRAZ KNEK, Raspidokaya. The project team travelled hundreds of kilometres to put all the stories together.
Supply chain

2018 HIGHLIGHTS

9 environmental audit checks conducted for new suppliers

68% total spending on local suppliers in Siberia region of Steel segment

SUPPLIER ENVIRONMENTAL ASSESSMENT

GLOBAL SUSTAINABLE DEVELOPMENT GOALS

MATERIAL TOPICS
Since 2013 the Policy on the Basic Principles of Procurement Activities has been the main regulatory document governing procurement performance. The Policy sets out the general procurement approach and main principles and applies to all segments of the Group.

The document is in the public domain and can be accessed by stakeholders on our website (http://www.evraz.com/ru/about/ suppliers/policy-of-procurement/, available only in Russian).

In addition to a high-level Policy, the Group has in place a system of specific regulatory documents governing supply chain management, depending on the type of process and whether procurement is planned and conducted at the Management Company level or at EVRAZ segments.

Supply chain issues are organised using a vertically integrated structure, with reporting lines in place between the Management Company and the segments. In 2018, as part of the Transformation of the Supply Chain Project, the organisational structure was reviewed and redesigned. The front, middle, and back offices were allocated at Management Company and segment level. Responsibility for strategic planning and ensuring that an effective supply chain is in place was assigned to efficiency managers at the Management Company level. All technical issues and specifications fall under the supervision of segments. A specific Project supply chain management function was set up in the reporting year, to plan and control procurement for investment projects and capital repairs.

The Urals and Siberia regions of Steel segment are fully integrated into the supply chain system, which is led by the Management Company. The Vanadium operations and Coal segment are in place for the most part. The level of procurement importance is determined when developing a category strategy. A list of prequalified suppliers is drawn up, which is used as a basis for sending invitations to take part in a respective procurement procedure.

The Urals and Siberia regions of Steel segment are fully integrated into the supply chain system, which is led by the Management Company. The Vanadium operations and Coal segment are fully integrated into the supply chain system, which is led by the Management Company. The Urals and Siberia regions of Steel segment conduct 3 supplier audit checks. The Siberia region of Steel segment – 12 audit checks.

With regard to category management, the procedure for checking potential suppliers for admission to procurement procedures is performed as part of developing a category strategy in accordance with respective regulatory and administrative agreements. The scope of qualification work for a supplier is determined when developing a category strategy and consists of the following:

- Testing a supplier’s competencies in terms of delivering a particular product or service
- Field inspections or supplier audits
- Checking a supplier’s financial standing
- Monitoring feedback on or negative information about a supplier

Therefore, in order to facilitate responsible business practices in all supplier agreements, we include clauses expounding the Group’s attitude towards human rights, including our policy of having zero tolerance towards child labour, all forms of slavery, and other issues, which are set forth in detail in the EVRAZ Code of Conduct. Under a typical contract, adherence to the EVRAZ Code of Conduct forms an integral part of contractual relationships with suppliers. Anti-corruption clauses are also included in contracts.

Supplier screening and assessment

The EVRAZ approach to assessing suppliers is based on two main types of procurement: a) category strategies, which include types of products that are expensive and critical for ensuring production stability; b) inventories outside of category strategies. In 2018 there were six category strategies at Management Company level and 20 at segment level. With regard to category management, the procedure for checking potential suppliers for admission to procurement procedures is performed as part of developing a category strategy in accordance with respective regulatory and administrative agreements. The scope of qualification work for a supplier is determined when developing a category strategy and consists of the following:

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For more information about our anti-corruption efforts, see p. 35.17 of the section Ethics and business conduct.

In order to confirm that suppliers adhere to all applicable environmental legislation, we regularly conduct environmental audits of suppliers, which are selected according to the criteria of purchase costs and importance.

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Regarded inventory that is outside category strategies, a list of prequalified suppliers is drawn up based on a decision of the Tendering Committee. The level of procurement importance and criticality forms the basis of the decision. The list of prequalified suppliers is created as part of the category management map.

