

Remuneration report



Alexander Izosimov
Independent Non-Executive Director,
Chairman of the Remuneration Committee

I am pleased to present our annual report on directors' remuneration and to confirm that the Committee has taken decisions fully in line with our shareholder approved policy. This policy is designed to deliver our sustainable business objectives and maximise long-term rewards to shareholders. The Committee's Terms of Reference have now been updated in line with the UK Corporate Governance Code.

This report has been prepared in accordance with the Companies Act 2006 and Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended in 2013; the "Regulations"). It also meets the relevant requirements of the Financial Conduct Authority's Listing Rules and describes how the Board has applied the principles of good governance as set out in the UK Corporate Governance Code (April 2016).

This report contains both auditable and non-auditable information. The information subject to audit by the Group's auditors, Ernst & Young LLP, is set out in the Annual remuneration report and has been identified accordingly.

Directors' remuneration policy

The current Remuneration Policy was approved by shareholders at the Annual General Meeting (AGM) in June 2017. The Regulations require that shareholders formally approve the policy every three years and therefore the next occasion will be at the AGM in 2020.

Annual remuneration report

The second part of the report, the Annual Remuneration Report, sets out details of remuneration paid in 2018 and how the Group intends to apply its Remuneration Policy in 2019. This section will be put to an advisory shareholder vote at the forthcoming AGM.

Key decisions taken during the year

As the CEO pay has not been changed since 2008, the Remuneration Committee conducted a thorough review and decided to increase the CEO's salary by 5%. The logic for this decision stems from the pay dynamics inside the Company and also an awareness of the movements over the last 10 years

in FTSE100 directors' salaries. The benchmark comparison, conducted by Korn Ferry, indicated that the median salary of the CEOs of FTSE 100 companies increased by around 15% over this period. This increase will also be in line with internal compensation dynamics in the Company over the last decade. The bonus opportunity for 2019 will remain unchanged. The CEO does not participate in the long-term incentive plan or receive any pension benefits/allowances.

Based on performance against the pre-determined KPIs and targets, the CEO's annual bonus payout for 2018 was 57.21% of the maximum. Further details can be found [on pages 124-127](#).

The Remuneration Committee's terms of reference were reviewed in the year and updated for the changes to the UK Corporate Governance Code.

In line with its commitment to good corporate governance, the Group will continue to monitor investors' views, best-practice developments and market trends on executive remuneration. These will be considered when deciding on executive remuneration at EVRAZ to ensure that its Remuneration Policy remains appropriate in the context of business performance and strategy.

Link with business strategy

EVRAZ fundamental success factors together with actualised strategic priorities define the selection of KPI's for the CEO.

These strategic priorities are reflected in the Company's approach to executive remuneration and a large proportion of the CEO's remuneration is linked

to performance through the annual bonus. Achievement within the annual bonus is based on the Company's key quantitative financial, operational and strategic measures to ensure focus is spread across the key aspects of Company performance and strategy. The exact measures and associated weighting are determined on an annual basis according to the Company's strategic priorities for the year.

For 2018, the following five indicators, each with an equal weighting of 20%, were considered when determining the CEO's annual bonus: LTIFR, EBITDA, Free Cash Flow (adjusted for disposals higher than US\$50 million), Cash Cost Index and Remuneration Committee assessment of overall performance against strategic objectives. The KPI are specific and focus on deliverables to support the Company's strategy.

How business strategy aligns to overall reward at EVRAZ

CEO KPIs	Weighting	SUCCESS FACTORS					CURRENT STRATEGIC PRIORITIES			
		Health, Safety and Environment	Human Capital	Customer Focus	Asset Development	EVRAZ Business System	Debt Management and Stable Dividends	Prudent CAPEX	Retention of Low-cost Position	Development of product Portfolio and Customer Base
LTIFR	20%	X	X							
EBITDA	20%			X	X	X		X	X	X
FCF	20%			X	X	X	X	X	X	X
Cash Cost Index	20%				X	X		X	X	
Strategic Objectives	20%	X	X	X	X	X		X	X	X

POLICY REPORT

The main terms of the Remuneration Policy relating to executive and non-executive directors are set out in the following section. The full text of the Policy approved by shareholders at the 2017 AGM is available at <https://ar2017.evraz.com/en/governance/remuneration-report>.

