

Remuneration Policy

The main objectives of the remuneration policy are to attract, retain and reward talented staff and management, by offering compensation that is competitive within the industry, motivates management to achieve the Company's business objectives and encourage high level of performance and aligns the interests of management with the interests of shareholders.

Remuneration policy

Element	Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
Executive Director				
Base salary	Provides a level of base pay to reflect individual experience and role to attract and retain high calibre talent.	<p>Normally reviewed annually, taking into account individual and market conditions, including: size and nature of the role, relevant market pay levels, individual experience and pay increases for employees across the Group.</p> <p>For the current CEO, base salary incorporates a Director's fee (paid to all Directors of the company for participation in the work of the Board committees - see the section on Non-Executive Director remuneration policy below).</p>	<p>Generally, the maximum increase per year will be in line with general level of increases within the Group.</p> <p>However, there is no overall maximum opportunity as increases may be made above this level at the Committee's discretion, to take account of individual circumstances such as increase in scope and responsibility and to reflect the individual's development and performance in the role.</p>	None
Benefits	To provide market level of benefits, as appropriate for individual circumstances.	<p>Benefits currently include:</p> <ul style="list-style-type: none"> - private healthcare - meal allowances <p>Other benefits (including pension benefits) may be provided if the Committee considers it appropriate. The</p>	Generally the cost of benefits will be in line with that for the senior management team. However the cost of insurance benefits may vary from year to year depending on the	None




		<p>current CEO does not currently participate in any pension scheme.</p> <p>In the event that an executive Director is required by the Group to relocate, benefits may include but are not limited to relocation allowance and housing allowance.</p>	<p>individual's circumstances.</p> <p>The overall benefit value will be set at a level the Committee considers proportionate and appropriate to reflect individual circumstances. There is no total maximum opportunity.</p>	
<p>Annual bonus</p>	<p>Aligns executive remuneration to Company strategy through rewarding the achievement of annual financial and strategic business targets.</p>	<p>The Company operates an annual bonus arrangement under which awards are generally delivered in cash.</p> <p>Targets are reviewed annually and linked to corporate performance based on predetermined targets.</p>	<p>200% of base salary per financial year</p>	<p>The bonus is based on achievement of the Company's key quantitative financial, operational and strategic measures in the year to ensure focus is spread across the key aspects of Company performance and strategy.</p> <p>The exact measures and associated weighting will be determined on an annual basis, according to the Company's strategic priorities, however at least 60% will be based on Group financial measures.</p> <p>For achievement of threshold performance, 0% of maximum will be paid, rising straight line to 50% of maximum for target performance and 100% of maximum for outstanding performance.</p> <p>The Committee retains discretion to adjust</p>



			bonus payments to reflect the overall performance of the Company.
Non-Executive Directors			
Chairman and Director Fees	To provide remuneration that is sufficient to attract and retain high calibre non-executive talent	<p>Director fees are paid in the form of cash fees, but with the flexibility to forgo all or part of such fees (after deduction of applicable income tax and social taxes) to acquire shares in the Company should the Non-Executive Director so wish. Non-Executive Director fees are reviewed from time to time.</p> <p>Non-Executive Directors receive an annual fee for membership of the Board.</p> <p>Additional fees are payable by reference to other Board responsibilities taken on by the Non-Executive Directors (for example membership and chairmanship of the Board committees).</p> <p>The Chairman of the Board receives an all-inclusive annual fee.</p> <p>Expenses incurred in the performance of Non-Executive duties for the Company may be reimbursed or paid for directly by the Company, including any tax due on the expenses. This may include travel expenses, professional fees incurred in the furtherance of duties as a Director and the provision of training and development. In addition, the Company contributes an annual amount towards secretarial and administrative expenses of Non-Executive Directors</p> <p>Non-Executive Directors may not participate in the Company's share incentive schemes or pension arrangements.</p> <p>Total fees paid to Non-Executive Directors will remain within the limit stated in the Articles of Association.</p>	

The Committee reserves the right to make any remuneration payments and payments for loss of office that are not in line with the policy set out above where the terms of the payment were agreed before the policy came into effect or at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration of the individual becoming a Director of the Company.

The Committee does not operate "clawback" arrangements on Directors' remuneration on the basis that such arrangements would not be enforceable under the Russian Labor Code.

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The Committee may make minor amendments to the policy set out above (for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without obtaining shareholder approval for that amendment.


