

HEALTH AND SAFETY

OUR APPROACH

The nature of EVRAZ vertically-integrated operations entails certain potential safety and health risks being present in the environment in which its employees and contractors work. The risks when mining coal and iron ore underground include the potential for a sudden rock collapse, flooding, exposure to rock and coal dust, degassing mines and ventilating methane, as well as using explosives in the extraction process. Some of the primary risks inherent to steelmaking include large moving machinery, moving material with high-capacity cranes, excessive heat, manipulating molten metal and working in confined spaces. The Group has also identified certain key risks that exist across its operations, including working at height, working with electricity, and moving or transporting objects.

One of EVRAZ overriding priorities is to ensure that every employee and contractor who works in its facilities has a safe and healthy work environment, so that they may return home each day to

their loved ones, alive and uninjured. This process begins with identifying key risks and investing in engineered solutions to eliminate them. The Group prioritises this as part of its ongoing efforts, particularly where corrective measures are identified in the wake of incidents. In cases where engineering controls are not immediately available, EVRAZ instead implements organisational controls to mitigate risks.

Another way in which the Group strives to improve operational safety is by continuously improving its training methods for employees and contractors regarding risks that have been identified, safety and health regulations, and safe work practices specific to individual tasks. Employees are also periodically tested to ensure that they have retained the knowledge gained from their training. In the event that a risk cannot be eliminated, and as a last resort, EVRAZ constantly evaluates and issues new personal protective equipment to guard against such risks. No effort is spared to identify, manage and effectively mitigate the risks

typical to the Group's diverse operations, including as regards contractors.

Each day, managers, employees and contractors must make decisions that will inevitably have an impact on safe or, in certain cases, unsafe behaviour. EVRAZ constantly challenges its management team to lead by example and hold employees ultimately accountable for health and safety, including both their actions and inactions. The Group seeks to foster a culture in which all employees and contractors understand that they must take personal ownership of their safety. This includes a targeted communication programme covering identified risks, as well as behavioural observations that are immediately followed up by safety conversations in which both coaching and counselling are provided. As the organisational safety culture improves, praise and reward for safe actions are then introduced.

Results in 2018

LTIFR

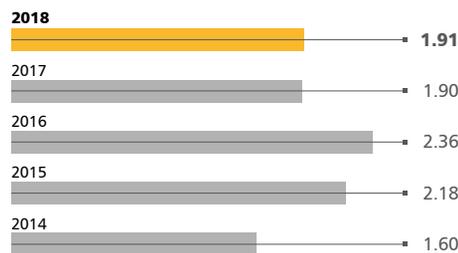
The lost time injury frequency rate (LTIFR) is a strategic KPI that is cascaded down throughout the organisation in individual management performance scorecards. In 2018, the group did not meet its target of 1.72x, closing the year with an LTIFR of 1.91x. However, the Coal division reduced its LTI figure and delivered an LTIFR reduction of 17% year-on-year. For more information about EVRAZ efforts to reduce the LTIFR, see "Key projects" below.

The Group's main efforts in HSE were in setting operational managers to lead the HSE management systems and assess the safety culture in their divisions. The Group also implemented a project to improve the quality of behavioural safety conversations and reviewed the approach to integrating contractors into the HSE system by standardising the performance and planning of high-risk work.

Fatalities

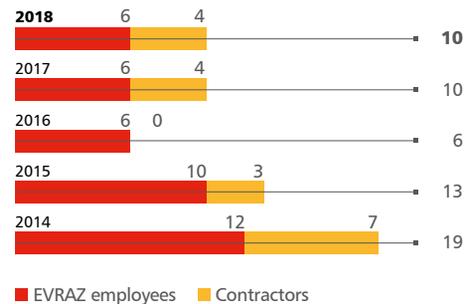
In 2018, EVRAZ experienced six employee fatalities, as well as four fatal incidents involving contractors. There were two fatal

LTIFR (excluding fatalities), per 1 million hours



rock fall incidents involving employees, two fatal incidents caused by equipment parts breaking and falling, and two incidents in which employees became trapped between moving parts of equipment (violating restrictions against approaching these moving parts). The main critical risk categories identified were rock fall, falling items and impact by moving or rotating equipment. The group has ongoing focused fatality prevention campaigns in each of these critical risks areas to eliminate future repeated root causes.