The Remuneration Policy's primary objectives are to attract, retain and reward talented staff and management, by offering compensation that is competitive within the industry, motivates management to achieve the Group's business objectives, encourages a high level of performance, and aligns the interests of management with those of shareholders.

The Remuneration 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 CEO's incentive arrangements are subject to "malus", under which the Remuneration Committee may adjust bonus payments downwards to reflect the Group's overall

performance. The committee does not operate clawback arrangements on directors' remuneration on the basis that such arrangements would not be enforceable under the Russian Labour Code. The committee will keep this under review and should the Russian Labour Code change, it will revisit the inclusion of such provisions in the Group's variable remuneration plans in order to comply with the UK Corporate Governance Code.

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, considering 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 and Board meetings – see the section on Non-executive Director Remuneration Policy below).</p> <p>Where a salary is paid in a currency other than US dollars, the committee may make additional payments to ensure that the total annual salary equals the level of annual salary in US dollars.</p>	<p>Generally, the maximum increase per year will be in line with the overall 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 increases in scope and responsibility and to reflect the individual's development and performance in the role.</p>	None
Benefits	To provide a market level of benefits, as appropriate for individual circumstances, to recruit and retain executive talent.	<p>Benefits currently include private healthcare. Other benefits (including pension benefits) may be provided if the committee considers it appropriate. The current CEO does not participate in any pension scheme at this time.</p> <p>In the event that an executive director is required by the Group to relocate, or following recruitment, benefits may include but are not limited to a relocation, housing, travel and education allowance.</p>	<p>The cost of benefits will generally 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 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, in line with market practices.</p> <p>There is no total maximum opportunity.</p>	None
Annual bonus	To align executive remuneration to Group strategy by rewarding the achievement of annual financial and strategic business targets.	<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>	Up to 200% of base salary in respect of any financial year of the Group.	<p>The bonus is based on achievement of the Group's key quantitative financial, operational and strategic measures in the year to ensure focus is spread across the key aspects of Group performance and strategy.</p> <p>The exact measures and associated weighting will be determined on an annual basis, according to the Group'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 bonus payments to reflect the Group's overall performance.</p>

Element	Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
Non-executive directors				
Chairman and non-executive director remuneration	To provide remuneration that is sufficient to attract and retain high calibre non-executive talent.	<p>Director fees are normally paid in the form of cash, 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 Board membership.</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>Costs incurred in the performance of non-executive directors' duties for the Company may be reimbursed or paid for directly by the Company, including any tax due on the costs. 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>		

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. The Remuneration Committee reviews them annually to ensure that the measures and weightings are in line with the strategic priorities and needs of the business.

Remuneration arrangements throughout the Group

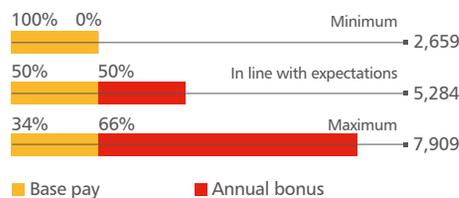
This remuneration approach and philosophy is applied consistently at all levels, up to and including the executive director. This ensures that there is alignment with business strategy throughout the Group. Remuneration arrangements below Board level reflect the seniority of the role and local market practices, and therefore the components and remuneration levels for different employees may differ in parts from the policy set out above.

