

Success factors and KPIs



HEALTH, SAFETY AND ENVIRONMENT

Strategic goal

EVRAZ top priority is the health and safety of its employees. The Group continues to make progress towards the goals of achieving and preserving the lost-time injury frequency rate (LTIFR) below 1.0x by 2021. EVRAZ also strives to protect the environment in the areas of its operations.

Overview

Following the positive experience of 2017, EVRAZ continued to expand the practice of behaviour safety conversations and develop standard safe operating procedures in 2018. The Group also made efforts to integrate contractors into its HSE management system by implementing the contractor safety programme, which aims to increase contractors' accountability for HSE performance.



EVRAZ also launched three environmental projects in 2018, including 21 sub-programmes designed to improve environmental performance.

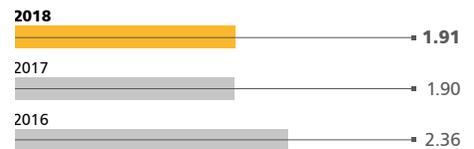
Outlook

To achieve a step up change in its safety culture, in 2019, EVRAZ is launching an initiative to engage shop workers on operational safety.

One of the Group's highest priorities is implementing a risk management system, focusing on seven major risks. After being ranked by risk level, the types of accidents that cause the most harmful injuries and fatalities will be addressed first to reduce the possible danger.

KPI

**LTIFR (excluding fatalities),
per 1 million hours**



Unfortunately, despite every effort that was undertaken, EVRAZ experienced 10 fatalities in 2018 (including six employees and four contractors). LTIFR remained flat at 1.9x in 2018.



CSR review

EVRAZ is a socially responsible company, addressing and monitoring all aspects of corporate social responsibility (CSR) that are relevant to the business.

The CSR section of the annual report on pages 72-97 provides an overview of the Group's policies and performance in 2018 in key areas of CSR.

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



Health and safety
See pages 72–76.

Environmental matters
See pages 77–78.

Our people
See pages 84–95.



HUMAN CAPITAL

Strategic goal

Based on the belief that motivated, competent and loyal employees create the foundation for the business, EVRAZ strives to enhance employee engagement levels.

Overview

In 2018, EVRAZ performed three major employee development programmes: the “Top-300 programme”, information days and the “We are together” campaign. Overall, employee engagement continued to grow at the Group, climbing by 1 percentage point to 53% in 2018, while the average engagement figure for the industry decreased by 5 percentage points.

The newly launched “Top-300 programme” has been designed as a transformative personal journey for production leaders, such as shop superintendents and mine directors. The programme consists of five modules, two of which were finalised in 2018. The programme’s inaugural first wave involved 104 employees taking part in various workshops, follow-up activities, group projects and sessions with mentors from EVRAZ top-management team beginning in October 2018. At the end of the programme, in the middle of 2019, feedback sessions are planned to better understand the results and their successful implementation into practice.

Information days are held twice a year at every asset of EVRAZ to communicate the strategy, performance results and ongoing changes in the company to the employees.

The “We are together” campaign aims to measure employee engagement and to evaluate the most vital issues that require additional focus. As part of the campaign, once a year, employees respond to an anonymous questionnaire covering working conditions, safety levels, career development possibilities and other topics. The questionnaire covers 74% of the employees.

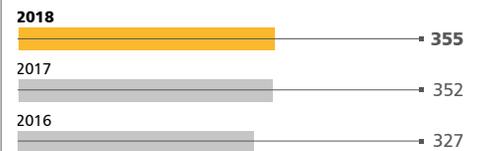
Outlook

In 2019, EVRAZ will continue to implement all ongoing programmes. The first wave of the “Top-300 programme” that started in 2018 will be complete (three of five modules in 2019) and new employees will be engaged in the second wave.

In addition, the Group will implement a new motivation system for shop superintendents and project managers. In 2019, EVRAZ expects headcount to increase, primarily due to the ramp-up of coal mining volumes and the implementation of new investment projects.

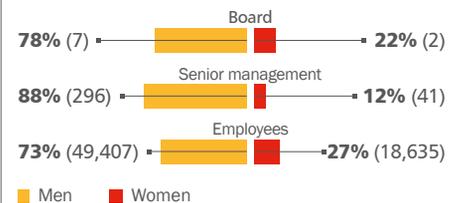
KPI

Labour productivity, steel, tonnes per person



The labour productivity of EVRAZ Steel segment grew by 1% year-on-year to 355 tonnes per employee. As a result of the labour productivity improvement and the disposal of EVRAZ DMZ, the headcount has decreased from 70,184 employees in 2017 to 68,379 in 2018.

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



Social and community matters

EVRAZ strives to adhere to international corporate social responsibility principles by making a meaningful contribution to local economies and supporting communities wherever it operates. Everywhere the Group operates, it seeks to build sustainable, positive partnerships with local governments and non-government organisations, as well as with business, media and other partners.

See pages 90–95.

Human rights

The Group’s commitments are based on internationally recognised standards and respect for all human rights, including civil, political, economic, social and cultural rights. EVRAZ seeks to develop and maintain a work environment that is free from discrimination. Child labour, bonded labour, human trafficking and other forms of slavery (known as modern slavery) are strictly prohibited at all Group subsidiaries and by their suppliers.

See pages 72–73.

Anti-corruption and anti-bribery

EVRAZ is fully committed to strict compliance with the Law of the Russian Federation No. 273 “On Preventing Corruption,” the UK Bribery Act, the US Foreign Corrupt Practices Act and other relevant local legal equivalents. EVRAZ has implemented and further developed policies and procedures that define compliance managers’ day-to-day efforts.

See pages 96–97.