In 2018 the Urals region of Steel segment conducted 11 supplier audit checks. The Siberia region of Steel segment – 12 audit checks.

Responsive supply chain practices

As a major consumer of goods and services, EVRAZ can create a positive impact in terms of reducing social and environmental risks in the supply chain. The Group strives to work with suppliers that are committed to the principles of sustainable development.
In 2018 EVRAZ approved and began to implement projects from the Roadmap for Supply Chain Management 2018-2020. The range of projects and initiatives is aimed at optimising various supply chain processes. In 2018 the Group made significant progress towards realising Roadmap projects in the main priority areas (see figure on the right).

In order to contribute to the economic development of the regions where we operate we endeavour to give priority to local suppliers of goods and services. Thus in the reporting year the share of local suppliers in the procurement of the Siberia region of Steel segment was 68%.

In order to facilitate honest and mutually beneficial relationships with local suppliers, EVRAZ enters into long-term contracts with them. In 2018 in the Urals region of Steel segment the share of total expenditure on local suppliers with long-term contracts was over 62%.

Whole life and operational sustainability approach
Employees
Health, safety and environment
Community relations
Supply chain

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<tr>
<td>GRI 202-1</td>
<td>Ratios of standard entry level wage by gender compared to local minimum wage</td>
<td>Motivation and employee engagement, p. 35</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 202-3</td>
<td>Infrastructure investments and services supported</td>
<td>Relations with local communities, p. 57</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 202-4</td>
<td>Significant indirect economic impacts</td>
<td>Key projects in 2018, p. 57-63</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**GRI 205 ANTI-CORRUPTION**

<table>
<thead>
<tr>
<th>GRI 103</th>
<th>Management Approach</th>
<th>Ethics and business conduct, p. 58</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>GRI 205-1</td>
<td>Operations assessed for risks related to corruption</td>
<td>Ethics and business conduct, p. 58</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 205-2</td>
<td>Communication and training about anti-corruption policies and procedures</td>
<td>Ethics and business conduct, p. 58</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 205-3</td>
<td>Confirmed incidents of corruption and actions taken</td>
<td>Ethics and business conduct, p. 17</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**GRI 300 ENVIRONMENTAL**

<table>
<thead>
<tr>
<th>GRI 302</th>
<th>Energy consumption within the organisation</th>
<th>Boosting energy efficiency, p. 52</th>
<th>Energy consumption is disclosed for a limited number of companies that are stated in the text of relevant section.</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>GRI 302-1</td>
<td>Energy consumption</td>
<td>Boosting energy efficiency, p. 52</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**GRI Indicator Disclosure**

<table>
<thead>
<tr>
<th>GRI 303 WATER</th>
<th>Management Approach</th>
<th>Approach to environmental management, p. 46-48</th>
<th>Balancing water supply, p. 48-49</th>
<th>Protecting biodiversity, p. 52-53</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>GRI 303-1</td>
<td>Interactions with water as a shared resource</td>
<td>Balancing water supply, p. 48-49</td>
<td>Protecting biodiversity, p. 52-53</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 303-2</td>
<td>Management of water discharge-related impacts</td>
<td>Balancing water supply, p. 48-49</td>
<td>Legislation in the countries of our operation places high demands on the composition of water discharged by production facilities. For its part, the Group is committed to meet these requirements and ensure the quality of discharged water determined by law.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 303-3</td>
<td>Water withdrawal</td>
<td>Balancing water supply, p. 49</td>
<td>Appendix 4. Environmental performance, p. 74-77</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 303-5</td>
<td>Water consumption</td>
<td>Balancing water supply, p. 48-49</td>
<td>Appendix 4. Environmental performance, p. 74-77</td>
<td>Total volume of water consumed is disclosed for NTMK, KGOK and ZSMK, which are the main assets consuming the major part of water.</td>
<td></td>
</tr>
</tbody>
</table>