For instance, in addition to a base salary, a performance-related bonus (calculated by reference to KPIs aligned with the Group's strategy) and benefits, senior managers are also entitled to participate in a long-term incentive programme. This is designed to align the interests of these individuals to the delivery of long-term growth in shareholder value. The current CEO already holds a substantial shareholding in the Group and therefore does not participate in this plan.

Illustration of the application of the Remuneration Policy

The chart on the right provides an indication of what could be received by an executive director under the Remuneration Policy. ▶

Application of the remuneration policy, US\$ thousand



Policy on recruitment of executive directors

In the event of hiring a new executive director, remuneration would be determined in line with the recruitment Remuneration Policy. This part of the Remuneration Policy has been developed to enable the Company to recruit the best candidate possible who will be able to contribute to the Group's performance and will help to reach its goals.

So far as practicable and appropriate, the Remuneration Committee will seek to structure pay and benefits of any new executive directors in line with the current Remuneration Policy. However, the policy provides additional flexibility for example to structure pay differently and to provide compensation for remuneration that would be forfeit on joining the Company.

Executive director's service contract and loss of office policy

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

Executive director	Date of contract	Notice period (months)
Alexander V. Frolov	31 December 2016	N/A

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 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 three months' base salary). The Remuneration 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 normally provide for a notice period of no more than 12 months and for any compensation provisions for termination without notice to 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 Remuneration 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.

Non-executive directors' letters of appointment

Each non-executive director has a letter of appointment setting out the terms and conditions covering their appointment. They are required to stand for election at the first

Key terms of non-executive directors' appointment letters

Non-executive directors	Date of contract	Notice period
Alexander G. Abramov	14 October 2011	Three months
Karl Gruber	14 October 2011	Three months
Alexander Izosimov	28 February 2012	Three months
Sir Michael Peat	14 October 2011	Three months
Deborah Gudgeon	31 March 2015	Three months
Eugene Shvidler	14 October 2011	Three months
Eugene Tenenbaum	14 October 2011	Three months
Laurie Argo	8 August 2018	Three months

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.

All directors are subject to annual reappointment and, accordingly, each non-executive director will stand for re-election at the AGM on 18 June 2019.

Copies of the directors' letters of appointment or, in the case of the CEO, the service contract, are available for inspection by shareholders at the Group's registered office. ▶

Consideration of conditions elsewhere in the Group

Management prepares details of all employee pay and conditions, and the Remuneration Committee considers them on an annual basis. The committee takes this into account when setting the CEO's remuneration. However, it does not consider any direct comparison measures between the executive director and wider employee pay. The Group does not formally consult with employees on executive director remuneration.

Consideration of shareholder views

When determining the Remuneration Policy, the committee considers investor body guidelines and shareholder views.

ANNUAL REMUNERATION REPORT

This section summarises remuneration paid out to directors for the 2018 financial year, and details of how the Remuneration Policy will be implemented in the 2019 financial year.

Executive director's remuneration

In 2018, the CEO, Alexander Frolov, was entitled to a base salary, a performance-related bonus and provision of benefits. As a member of the Board, he is also entitled to a directors' fee (US\$150,000) and any applicable fees for participation in the work of the Board committees as laid out in the section below on non-executive director remuneration. However, the Remuneration Committee considers these fees to be incorporated in his base salary. Alexander Frolov's current shareholding (10.33% of issued share capital as of 24 December 2018) provides alignment with the delivery of long-term growth in shareholder value. As such, the committee does not consider it necessary for the CEO to participate in any long-term incentive plans or to impose formal shareholding guidelines. However, the committee will continue to review this on an ongoing basis.

Single total figure of remuneration (audited)

Key elements of the CEO's remuneration package received in relation to 2018 (compared with the prior year)

Alexander V. Frolov	2018 (US\$)	2017 (US\$)
Salary and director fees ¹	2,500,000	2,500,000
Benefits	33,506	25,803
Bonus	2,860,378	2,990,750
Total	5,393,884	5,516,553

Base salary

The Remuneration Committee approved the CEO's current salary on 23 May 2008 at the level of US\$2,500,000 (which includes, for the avoidance of doubt, the directors' fee, fees paid for committee membership and any salary from subsidiaries of EVRAZ plc).

