

Social policy

OUR PEOPLE

OUR APPROACH

EVRAZ knows that its success is predicated on its people and places a particular emphasis on human capital development. The Group prioritises compliance with national legislation wherever it operates, including regulations governing labour protections, minimum wage, annual paid and parental leave, collective bargaining agreements, health insurance, pensions, personal data protection and other matters.

EVRAZ does not tolerate discrimination in any form. The Group's Code of Ethics and Code of Conduct underpin its compliance with the requirements of international human rights laws. These documents ensure equal opportunity in hiring and prohibit discrimination on the basis of race, age, gender, religious and political beliefs, sexual orientation, nationality, ethnicity, citizenship, marital status, disability, etc. During the onboarding process, all employees are familiarised with the internal labour and payroll regulations, as well as EVRAZ Code of Conduct, Cardinal Safety Rules and Anti-corruption Policy.

One of the Group's core principles is mutual respect. EVRAZ works in a multicultural environment where everyone deserves respect and prohibits the use of offensive, abusive, discriminatory, degrading or aggressive speech, in both oral or written form, as well as verbal or physical sexual harassment and actions or expressions that offend a person's honour and dignity. Child labour, bonded labour, human trafficking and other forms of slavery (known as modern slavery) are strictly prohibited at all EVRAZ subsidiaries and their suppliers.

Notably, most of the Group's full-time staff (around 94%) are located in Russia and CIS. The entire Russian labour law system is based on general international legal principles and norms, and contains rules explicitly prohibiting any form of discrimination based on gender, social status or class, and any other factors not directly related to an employee's professional qualities. Similar rules exist in the national legislation of other countries where EVRAZ operates, and local governments constantly monitor compliance with them. In addition, worker

treatment is monitored by public organisations, including the trade unions active at the Group's operations, as well as regional and federal trade union associations and representatives of Russia's Presidential Council for Civil Society and Human Rights.

The Group holds its partners to equally high human rights standards. EVRAZ policies require that all contracts with partners include sections governing the prevention of corruption and human trafficking.

In 2018, the issue of discrimination was covered for the first time in the annual "We are together" employee engagement survey. Based on the responses received from employees, focus groups will be held in 2019 and an action plan will be developed. At the year-end, the survey will be repeated to assess the programme's effectiveness.

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

Personnel profile

Headcount

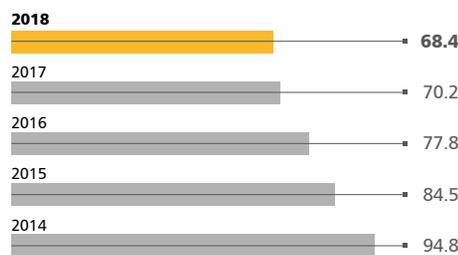
As at 31 December 2018, EVRAZ had a total of 68,379 employees, a reduction of 3% year-on-year. In 2018, to better achieve the Group's strategy, it divested its assets in Ukraine and sold EVRAZ DMZ, which was one of the primary factors that influenced the headcount reduction in the year.

Diversity

EVRAZ sees diversity as a crucial business driver and strives to ensure that all employees' rights receive equal protection, regardless of race, nationality or sexual orientation. Diversity improves business efficiency, increases engagement and stimulates employee development.

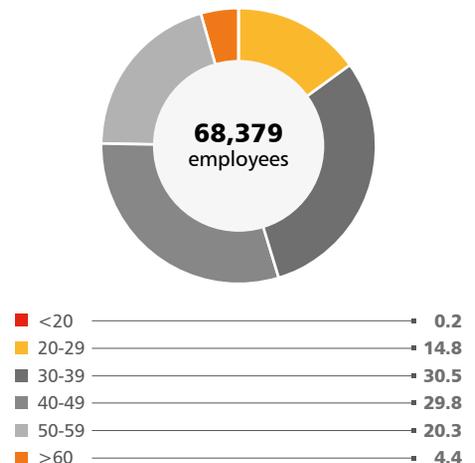
The Group believes that effective decision making and business management stems from having a diversity of opinions. In 2018,