**GRI 304 BIODIVERSITY**

<table>
<thead>
<tr>
<th>GRI 103</th>
<th>Management Approach</th>
<th>Approach to environmental management, p. 46-48</th>
<th>Protecting biodiversity, p. 52-53</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>GRI 304-1</td>
<td>Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas</td>
<td>Protecting biodiversity, p. 52</td>
<td>The Group’s operations do not take place in any specially protected natural reservations or areas of high biodiversity value.</td>
<td></td>
</tr>
<tr>
<td>GRI 304-3</td>
<td>Habitats protected or restored</td>
<td>Protecting biodiversity, p. 52</td>
<td>Information concerning habitats protected or restored disclosed as the size of areas rehabilitated.</td>
<td></td>
</tr>
</tbody>
</table>

**GRI 305 EMISSIONS**

<table>
<thead>
<tr>
<th>GRI 103</th>
<th>Management Approach</th>
<th>Approach to environmental management, p. 46-48</th>
<th>Reducing emissions, p. 51-52</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>GRI 305-1</td>
<td>Direct (Scope 1) GHG emissions</td>
<td>Reducing emissions, p. 51</td>
<td>Appendix 4. Environmental performance, p. 74-75</td>
<td></td>
</tr>
<tr>
<td>GRI 305-2</td>
<td>Energy indirect (Scope 2) GHG emissions</td>
<td>Reducing emissions, p. 51</td>
<td>Appendix 4. Environmental performance, p. 74-75</td>
<td></td>
</tr>
<tr>
<td>GRI 305-4</td>
<td>GHG emissions intensity</td>
<td>Reducing emissions, p. 51</td>
<td>Appendix 4. Environmental performance, p. 74-75</td>
<td>Intensity of GHG emissions is calculated as GHG emissions (kg CO2e) divided by consolidated revenue, broken down by the operating segments.</td>
</tr>
<tr>
<td>GRI 305-5</td>
<td>Reduction of GHG emissions</td>
<td>Reducing emissions, p. 51</td>
<td>Appendix 4. Environmental performance, p. 74-75</td>
<td>Reduction of GHG emissions was accomplished also due to ceasing operations in Ukraine and lower volumes of underground mining against the higher open-pit mining.</td>
</tr>
<tr>
<td>GRI 305-7</td>
<td>Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions</td>
<td>Reducing emissions, p. 51</td>
<td>Appendix 4. Environmental performance, p. 74-75</td>
<td></td>
</tr>
</tbody>
</table>

**GRI 306 EFFLUENTS AND WASTE**

<table>
<thead>
<tr>
<th>GRI 103</th>
<th>Management Approach</th>
<th>Approach to environmental management, p. 46-48</th>
<th>Waste stewardship, p. 49-50</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>GRI 306-2</td>
<td>Waste by type and disposal method</td>
<td>Waste stewardship, p. 50</td>
<td>Appendix 4. Environmental performance, p. 76-77</td>
<td>The information is disclosed at total weight of hazardous waste, shares of generated waste and used.</td>
</tr>
<tr>
<td>GRI 306-3</td>
<td>Significant splits</td>
<td>Approach to environmental management, p. 46-48</td>
<td>In 2018 no significant environmental accidents occurred at the Group’s production facilities, and in addition there were no corresponding material claims. Significant environmental accidents (first and second category incidents) comprise massive discharges into natural zones, hazardous emissions, the destruction of reservoirs, and fires at facilities.</td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX 2. TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

<table>
<thead>
<tr>
<th>No.</th>
<th>Recommendations</th>
<th>Covered in the Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Governance</td>
<td>Section “Sustainability risk management”, Table “The Group’s sustainability risks”</td>
</tr>
<tr>
<td>2</td>
<td>Strategy</td>
<td>Section “Sustainability risk management”, Table “The Group’s sustainability risks”</td>
</tr>
<tr>
<td>3</td>
<td>Risk management</td>
<td>Section “Sustainability risk management”, Table “The Group’s sustainability risks”</td>
</tr>
<tr>
<td>4</td>
<td>Metrics and Targets</td>
<td>Section “Environmental strategy”, Figure “EVRAZ five-year environmental targets”</td>
</tr>
</tbody>
</table>