For 2019, the Remuneration Committee increased the CEO's salary by 5% to \$2,625,000.

Pension and benefits (audited)

The CEO does not currently receive any pension benefit or allowance. Benefits consist principally of private healthcare.

Annual bonus

The CEO is eligible for a performance-related bonus that is paid in cash following the year-end, subject to the Remuneration Committee's agreement and the Board of Directors' approval. The bonus is linked to achieving performance conditions based on predetermined targets set by the Board of Directors. The target bonus is 100% of base salary with a maximum potential of 200% of base salary.

Annual bonus for 2018 (audited)

The bonus is linked to the Group's main quantitative financial, operational and strategic measures during the year to ensure alignment with the key aspects of Group performance and strategy. For 2018, the following five indicators, each with an equal weighting of 20%, were considered when determining the CEO's annual bonus: LTIFR, EBITDA, Free Cash Flow (adjusted for disposals higher than US\$50 million), Cash Cost Index and Remuneration Committee assessment of overall performance against strategic objectives.

The Remuneration Committee reviews the resulting bonus payout to ensure that it is appropriate considering the Group's overall performance.

In 2018, EVRAZ outperformed each of its threshold targets, resulting in an annual bonus payout of 57.21% of the maximum. Management effectively maximized the benefit from the positive market trends. Other contributors to the outperformance included tight control over operational efficiency and investments. There was significant outperformance of the EBITDA and Free Cash Flow stretch targets notwithstanding the negative changes in working capital over the year.

The Remuneration Committee determined that this level of payout is reflective of the Company's overall performance and commensurate with the shareholder experience. ▶

¹The salary is paid in roubles and the amounts paid in the year are reconciled at the year-end so as to equal US\$2,500,000.

Details of the targets set for each KPI, the actual achievement in the year, and total payout level for the 2018 bonus

KPIs	Result measurement			Actual 2018	Bonus payout (% of max)
	Threshold	Planned level (% of target)	Outstanding		
LTIFR	2.06x	1.72x	1.38x	1.91x	22.4%
EBITDA	US\$1,747m	US\$2,184m	US\$2,621m	US\$3,777m	100%
Adjusted FCF	US\$704m	US\$881m	US\$1,057m	US\$1,602m	100%
Cash cost index	110%	100%	90%	107%	13.7%
Discretion	Remuneration Committee assessment of overall performance against strategic objectives			See comment below	50%
Total					57.21%

Remuneration Committee assessment of overall performance

EVRAZ Remuneration Policy stipulates that the discretionary portion of the bonus should reflect the CEO's performance in relation to the Group's key strategic priorities, as well as his efforts to ensure its long-term success. During the year, the business continued to deliver in relation to key strategic priorities and create long-term returns for shareholders.

The Remuneration Committee determined that 2018 was an exceptionally successful year and in recognition of this, the CEO received the full amount of the discretionary 20% part of the bonus. The key reasons for this are:

- The overall strong operating and financial performance in the year, which is also reflected in the payment of a dividend, strong share price growth and remaining of EVRAZ shares in the FTSE 100 index;
- EBITDA reached the US\$3.8 billion level significantly exceeding the stretch target set, coupled with strong FCF;
- Net Debt / EBITDA <1.0 level achieved, as of 31.12.2018 it stood at 0.9x;
- Significant total shareholder return compared with the performance of FTSE 350 companies;
- Standard & Poor's credit rating remained at 'BB' level;
- Optimisation of the asset portfolio through the successful disposal of Evraz Dneprovsky Metallurgical and the non-core asset of Delong Holdings Limited, cost-cutting initiatives that delivered US\$273 million and development of the EVRAZ Business System transformation.

The resultant bonus was 57.21% of the maximum.