Number of employees as of 31 December 2018, thousand people

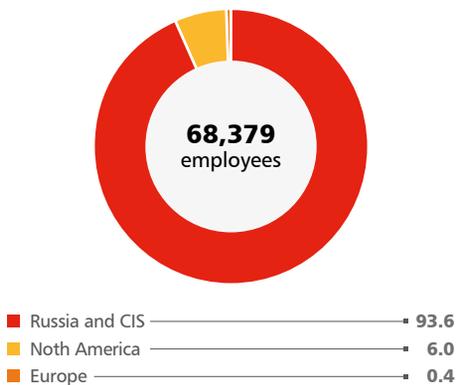


the Board of Directors was joined by a new independent non-executive director, Laurie Argo, bringing the number of women on the Board to two of nine seats (22%). In addition, Yanina Staniulenaite was appointed as vice president responsible for legal matters, bringing the number of women on the management team to two of 16 members (12.5%).

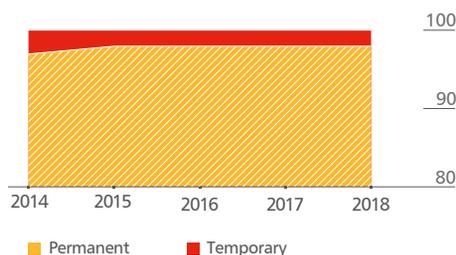
Breakdown of employees by age as of 31 December 2018, %



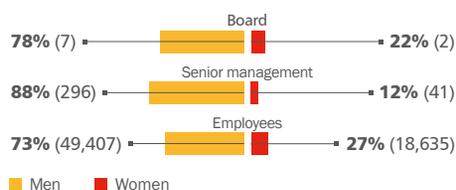
Breakdown of employees by region in 2018, %



Breakdown of permanent and temporary staff, %



Diversity of employees, senior management and directors, % (number of people)



Staff recruitment policy

EVRAZ is focused on identifying and eliminating risks in the field of human rights, including those related to hiring staff and working conditions. Staff recruitment is conducted in full compliance with the laws of the countries in which the Group operates. EVRAZ strives to provide opportunities in hiring and career development for all candidates and employees, regardless of gender, age, ethnicity, nationality, religion, etc.

EVRAZ recruitment principles include:

- Safety
- Respect for people
- Performance and responsibility
- Customer focus
- Effective teamwork

In accordance with the Group's policy, staff are recruited under permanent employment contracts except for certain cases, when fixed-term contracts are used, including:

- University students undergoing practical training
- Interns
- Seasonal workers, for example, summer camp staff and employees hired to unload coal from railcars in winter
- People participating in investment projects, who are hired for the duration of the project
- People hired to cover for employees on parental leave
- Employees hired with a probationary period

Compensation does not differ for employees under fixed-term and permanent contracts (except for university students undergoing practical training, as well as internal and external part-time workers, who do not receive annual bonuses or vacation travel vouchers). Employees hired on fixed-term contracts receive hiring preferences for permanent positions matching their qualifications, education and work experience.

Staff reduction policy

EVRAZ strives to consistently improve efficiency. This is a complex task that ultimately leads to increased labour productivity. In cases where staff are laid off as a result, the Group approaches this as responsibly as possible, guided by its Socially Responsible Layoff Programme, which it adopted in 2012. The provisions of this programme are enshrined in EVRAZ collective agreements. In addition, the Group's collective agreements and industry tariff agreements include detailed employment sections.