APPENDIX 3. SCOPE OF GHG INDICATORS DISCLOSURE

1. EVRAZ Vanadyr Tula
2. EVRAZ ZSKM (including Evrazruda and Gurievskyrudnik)
3. EVINZ NGGM
4. AVT-Ural
5. Mezhneugol Coal Company
6. Nakhodka Trade Sea Port (included only in the figure for 2017 due to asset disposition in 2017)
7. EVRAZ NTMK
8. EVRAZ Salcha Batika (included only in the figure for 2017 due to asset disposition in 2017)
9. EVRAZ DMZ (included in the figures for both 2017 and 2018, however, was sold in 2018)
10. Raspadskaya Coal Company (including Yuzhkoks, ATP Yuzhnoobraskugol, Kuznetskoyeugoltrans, Centralnaya Obogatitel’naya Fabrika Abashinskaya, Centralnaya Obogatitel’naya Fabrika Kuznetskaya, Mire Abashinskaya, Mire Akyushskaya, Mire Easukskaya, Mire Kuzhuskoyeugol, Mire Ozernokol’skaya, Mire Usinskaya, Mire Hurmuzdarenskaya site)
11. Evraz Caspian Steel
12. EVRAZ Inc. NA (including, EVRAZ Portland, EVRAZ Pueblo)
13. EVRAZ Inc. NA Canada (including EVRAZ Gamma, EVRAZ Red Deer, EVRAZ Calgary, EVRAZ Regina)
14. Evraz Palini e Bertoli
15. Evraz Stratcor, Inc.
16. Evraz Varakhtna (included only in the figure for 2017 due to asset disposition in 2017)
17. EVRAZ Nikom, a.s.
APPENDIX 4. ENVIRONMENTAL PERFORMANCE

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2018 vs. 2017</th>
<th>Definition</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Air Emissions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Key Air emissions</td>
<td>thousand tonnes</td>
<td>130.68</td>
<td>137.11</td>
<td>128.24</td>
<td>-8.87</td>
<td>-6.5</td>
<td>The key air emissions comprise NOx, SOx, dust and VOC emissions.</td>
</tr>
<tr>
<td>SOx</td>
<td>thousand tonnes</td>
<td>49.00</td>
<td>58.18</td>
<td>51.30</td>
<td>-6.88</td>
<td>-11.8</td>
<td>Sulfur dioxide (SO2)</td>
</tr>
<tr>
<td>NOx</td>
<td>thousand tonnes</td>
<td>29.20</td>
<td>29.71</td>
<td>29.69</td>
<td>0.52</td>
<td>1.8</td>
<td>Sum of Nitrogen oxides (NOx) as nitrogen dioxide (NO2)</td>
</tr>
<tr>
<td>Dust</td>
<td>thousand tonnes</td>
<td>51.25</td>
<td>48.61</td>
<td>45.98</td>
<td>-2.63</td>
<td>-5.4</td>
<td>Sum of PM10 and PM25</td>
</tr>
<tr>
<td>VOC</td>
<td>thousand tonnes</td>
<td>1.23</td>
<td>1.15</td>
<td>1.26</td>
<td>0.12</td>
<td>10.3</td>
<td>Volatile organic compounds</td>
</tr>
<tr>
<td>CO</td>
<td>thousand tonnes</td>
<td>274.40</td>
<td>311.09</td>
<td>282.94</td>
<td>-25.15</td>
<td>-8.1</td>
<td>Carbon Monoxide (CO)</td>
</tr>
</tbody>
</table>