Annual bonus for 2019

For 2019, the bonus framework will be in line with 2018. The Board considers forward-looking

targets to be commercially sensitive; however, they will generally be disclosed in the subsequent year. In line with previous years, a malus arrangement will apply under which bonus payouts may be adjusted downwards to reflect the Group's overall performance.

Non-executive directors' remuneration

Non-executive directors' remuneration payable in respect of 2018 and 2017 is set out in the table below. ▶

A non-executive director's remuneration consists of an annual fee of US\$150,000 and a fee for committee membership (US\$24,000) or chairmanship (US\$100,000 for chairmanship of the Audit Committee and US\$50,000 for other committees).

For reference, the fees payable for the chairmanship of a committee include the membership fee, and any director elected as chairman of more than one committee is generally entitled to receive fees in respect of one chairmanship only. The fee for the chairman of the Board amounts to US\$750,000 from 1 March 2012 (this fee includes, for the avoidance of doubt, directors' fees and fees paid for committee membership).

Fees will remain unchanged for 2019.

Aggregate directors' remuneration

The aggregate amount of directors' remuneration payable in respect of qualifying services for the year ended 31 December 2018 was US\$7,743 thousand (2017: US\$7,795 thousand).

Share ownership by the Board of Directors (audited)

As set out earlier in this report, there are no formal minimum shareholding requirements currently in place, reflecting the CEO's current shareholding in EVRAZ.

The directors' interests in EVRAZ shares as of 31 December 2018 were as follows. ▶

There have been no changes in the directors' interests from 31 December 2018 through 27 February 2019.

Single total figure of remuneration (audited)

Non-executive director	2018 (US\$ thousand)			2017 (US\$ thousand)		
	Total fees ¹	Admin ²	Total	Total fees ¹	Admin ²	Total
Alexander G. Abramov	750	30	780	750	30	780
Alexander Izosimov	248	30	278	248	30	278
Eugene Shvidler	174	30	204	174	30	204
Eugene Tenenbaum	150	30	180	150	30	180
Karl Gruber	238	30	268	248	30	278
Sir Michael Peat	224	30	254	224	30	254
Deborah Gudgeon	274	30	304	274	30	304
Laurie Argo ³	69	12	81			

Directors' interest in EVRAZ shares as of 31 December 2018

Directors	Number of shares	Total holding, ordinary shares, %
Alexander Abramov	298,625,541	20.69
Alexander Frolov	149,118,167	10.33
Eugene Shvidler	42,877,492	2.97
Alexander Izosimov	80,000	0.01

¹ Total fees include annual fees and fees for committee membership or chairmanship (pro rata working days).

² The Group contributes an annual amount of US\$30,000 towards secretarial and administrative expenses of non-executive directors. In addition to the amounts disclosed above, the Group reimburses directors' travel and accommodation expenses incurred in the discharge of their duties.

³ Appointed on 8 August 2018.

The shares held by Alexander Izosimov were acquired in 2012 when he was appointed as an independent non-executive director.

All shares held by directors are held outright with no performance or other conditions attached to them, other than those applicable to all shares of the same class.

Other directors do not currently hold any shares in the Company.

Policy on external appointments

The Remuneration Committee believes that the Group can benefit from executive directors holding approved non-executive directorships in other companies, offering executive directors the opportunity to broaden their experience and knowledge. EVRAZ policy is to allow executive directors to retain fees paid from any such appointment. The CEO does not currently hold a non-executive directorship of another company.

Engagement with the workforce

EVRAZ is committed to regularly engaging with its workforce and realises the value in listening to and acting on employee views across the organisation. These insights are vital to attracting and retaining employees, which is key to delivering and executing the Group's vision and strategy. It also allows for informative decisions to be made throughout the business. Considering the views of the wider workforce has been in place at the Group for many years. Employees participate in an annual employee engagement survey aimed at gathering wider workforce views on a number of different topics. The survey has historically been successful in driving a number of employee-focused initiatives and helps to set key priorities for the forthcoming year, aimed at improving the engagement of all employees.