Under Russian law, the following categories of employees have additional guarantees against dismissal due to downsizing:

- Single mothers raising a child with a disability under the age of 18
- Single mothers raising a child under the age of 14
- Women with children younger than three years
- Parents (or other legal guardians) who are the sole breadwinner for a child with a disability under the age of 18 if the other parent is not employed
- Parents (or legal guardians) who are the sole breadwinner for a child younger than three years in a family raising young children (three or more) if the other parent is not employed
- Women who are pregnant

In addition, the preferential right to maintain employment under equal professional qualities is granted to:

- People in families with no other independent income
- Employees with two or more dependents
- Employees who suffered an occupational illness or work-related injury while employed at the Group
- Employees who were sent to employer-sponsored on-the-job training

Employee turnover, %

Region	2018		2017		2016		2015		2014	
	Overall	Voluntary								
Russia and CIS	12	7	11	6	14	5	12	5	17	7
North America	20	13	23	14	26	15	20	12	20	14
Europe	9	5	8	2	18	10	22	14	15	9

Beginning in 2019, Russia is introducing additional protections for employees who have five or less years remaining to retirement age. Such employees cannot be dismissed without cause due to their attainment of pre-retirement age, nor can employment be denied on such grounds.

In addition, EVRAZ grants the preferential right maintain employment to a broader group of employees than that defined under Russian law, including:

- Single fathers raising a child under the age of 16
- People whose spouse is retired or unemployed
- People who were raised in orphanages and are under the age of 30
- College and university graduates within three years of signing the employment contract for their first job
- People with disabilities who have not reached retirement age
- Spouses, children under 23 years or parents of an employee who died as a result of an accident at work
- People who became ill due to the consequences of the accident at the Chernobyl nuclear power plant

EVRAZ strives to retain its production staff. During staff reductions, the Group offers all employees, without exception, existing vacancies and, if necessary, pays for training in their new professions. EVRAZ works with employment centres in the regions where it operates and, if necessary, arranges the relocation of employees to the Group's facilities in other regions. EVRAZ also provides training and financial assistance to workers who are laid off and wish to open their own business.

In the event of temporary staff reductions, collective agreements contain clearly defined, specific measures to support workers and preserve jobs: changing work schedules, introducing shorter work days or work weeks, creating temporary jobs, transferring employees to other jobs, with their consent, etc. Collective agreements also define the Group's obligation to develop a social adaptation programme for workers with the participation of the trade union organisation. All decisions regarding staff reductions are made in dialogue with the trade union organisation.

Performance management

EVRAZ continues to improve its system of KPIs. Technical KPIs have been developed in accordance with best industry practices (monitored by the Group's CEO) and are built into the staff motivation system. Corresponding KPI targets are included in management's scorecards down to the level of shop managers.

Case study



MERGER OF EVRAZ ZSMK AND EVRAZRUDA

In 2018, two of the Group's subsidiaries – EVRAZ ZSMK and Evrazruda – were merged into a single legal entity, EVRAZ United West Siberian Metallurgical Plant. It was highly difficult to merge two groups of employees without problems from subsidiaries located in distant territories, each with its own history, traditions and economics.

The Group prepared carefully in advance: trade union organisations were invited to solve problems that workers encountered and establish an ongoing dialogue with employees and local communities. Effective communication, as well as equalising social benefits and protections, helped to ensure that the merger was closed on time, without any social upheavals and without the need to involve additional resources.

Learning and development

EVRAZ believes that by providing employees every opportunity to grow within the organisation, it helps to prepare the Group to overcome future challenges and achieve ambitious goals.

In 2018, the EVRAZ Business System (EBS) principles and tools played an important role in employee training. In particular, managers were trained to promote EBS transformations and adopt a more challenging management style.

To this end, the new "Top 300" corporate programme was launched during the reporting period. Its participants were taught such management practices as performance dialogues in target setting, feedback, delegation, development of subordinates, among others. Each programme participant (primarily shop managers and mine directors) was mentored by a member of the Group's senior management.

Preserving and developing engineering competencies were a particular focus area, including through the following events:

- A total of 40 people attended 11 programmes of EVRAZ "Chief Engineer School", two of which involved a new format, the interdivisional "School of Recycling" and "School of Energy Efficiency"
- A total of 230 people attended corporate scientific and technical youth conferences in the Urals and Siberia divisions
- A total of 65 people attended 11 "Theory of Inventive Problem Solving" (Russian abbreviation: TRIZ) workshops
- A total of 20 people attended pilot workshops on engineering analytics

On average, the Group's employees received 89 hours of training during the year, 42 hours of which was conducted via distance learning.