**Greenhouse Gases**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2018 vs. 2017</th>
<th>Definition</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>GHG Scope 1</td>
<td>Million tonnes CO2e</td>
<td>24.85</td>
<td>27.10</td>
<td>24.73</td>
<td>-2.37</td>
<td>-8.7</td>
<td>Direct GHG emissions; sum of CO2, CH4, N2O, PFC, HFC, SF6 and NF3</td>
</tr>
<tr>
<td>CO2</td>
<td>Million tonnes CO2e</td>
<td>25.00</td>
<td>25.29</td>
<td>24.89</td>
<td>-0.40</td>
<td>-1.6</td>
<td>Carbon dioxide (CO2)</td>
</tr>
<tr>
<td>CH4</td>
<td>Million tonnes CO2e</td>
<td>0.40</td>
<td>0.35</td>
<td>0.33</td>
<td>-0.07</td>
<td>-2.0</td>
<td>CO2 equivalent of methane (CH4) emission</td>
</tr>
<tr>
<td>N2O</td>
<td>Million tonnes CO2e</td>
<td>0.10</td>
<td>0.11</td>
<td>0.10</td>
<td>-0.01</td>
<td>-9.1</td>
<td>CO2 equivalent of nitrous oxide (N2O) emission</td>
</tr>
<tr>
<td>PFC and HFC</td>
<td>Million tonnes CO2e</td>
<td>0.0005</td>
<td>0.0006</td>
<td>0.0006</td>
<td>0.0001</td>
<td>16.67</td>
<td>CO2 equivalent of fluorocarbons and perfluorocarbons emissions</td>
</tr>
<tr>
<td>SF6</td>
<td>Million tonnes CO2e</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>Direct GHG emissions are emissions from sources that are owned or controlled by EVRAZ</td>
</tr>
<tr>
<td>NF3</td>
<td>Million tonnes CO2e</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>Direct GHG emissions are emissions from sources that are owned or controlled by EVRAZ</td>
</tr>
<tr>
<td>GHG Scope 2</td>
<td>Million tonnes CO2e</td>
<td>5.02</td>
<td>4.97</td>
<td>4.23</td>
<td>-0.74</td>
<td>-14.9</td>
<td>Indirect GHG emissions from consumption of purchased electricity, heat or steam</td>
</tr>
</tbody>
</table>

**GHG per t of steel cast**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2018 vs. 2017</th>
<th>Definition</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO2e per tonne of steel cast</td>
<td>kg CO2e/US$</td>
<td>5.59</td>
<td>3.89</td>
<td>2.60</td>
<td>-0.30</td>
<td>-21.1</td>
<td>EVRAZ NTMK, EVRAZ ZSMK, EVRAZ DMZ and EINA</td>
</tr>
<tr>
<td>GHG Steel Segment</td>
<td>kg CO2e/US$</td>
<td>5.59</td>
<td>3.89</td>
<td>2.60</td>
<td>-0.30</td>
<td>-21.1</td>
<td>&quot;Scope 2 emissions are emissions associated with the generation of electricity, heating/cooling, or steam purchased by EVRAZ assets for own consumption. Scope 2 emissions were estimated using emission factors specifically developed for the country or region, if available, or otherwise factors provided by UK Defra or given in National Inventory Reports.”</td>
</tr>
</tbody>
</table>