Fatalities



The HSE Committee reviews every fatality and severe injury to determine root causes and corrective actions. Identified risk factors are addressed via the HSE initiatives launched by the corporate team and operational divisions in 2018, including falling from height prevention, traffic management and safety routes, gas safety, contractor management, and electrical safety, among others.

For each incident, a so-called "90-day plan" is developed to properly eliminate root causes

of the incident. The HSE Committee reviews and approves these plans. The HSE Committee and other committees of the Board of Directors monitors the implementation of these measures and their effectiveness. As necessary, the committee also ensures that the measures are implemented at other Group operations.

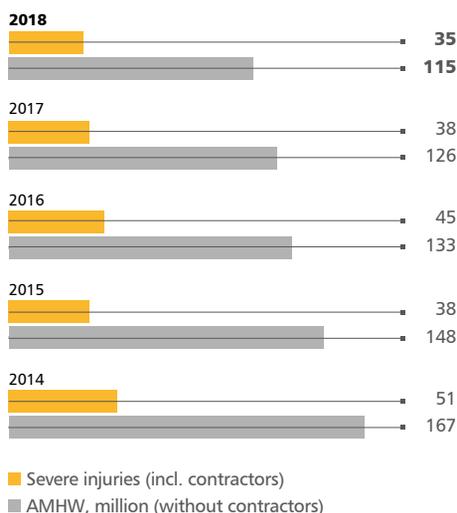
In June, EVRAZ conducted a strategy session to assess its HSE management system and identify development priorities. Safety leadership and risk management were identified as the areas where the greatest improvement could be made, as well as the key channels through which to engage all employees in the process of identifying and mitigating hazardous conditions and actions.

In 2018, the Group used the results of a key risk assessment as a basis for reviewing and updating its cardinal safety rules to prevent the most dangerous types of employee activity. These rules must be followed by all employees and contractors.

Treatment of occupational diseases

EVRAZ is legally mandated to provide insurance against work-related accidents and occupational diseases that covers treatment for all occupational illnesses. Temporary disability benefits are provided to cover treatment costs for employees with occupational illnesses.

Number of severe injuries (incl. contractors)



The current cardinal safety rules

	It is forbidden to be on the territory of enterprises in a state of alcoholic and/or narcotic intoxication
	It is forbidden to override protective interlock equipment and security systems without prior authorisation
	It is forbidden to hide and distort the circumstances of HSE incidents
	When working at heights, it is forbidden to not 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 seat belt in personal transport on the territory of enterprises and motor vehicles of the employer
	It is forbidden to smoke and/or use open fire in coal mines and other places where explosive hazards are present
	It is prohibited to use explosive materials for purposes other than those specified in the Permit-to-Work, or not to return to the warehouse the remnants of explosive materials after blasting operations, as well as to change the designs of the detonator
	It is prohibited to use machines and equipment not intended for these purposes to transport people

Employees may also receive financial assistance from the Group, based on their medical condition and other circumstances. Employees who need prolonged medical treatment are also eligible to be compensated for moral harm, although these funds may not be used to arrange independent medical treatment.

In 2018, the number of occupational diseases registered at EVRAZ facilities worldwide was 256 cases, compared with 256 cases in 2017. The Group continues to closely examine working conditions and strives to eliminate the highest-risk workplaces in terms of employee health.

In addition, there are ongoing efforts among all the Group's facilities to properly treat occupational illnesses in an effort to preserve and improve employee health. To determine the risk group and evaluate fitness to work, every worker undergoes an annual medical check-up. Employees are compensated in accordance with legislative requirements. When occupational illnesses are registered, additional payments are made from the social security fund, including pension supplements. Personnel who are prone to occupational illness also receive free treatment at therapeutic resorts. The Group also strives to proactively improve working conditions in an effort to reduce the likelihood of occupational illnesses occurring.



MODERNISATION OF EQUIPMENT TO IMPROVE OPERATIONAL SAFETY

EVRAZ is systematically modernising its primary equipment, which significantly helps to reduce the risk of injury to personnel, improve working conditions and eliminate negative environmental impacts.