In addition, EVRAZ held the "Technology is Changing. Are We?" corporate scientific and technical conference, which aimed to create

visions of the future for the Group. After the conference, a seed group of young engineers went to work in each division on projects curated by the technical director of their facility. In addition, every engineer at EVRAZ received a special educational resource called “Engineernik” – a note pad with a problem-solving algorithm that is useful for self-learning and practical application.

Standard operating procedures and safe working practices are key aspects of the Group’s employee development efforts. EVRAZ invests in training facilities for practical skill development, introduces new safe working methods and improves its production mentoring system.

The Group is especially proud of its team’s victory at the WorldSkills championship. In 2018, EVRAZ took part in the competition for the fifth time, bringing home one gold, three silver and three bronze medals. The Group was represented by 15 participants and 28 experts.

Contractors

All of EVRAZ human rights and anti-discrimination policies apply to suppliers and contractors, as well. Each contract with a partner must contain sections governing the prevention of corruption and human trafficking. All contractors working at the Group’s facilities are also required to follow EVRAZ Cardinal Safety Rules.

Existing outsourcing procedures require a three-party agreement preserving workers’ social benefits and protections to be signed between the Group, the outsourcer and the primary trade union. Trade unions are full participants in tendering procedures when a service or deliverable directly concerns EVRAZ employees (for example, when choosing a supplier for personal protective equipment (PPE) and exercising control, selecting healthcare centres for wellness leave, etc).

Every EVRAZ employee must be familiarised with the Contractor Auditing Policy as part of the onboarding process. In 2019, the Group plans to draft and approve regulations governing the procurement of goods and services, which will contain EVRAZ requirements for contractors, as well as methods for monitoring their compliance.

Communication with employees

EVRAZ is committed to regularly engaging with its workforce and realises the value in listening to and acting on employee views across the organisation.

EVRAZ uses a wide range of tools to communicate with its employees, including the corporate intranet and website, corporate publications, social networks and web conferences, as well as question and answer sessions or townhalls with members of senior management. In addition, the Group holds general meetings and conducts employee surveys to determine the level of satisfaction with working conditions (including employee engagement surveys).

The Board reviews the engagement data and has appointed in 2018 two non-executive directors to be involved in townhall meetings with employees and is therefore aware of any trends, comments or concerns.

Work with trade unions

EVRAZ work with the trade unions representing its workers’ rights is based on the principles of social partnership. Senior management meets regularly (at least once a week) with trade union representatives at all Group facilities. Meetings between EVRAZ management and trade union leaders are held at the site of EVRAZ Social Production Council, a special body created by the Group to ensure the right of trade unions to protect workers and receive first-hand information.

The overall level of unionisation at the Group is 75%, albeit with significant variations across operations and countries. In Russia, collective agreements are required by legislation to cover all employees of an operating facility regardless of whether they are union members. The level of employees covered by the collective agreements at EVRAZ Russian operations is 90%. At legal entities that do not have collective agreements due to the lack of trade unions, local employer regulations are in place to provide employees with social benefits, protections and compensation in accordance with the Group’s corporate policy.

The trade unions at EVRAZ Russian operations are part of nationwide industrial unions (including the Russian Mining and Metallurgical Union and the Russian Coal Industry Workers Union), and are also members of the Russian Federation of Independent Unions and international industrial union associations. At the industry level, the Group cooperates with trade unions through industry employer associations, including the Russian Coal Mining Industry Employers Association and the Russian Metallurgists Association.