The Board reviews the engagement data (and has appointed two non-executive directors to be involved in town-hall meetings with employees) and is therefore aware of any trends, comments or concerns in relation to executive pay. The Board also receives a quarterly summary report of complaints made on the EVRAZ employee telephone hot-line.

The Remuneration Committee also considers executive remuneration in the context of the wider employee population and is kept regularly updated on pay and conditions across the Group. The proportion of variable pay increases with progression through management levels with the highest proportion of variable pay at Executive Director level, as defined

by the Remuneration Policy. Variable pay cascades down through the next tiers of management with appropriate reductions in opportunity levels based on seniority. In addition, the Group operates pension arrangements in some of its businesses around the world, where this is relevant to the local conditions. The key element of remuneration for those below senior management grades is base salary and the Group's policy is to ensure that base salaries are fair and competitive in the local markets. General pay increases take into account local salary norms, inflation and business conditions.

Gender pay gap and CEO pay ratio

EVRAZ has no UK employees and does not therefore have any gender pay or CEO pay ratio to report under the Regulations. Over the coming year we intend to work out what method of calculation of employee pay for the CEO pay ratio would be most sensible and practical for us to produce and informative for shareholders to receive.

Relative importance of spend on pay

The table on the right shows a comparison of the total cost of remuneration paid to all employees between current and previous years and financial metrics in US\$ millions. EBITDA was chosen for the comparison as it is a KPI which best shows the Group's financial performance.

US\$ million	2018	2017
EBITDA	3,777	2,624
Shares buyback	0	0
Dividends	1,556	430
Total employee pay	1,326	1,364

For more information on the definition of EBITDA, please see page 261.

Performance graph

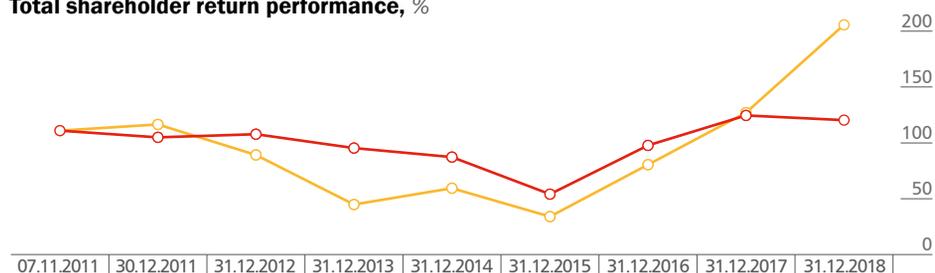
The graph below shows the Group's performance measured by total shareholder return compared with the performance of the FTSE 350 Basic Resources Index since EVRAZ plc's admission to the premium listing segment of the London Stock Exchange on 7 November 2011. The FTSE 350 Basic Resources Index has been selected as an appropriate benchmark, as it is a broad-based index of which the Group is a constituent member. ▶

The table below shows as a single figure the CEO's total remuneration over the past six years, along with a comparison of variable payments as a percentage of the maximum bonus available. ▶

Percentage change in remuneration

The table on the next page sets out the percentage change in the elements of remuneration for the director undertaking the role of CEO compared with average figures

Total shareholder return performance, %



■ FTSE 350 Basic Resources Index
■ EVRAZ

CEO's total remuneration paid in 2013-2018

(US\$)	CEO single figure of total remuneration	Annual bonus payout (as a % of maximum opportunity)
2018	5,393,884	57.21%
2017	5,516,553	59.82%
2016	4,560,054	40.78%
2015	3,186,585	13.33%
2014	5,808,752	77%
2013	4,894,286	50%

for Russia-based administrative personnel. This group of employees has been selected as an appropriate comparator, as they are based in the same geographic market as the CEO, and so are subject to a similar external environment and pressures. ▶

Percentage change in the elements of remuneration for the director undertaking the role of CEO compared with average figures for Russia-based administrative personnel

	CEO	Russia-based administrative personnel
Salary	0%	1%
Benefits	30%	2%
Annual bonus	(4)%	0%

Committee composition

This section details the Remuneration Committee's composition and activities undertaken over the past year.