Key projects

Corporate-wide initiatives in 2018 were once again focused on cultural change through improving the safety behaviour of employees and contractors.

Safety conversations

The Group has shifted its focus to the quality of the behavioural observation and related safety conversation. This has improved the documentation of unsafe actions and related behaviour, helping to correct them before they lead to incident and injury. In 2018, behavioural safety conversations were conducted with nearly all employees.

A key aspect of improving the quality of behavioural safety conversations is maintaining a structured approach. This entails holding the safety conversations after a routine behavioural observation and subsequent comparison with step-by-step operations cards. As these cards are created specifically for the most dangerous operations (for example, putting derailed railcars back on the tracks, or servicing cold-cutting saws, among others), the observations and conversations are focused on the primary risks. In 2018, step-by-step operations cards were developed for the operations that were identified as critical risks during the year.



▶ VLD-1000 directional drilling system

DIRECTIONAL DRILLING

In 2018, the introduction of directional drilling technology made it possible to increase the volume of methane extracted to 45 million cubic metres. Overall, more than 365 kilometres of degassing holes were drilled.

Contractor safety

EVRAZ continues to integrate contractors into its HSE management system. An important aspect of this integration is increasing the accountability of contract holders for the HSE performance of contractors. In addition, the basic principles of working with and oversight of contractors have been revised. A vital aspect is ensuring that all contractors' safety procedures are monitored uniformly, both when planning and providing access to work, as well as during its performance.

Monitoring the safe work of contractors begins with a method statement reviewed by a subject matter experts. In the process of preparing and performing work, contract holders are required to pay special attention to permission and performance of work under a Permit-to-Work.

Key risk localisation programmes

To make safety initiatives more industry specific and better tailored to the needs of respective facilities, EVRAZ has suggested that business divisions design key risk projects. These projects and related initiatives not only address critical division-specific risks (for example, the risk of falling from height and LOTO implementation), but also consider historic trends to prevent reoccurrence of past incidents.

▶ For additional information, see EVRAZ first Sustainability Report for 2018, which is to be published in May 2019.

Objectives for 2019

In 2019, in addition to continuing the division-specific key risk programmes, EVRAZ plans to continue implementing the key initiatives targeted at developing a safety culture.

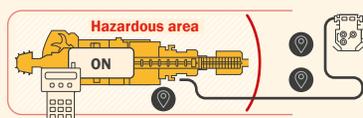
Risk management

EVRAZ has had a risk-assessment standard in place for several years that has helped to create a list of key risks based on an assessment of their likelihood and the severity of their consequences. However, the Group now needs to actively engage its operational staff more directly in the process of identifying and mitigating risks. In 2019, the existing HSE toolkit will be reviewed and adjusted to ensure maximum employee engagement in identifying the hazards they face so as to help foster conscious safe behaviour.

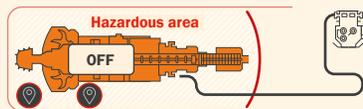
Contractor safety

In 2019, the Group will continue to further integrate contractors into its HSE management system. The primary focus will be on fully implementing the principles for working with contractors that were developed in 2018, including planning, controlling access to and monitoring the performance of work. Functional cross-audits of contractors' management processes are planned to ensure that they meet corporate standards.

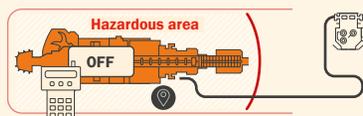
Case study



▶ The system lock makes it possible to turn on the machine when only one worker (the operator) is present in the security perimeter



▶ The machine is locked by switching off the power supply when any employee enters the security perimeter



▶ The machine is locked by switching off the power supply when the operator is not present

SYSTEM TO MONITOR FOR THE PRESENCE OF PERSONNEL IN HAZARDOUS AREAS

To prevent injuries from the moving parts of tunnelling machines, a system has been developed to lock the machine when personnel are present in hazardous areas. System installation began in 2018 and is expected to be completed in the first half of 2019. The system works by locking out the machine from being able to operate without the authorisation of the operator and/or when unauthorised personnel are present during tunnelling operations.