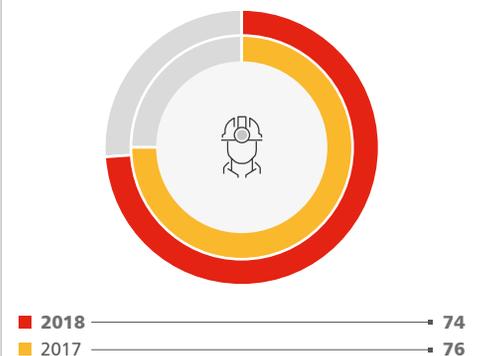
In 2018, there were no conflicts or collective labour disputes at the Group’s Russian operating facilities. All changes and updates of collective agreements were constructive, in strict accordance with the law and the principles of social partnership. At every facility, trade union conferences were held where the employees confirmed that the terms of the collective agreements were complied with in full throughout the year.

Employee engagement

In 2018, for the third time, EVRAZ conducted the “We are together” to develop local and corporate-wide improvement plans. The focus was on increasing employee awareness of what is happening at the Group, including its short- and long-term goals, facility development plans and working conditions. The study was conducted from 24 September to 24 October. In 2018, employees of the Shared Service Centre, EVRAZ Metall Inprom and EvrazTekhnika were included in the study for the first time.

The “We are together” employee engagement study gives every employee the opportunity to express their opinion about working at EVRAZ and helps the management to understand people’s concerns. Focus groups are currently being held, after which each division will develop a plan to eliminate pain points.

Employee engagement survey response rate, %



Performance as an employer

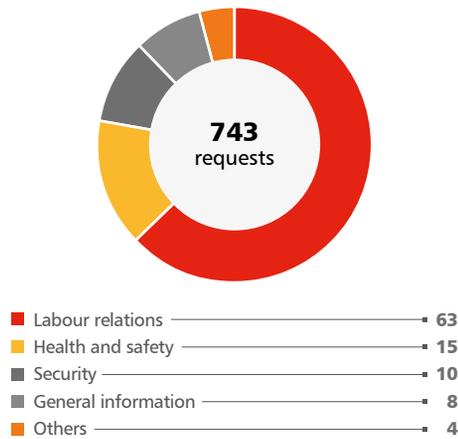
EVRAZ regularly participates in contests that confirm its status as a socially responsible employer. In 2018, the Group won awards for the social performance of its collective agreements, as well as its HSE efforts, in the 15th annual metals and mining industry contest held by the Russian Metallurgists’ Association and the Central Council of the Russian Mining and Metallurgical Union.

EVRAZ operating facilities have also received regional awards for human resource management, including from the city of Nizhny Tagil and the OEE Award 2018.

EVRAZ Hotline

The Group uses the EVRAZ Hotline to help monitor employee satisfaction and record incidents at its operating facilities. To ensure the hotline's effectiveness, it is anonymous, works 24/7, uses an IT system to handle enquiries and has a transparent structure of responsible persons. The process is regulated by the EVRAZ Hotline Statutes. Enquiries are broken down by the responsible business unit (HSE, HR, Security, etc) to be investigated and responded to. All requests related to employee persecution are investigated by the internal audit department. All difficult, controversial or sensitive cases are reviewed by members of the Hotline Committee, which includes the vice president for corporate communications, internal audit director and internal and external communications director. On a quarterly basis, the internal audit director performs random quality control reviews.

Breakdown of hotline enquiries in 2018, %



In 2018, the hotline received 743 requests. The most frequent issues concerned labour relations, including the quality of services for workers (174) and labour compensation (78).

Motivation

Financial motivation

EVRAZ strives to look beyond compliance with minimum wage requirements to ensure that it compensates its staff adequately.

Since 2017, the Group has used a grading programme where consultants helped to evaluate roles within the organisation and develop remuneration management principles. The grading system and remuneration management principles have improved the transparency of employee remuneration.

In 2018, EVRAZ completed the job evaluations (grading) for all positions except line workers at its Moscow assets, regional managing companies and trading network company, including: EvrazHolding in Moscow and the Urals, EVRAZ Trading Company, EvrazTekhnika, EVRAZ Metall Inprom and EVRAZ Vanady Tula. The Group's Grading Committee also met regularly at the corporate headquarters to evaluate new jobs and ensure that the grading process is up to date.