**Water Management**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2018 vs. 2017</th>
<th>Definition</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total fresh water intake for production needs</td>
<td>million m³</td>
<td>233.90</td>
<td>288.55</td>
<td>210.94</td>
<td>-77.61</td>
<td>-27.1</td>
<td>EVRAZ NTMK, EVRAZ ZSMK, EVRAZ DMZ and EINA</td>
</tr>
<tr>
<td>Surface water sources</td>
<td>million m³</td>
<td>196.74</td>
<td>-91.81</td>
<td>-31.8</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ground water</td>
<td>million m³</td>
<td>18.84</td>
<td>0.46</td>
<td>5.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seawater</td>
<td>million m³</td>
<td>15.34</td>
<td>1.96</td>
<td>11.3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public network</td>
<td>million m³</td>
<td>15.54</td>
<td>1.96</td>
<td>11.3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other sources</td>
<td>million m³</td>
<td>12.78</td>
<td>2.87</td>
<td>0.87</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2018 vs. 2017</th>
<th>Definition</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mine and quarry water usage for production needs</td>
<td>million m³</td>
<td>20.34</td>
<td>21.13</td>
<td>17.56</td>
<td>-3.79</td>
<td>-17.9</td>
<td>EVRAZ NTMK, EVRAZ ZSMK, EVRAZ DMZ and EINA</td>
</tr>
<tr>
<td>Mine water</td>
<td>million m³</td>
<td>11.03</td>
<td>11.17</td>
<td>9.21</td>
<td>-2.92</td>
<td>-26.5</td>
<td></td>
</tr>
<tr>
<td>Quarry water</td>
<td>million m³</td>
<td>8.48</td>
<td>8.97</td>
<td>8.35</td>
<td>-0.62</td>
<td>-7.2</td>
<td></td>
</tr>
</tbody>
</table>
**Indicator** | **Unit** | **2016** | **2017** | **2018** | **2018 vs. 2017** | **Definition** | **Comments**
--- | --- | --- | --- | --- | --- | --- | ---
Water Intensity | m³/tonne of steel cast | 0.020 | 0.019 | 0.014 | -0.01 | -28.1 | Estimated for metallurgical assets: ZSMK, NTMK, DMZ, EINA
Fresh water withdrawal intensity | m³/US$ revenue | 42.47 | 26.50 | 17.64 | -11.86 | -40.2 | Total fresh water intake for production needs per EVRAZ total revenue
Water recycled for use in own operations | % | 90.1 | 90.4 | 92.8 | 2.40 | | |
Waste & By-product Management | | | | | | | |
Non-mining waste & by-product generation | thousand tonnes | 9,651.8 | 9,233.5 | 7,947.8 | -1,285.7 | -13.9 | |
Metallurgical by-product generation | thousand tonnes | 7,619.1 | 7,629.5 | 6,401.7 | -1,227.8 | -16.1 | Metallurgical by-products includes: slags, sludge and scale
General waste | thousand tonnes | 2,032.7 | 1,603.9 | 1,548.1 | -55.8 | -3.6 | |
Non-hazardous waste generation | thousand tonnes | 1,663.8 | 1,533.5 | 1,471.9 | -61.6 | -4.0 | |
Hazardous waste generation | thousand tonnes | 69.1 | 70.5 | 74.2 | 4.7 | 5.2 | |
Non-mining waste & by-product recycled | thousand tonnes | 11,594.2 | 9,666.7 | 8,846.8 | -819.9 | -8.5 | |
Metallurgical by-products includes: slags, sludge and scale
Non-mining waste & by-product non-recycled | thousand tonnes | 746.5 | 538.7 | 591.2 | 55.5 | 9.7 | |
Non-mining waste recycling or re-use rate | % | 120.1 | 104.7 | 111.3 | 6.6 | n/a | Amount of waste and by-products recycled or re-used vs. generated during the year.
Mining waste | thousand tonnes | 157,305.7 | 169,569.5 | 232,004.5 | 62,435.0 | 36.8 | Mining waste include: overburden grounds, depleted rock, tailings
Mining waste used | thousand tonnes | 28,652.5 | 50,353.5 | 69,046.0 | 11,695.5 | 36.8 | |
Mining waste recycling or re-use rate | % | 18.2 | 29.7 | 26.7 | -3.0 | n/a | Amount of waste and by-products recycled or re-used vs. generated during the year.
Environmental Compliance | | | | | | | |
Environmental Liabilities | US$ million | 119 | 102 | 121 | 19.00 | 18.6 | |
Cost of environmental compliance | US$ million | 224 | 289 | 244 | -45.00 | -15.6 | |
Environmental Leases and Fines for Non-compliance | US$ million | 21 | 2.6 | 2.2 | -0.40 | -15.4 | |
Cost of environmental compliance | US$ million | 24 | 30.7 | 30.1 | -0.60 | -2.0 | |
Investments to improve environmental performance | US$ million | 12 | 28 | 20.8 | 1.80 | 6.4 | |
Material environmental incidents | cases | 0 | 0 | 0 | 0.00 | 0.0 | Significant environmental accidents (first and second category incidents) comprise massive discharges into natural zones, hazardous emissions, the destruction of reservoirs, and fires at facilities.
Public complaints | cases | 38 | 29 | 36 | 7 | 24.1 | Cases of public complaints registered by Evraz sites
Compliance with REACH requirements | cases of non-compliance | 0 | 0 | 0 | 0.00 | 0.0 | Cases of non-compliance include: breaches of registration requirements, requirements to the content of Safety Data Sheets and breaches of the authorisation and restriction provisions.
APPENDIX 5. INDEPENDENT ASSURANCE REPORT