Performance measures and targets

Annual bonus measures and targets are selected to provide an appropriate balance between incentivising the Director to meet financial objectives for the year and achieving key operational objectives. They are reviewed annually by the Committee to ensure that the measures and weightings are in line with the strategic priorities and needs of the business.

Policy on recruitment of executive Directors

In the event of hiring a new Executive Director, remuneration would be determined in line with the following policy. This policy has been developed to enable the Company to recruit the best candidate possible who will be able to contribute to the Company's performance and will help to reach its goals.

- So far as practicable and appropriate, the Committee will seek to structure pay and benefits of any new executive Directors in line with the current remuneration policy.
- Notwithstanding this, the Committee recognises that the Executive Director Remuneration policy set out above is tailored towards the only current Executive Director, the CEO, who has a significant shareholding in the Company. Any new Executive Director is likely to have a different fact-pattern to the current CEO, and thus the Committee believe it is important to retain the flexibility to be able to offer other elements, namely market competitive, share-based incentive programs, which are linked to the company's performance and designed to align the executive Director's interests to the delivery of growth in shareholder value.
- The maximum level of variable remuneration which may be granted at the time of recruitment (excluding any buyouts) will not exceed the on-going policy described in the policy table above by more than 200% of base salary. This additional headroom has been capped at a level comparable to maximum award levels seen in conventional long-term incentive plans operated in the wider UK listed market.
- The Committee's intention would be for any share-based incentive awards to be subject to performance conditions. Where the intention is to grant regular long-term incentive awards to a candidate, the Committee would seek appropriate shareholder approval for a new share plan in accordance with the Listing Rules.
- When setting salaries for new hires, the Committee will take into account all relevant factors, including the skills and experience of the individual, the market from which they are recruited and the market rate for the role. For interim positions a cash supplement may be paid rather than salary (for example a non-executive Director taking on an executive function on a short-term basis).

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- To facilitate recruitment the Committee may need to compensate loss of remuneration arrangements on joining the company. In granting any buyout award, the Committee will take into account relevant factors including any performance conditions attached to the awards forfeited, the form in which they were granted (e.g. cash or shares) and the timeframe of the awards. The Committee will generally seek to structure the buyout on a comparable basis to awards forfeited. The overriding principle is that any buyout award would be at or below the commercial value of remuneration forfeited.
 - The Committee retains the flexibility to alter the performance measures of the annual bonus for the first year of appointment, if the Committee determines that the circumstances of the recruitment merit such alteration.

Where an Executive Director is appointed from within the organisation, the normal policy is that any legacy arrangements would be honoured in line with the original terms and conditions. Similarly, if an Executive Director is appointed following an acquisition of, or merger with another company, legacy terms and conditions will be honoured.

On the appointment of a new Chairman or Non-Executive Director, their fees will typically be in line with the Policy as set out above. Any specific cash or share arrangements delivered to the Chairman or Non-Executives will not include share options or any other performance related elements.

Executive Director's service contract and loss of office policy

The CEO has a service contract with a subsidiary of EVRAZ plc.

The CEO's service contract does not provide for any specific notice period and therefore, in the event of termination, the applicable notice period will be as provided for as in the Russian labour code from time to time (where the termination is at the Company's initiative the entitlement to pay in lieu of notice is currently limited to 3 months' base salary). The Committee may determine that a termination payment of up to 12 months' base salary should be paid, taking into consideration the circumstances of departure. Going forward, all new executive Directors contracts will provide for a notice period of no more than 12 months and for any compensation provisions for termination without notice will be capped at 12 months base salary and contractual benefits.

There is no automatic entitlement to annual bonus, and Executive Directors would not normally receive a bonus in respect of the financial year of their cessation. However, where an Executive Director leaves by reason of death, disability, ill-health, or other reasons that the Committee may determine, a bonus may be awarded. Any such bonus would normally be subject to performance and time pro-rating, unless the Committee determines otherwise.

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Non-Executive Directors letters of appointment

Each Non-Executive Director has a letter of appointment setting out the terms and conditions covering his or her appointment. They are required to stand for election at the first AGM following their appointment and, subject to the outcome of the AGM, the appointment is for a further one year term. Over and above this arrangement, the appointment may be terminated by the Director giving three months' notice or in accordance with the Articles of Association. Letters of appointment do not provide for any payments in the event of loss of office.