The grading helps to harmonise fixed and variable compensation, ensure that pay levels are market competitive and maintain the proper ratio of fixed and variable compensation. Based on the grading and market

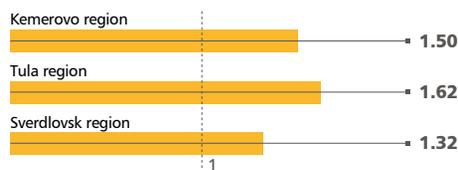


**COAL SEGMENT
RECRUITING CENTRE**

High coal prices and an improved economy have driven rapid growth in the Coal segment, which has opened new mines and open-pit operations, as well as increased production at existing facilities. This ultimately led to a lack of both management and line personnel.

In July 2018, a recruiting centre began to be created for the Coal segment. It reached its planned capacity in September, helping to significantly increase staffing levels at the mines. The centre's employees are now working to improve the Group's brand as an employer and expand the staff search geography.

Average wage ratio, EVRAZ vs the region of presence



practices, in 2018, EVRAZ systematised its approach to determining the target annual bonus. The principles governing the annual merit increase were developed on the basis of job evaluations and performance appraisals and were implemented at the headquarters and Urals managing company (EvrzHolding in Moscow and the Urals).

In 2018, EVRAZ also launched the grading program at its production assets, EVRAZ NTMK and EVRAZ KGOK, to develop a unified compensation system and remuneration principles. The aim is to improve internal fairness, transparency and competitiveness of employee remuneration at every level. As part of the EVRAZ Business System (EBS) transformation process, the Group implemented an employee motivation system aimed at encouraging the achievement of ambitious goals, developing workflow improvement ideas and engaging employees at EVRAZ ZSMK (including at the coke and sinter blast furnace production, converter shops and rolling mill) and EVRAZ NTMK (at the coke and chemical production).

Non-financial motivation

As a socially responsible company, EVRAZ offers its employees a broad non-financial compensation package that exceeds the minimal legislative requirements and is part of total remuneration. The Group's employees receive voluntary health insurance, additional voluntary insurance against accidents at work, a government pension programme, a programme that compensates part of the interest on mortgage loans, free wellness leave vouchers for employees and their families, etc.

EVRAZ also supports retired former employees who worked 10 or more years at its facilities. It has special programmes to support youth and women that have been united into public organisations. Cultural and sports events are held for employees and their families in the cities where the Group operates. Children of employees receive gifts for the New Year holidays and when they start first grade in school.

EVRAZ collective agreements also provide additional leave for childbirth, weddings and funerals of close relatives. There is also a programme that provides financial assistance to employees in difficult life situations.

Key projects in 2018

As part of the corporate social policy, voluntary health insurance programmes were introduced at EVRAZ Vanady-Tula, EVRAZ Metall Inprom, Evraz Metall Siberia and the Shared Services Centre. The programmes were developed to meet specific conditions (such as the scattered branches of EVRAZ Metall Inprom and Evraz Metall Siberia) and workers' needs (for example, at EVRAZ Vanady-Tula, employees need access to advanced dentistry, including services for preparing for dental prosthetics) while maintaining corporate principles: availability and reliability of medical organisations, provision of quality services and co-financing by the employer. In addition, telemedicine is now available to the Group's employees, providing for remote consultations with doctors from Moscow, including highly specialised doctors.

Objectives for 2019

In 2019, the Group plans to launch a comprehensive health management programme for its employees. The programme will integrate all existing medical programmes into a single IT-based system that will help to improve employee healthcare. It will also incorporate new approaches, including identifying risk groups and offering both group and individual preventative programmes.

A pilot project is also planned for EVRAZ ZSMK that will cover all employees. In addition, the "Top 300" programme will be introduced for shop managers (mine directors) and higher. Another priority in 2019 is developing the production mentorship system for EVRAZ employees.