Committee members

The Remuneration Committee's composition was unchanged during the year and its current members are:

- Alexander Izosimov
- Deborah Gudgeon
- Sir Michael Peat

No directors are involved in deciding their own remuneration. The committee may invite other individuals to attend all or part of any committee meeting, as and when appropriate and necessary, in particular the CEO, the head of human resources and external advisers.

Role

The Remuneration Committee is a formal committee of the Board and can operate with a quorum of two committee members. It is operated according to its Terms of Reference, which were reviewed and updated in the year to reflect changes made to the UK Corporate Governance Code. A copy can be found on the Group's website.

The Remuneration Committee's main responsibilities are to:

- Set and implement the Remuneration Policy covering the chairman of the Board, the CEO, the company secretary and other senior executives
- Take into account all factors that it deems necessary to determine, such as framework or policy, including all relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code and associated guidance
- Review and consider remuneration trends across the Group and the alignment of incentives and rewards with culture when setting the Remuneration Policy
- Review regularly the Remuneration Policy's appropriateness and relevance
- Determine the total individual remuneration package of the chairman of the Board, the company secretary and other senior executives, including pension rights, bonuses, benefits in kind, incentive payments and share options, or other share-based remuneration within the terms of the agreed policy
- Approve awards for participants where existing share incentive plans are in place
- Review and approve any compensation payable to executive directors and other senior executives in connection with any dismissal, loss of office or termination (whether for misconduct or otherwise) to ensure that such compensation is determined in accordance with the relevant contractual terms and Remuneration Policy, and that such compensation is otherwise fair and not excessive for the Group

- Oversee any major changes in employee benefits structures throughout the Group and report on what engagement has taken place with the workforce on executive pay

During 2018, the committee met three times. The purpose of the meetings was to consider and make recommendations to the Board in relation to the remuneration packages of the executive director and key senior managers; to approve the annual bonus for the 2017 results; and to approve the 2018 long-term incentive plan (LTIP) awards for key senior management.

Advisers

Korn Ferry Hay Group Limited (KFHG) are appointed by the committee and provide independent remuneration consultancy services to the Group. KFHG is a member of the Remuneration Consultants' Group and, as such, voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK. The code of conduct can be found at www.remunerationconsultantsgroup.com.

During the year, consultants advised the committee on developments in the regulatory environment and market practice, and on the development and disclosure of the Group's pay arrangements. The total fee for advice provided to the committee during the year was GBP37,660.

The committee is satisfied that the advice it has received has been objective and independent.

Shareholder considerations

EVRAZ remains committed to ongoing shareholder dialogue and takes an active interest in feedback received from its shareholders and from voting outcomes.

Where there are substantial votes against resolutions in relation to directors' remuneration, the Group shall seek to understand the reasons for any such vote and will detail any actions in response to these.

Actual voting results from the AGM, which was held, in respect of the previous remuneration report and Remuneration Policy

Number of votes	For	Against	Withheld	Total votes as % of issued share capital
To receive the Directors' report and the accounts for the Company for the year ended 31 December 2017	1,275,870,686 (99.83%) ¹	2,144,970 (0.17%)	391,765	88.55%
To approve the Annual Remuneration Report set out on pages 128 to 135 of the Annual Report and Accounts 2017	1,221,719,747 (95.79%)	53,633,631 (4.21%)	3,054,043	88.36%

Signed on behalf of the Board of Directors,

Alexander Izosimov
Chairman of the Remuneration Committee



27 February 2019

¹ Percentage of votes cast.