Independent Assurance Report on the Sustainability Report 2018

To the Board of Directors and Stakeholders of Evraz plc

Subject matter
At the request of Evraz plc (hereinafter ‘the Company’) we have obtained a limited level assurance on the qualitative and quantitative information disclosed in the Sustainability Report 2018 of Evraz plc (hereinafter ‘the Report’) except for the following matters:

- Forward-looking statements on performance, events or planned activities;
- Correspondence between the Report and the Task Force on Climate-related Financial Disclosures; and

Applicable criteria
The criteria of our engagement were the Global Reporting Initiative’s Sustainability Reporting Standards (hereinafter ‘the GRI Standards’) and the sustainability reporting principles of the Company as set out in section ‘About this report’ of the Report. We believe that these criteria are appropriate given the purpose of our assurance engagement.

Management’s responsibilities
The management of the Company is responsible for the preparation of the Report and for the information therein to present fairly in all material respects sustainability-related activities, events and performance of the Company for the year ended 31 December 2018 in compliance with the GRI standards and the sustainability reporting principles of the Company that are described in section ‘About this report’ of the Report. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of a sustainability report that is free of material misstatements, selecting and applying appropriate reporting principles and using measurement methods and estimates that are reasonable in the circumstances.

Our responsibilities
Our responsibility is to independently express conclusions that:

- The information in the Report is, in all material respects, a fair representation of sustainability policies, activities, events and performance of the Company for the year ended 31 December 2018;
- The Report is prepared in accordance with the GRI Standards using the Core option.

We apply international standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have compiled with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Summary of work performed
Our engagement was conducted in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised). Assurance Engagements. Other than audits or reviews of historical financial information, issued by IAC, and accordingly included the following procedures:

- Interviews with representatives of the Company management and specialists responsible for its sustainability policies, activities, performance and relevant reporting;
- Analysis of key documents related to Company sustainability policies, activities, performance and relevant reporting;
- Obtaining understanding of the process used to prepare the information on sustainability performance indicators of the Company and other engagement circumstances by reviewing the reporting process used for preparation of sustainability reports;
- Analysis of the Company stakeholder engagement activities via reviewing minutes of stakeholder meetings conducted by the Company;
- Benchmarking of the Report against sustainability reports of selected international and Russian peers of the Company and lists of sector-specific sustainability issues raised by stakeholders;
- Review of selection of corporate and external media publications with respect to the Company’s sustainability policies, activities, events, and performance in 2018;
- Analysis of material issues in field of sustainable development identified by the Company;
- Identification of sustainability issues material for the Company based on the procedures described above and analysis of their reflection in the Report;
- Review of data samples regarding key human resources, energy use, environmental protection, process safety, health and safety, and charitable activities indicators for the year ended 31 December 2018 to assess whether those data have been collected, prepared, collated and reported appropriately at the central office level;
- Collection on a sample basis of evidence substantiating the qualitative and quantitative information included in the Report at the central office level;
- Assessment of compliance of the Report and its preparation process with Evraz plc sustainability reporting principles and;
- Assessment of compliance of information and data disclosures in the Report with the requirements of the Core option of reporting in accordance with the GRI Standards.

Our engagement procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

Conclusion
Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the information in the Report does not represent fairly, in all material respects, the sustainability policies, activities, events and performance of the Company for the year ended 31 December 2018 in accordance with the GRI Standards and sustainability reporting principles of the Company.

Nothing has come to our attention that causes us to believe that the Report is not prepared in accordance with the GRI Standards using the Core option.

M.S. Khachatryan
Partner
Ernst & Young LLC
26 April 2019

Details of the subject of the independent assurance
Name: Evraz plc

Details of the assurance provider
Name: Ernst & Young LLC

Address: 1290, New York, NY 10019, U.S.A.

Details of the assurance provider
Name: Ernst & Young LLC

Address: 1290, New York, NY 10019, U.S.A.