

Social policy

OUR PEOPLE

Our approach

EVRAZ recognises that its people are the backbone of its achievements and, as such, strongly emphasises human capital development. Within this area, the Group’s priorities are to comply 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 based on 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 the 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.



For additional information, read the EVRAZ Sustainability Report for 2019, which is to be published in May 2020.

Personnel profile

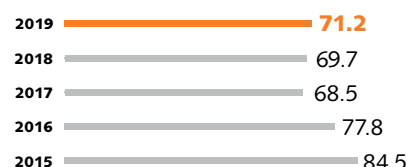
Headcount

As at 31 December 2019, EVRAZ had a total of 71,223 employees, an increase of 2.2% year-on-year.

An increase in headcount was mainly caused by realisation of numerous corporate projects, including EBS Transformation, Procurement Transformation as well as due to the production increase.

Number of employees as of 31 December, thousand people

thousand people

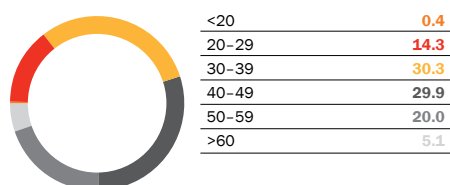


Diversity

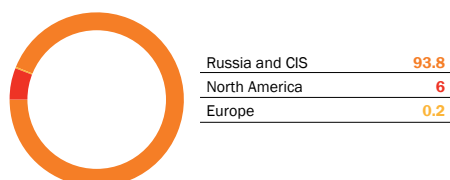
EVRAZ sees diversity as a crucial business driver and strives to ensure that all employees' rights receive equal protection, regardless of race, nationality or sexual orientation.

Diversity improves business efficiency, increases engagement and stimulates employee development.

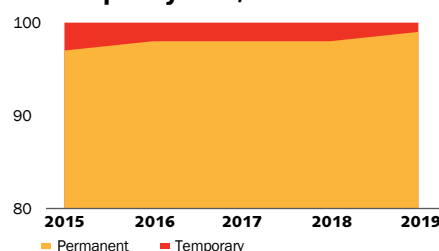
Breakdown of employees by age as of 31 December 2019, %



Breakdown of employees by region in 2019, %



Breakdown of permanent and temporary staff, %



Diversity of employees, senior management and directors, %



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 adheres to the following recruitment principles:

- 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 dependants
 - 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

In 2019, Russia introduced additional protections for employees who have five or fewer 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 to 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 workdays 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 scorecards down to the level of shop managers.

Learning and development

In 2019, EVRAZ continued its initiative to teach EVRAZ Business System (EBS) transformation tools to managers, as well as leadership and management practices that will support these transformations.

During the year, the second wave of the "Top 300" corporate management programme was launched. A total of 102 people took part in the first wave (September 2018 to July 2019) and another 97 people are enrolled in the second wave. Every programme participant is mentored by one of the Group's senior executives.

More than 9,000 employees of production divisions (workers, shift supervisors and craftsmen) have attended training sessions

covering the basic EBS tools. This programme aims to foster a culture of continuous improvement and includes such courses as "What everyone can do", "Linear approach" and "Feedback".

One priority for EVRAZ is to develop engineering skills, to which end employees were trained in the following areas:

- 139 people attended Chief Engineer School programmes, such as the Rail Production School, Project Management School, etc
- 407 people took part in professional retraining programmes covering various areas, including blast furnace production (18 people), thermal power (26 people), etc

In addition to developing engineering skills, the Group launched several professional development programmes in 2019 for employees of functional units to support the transformation of their functions, including IT, legal, procurement and finance. Overall, 152 people took part in these programmes.

During the reporting period, EVRAZ started to deploy a production mentorship system aimed at improving training quality and helping new employees to adapt to their jobs more quickly. For example, more than 200 people were trained in the Pro Mentor programme: more than 50 mentor-protégé teams were formed and a corporate mentorship forum was held.

The Group continues to participate in the WorldSkills Hi-Tech national championship. In 2019, the EVRAZ team competed in 12 skillsets and won 18 medals – four golds, 10 silvers and four bronzes – including in the employees older than 50 years and junior categories.

Contractors

EVRAZ extends its human rights and anti-discrimination policies to also apply to its suppliers and contractors. Each contract with a partner must contain sections governing the prevention of corruption

EVRAZ approves human capital development strategy

In 2019, EVRAZ approved its human capital development strategy, which focuses on the management's responsibility for staff development and motivation. The strategy also aims to help managers to engage employees in achieving the Group's goals.

The primary targets of the human capital development strategy are as follows:

1. Employees share EVRAZ' principles and apply the EVRAZ Business System in their work
2. Employees have the necessary skill set and are prepared to increase their qualifications, retrain or change professions
3. Employees work efficiently

To successfully implement this strategy, EVRAZ is fostering a consistent management culture. Key aspects of this approach are the introduction of standard management practices and the "Top-300" training programme for shop managers and mine directors. In 2020, the Group plans to launch the "Top-1,000" programme for site managers.



and human trafficking. All contractors working at the Group's facilities are also required to follow the EVRAZ Cardinal Safety Rules.

Existing outsourcing procedures require the Group, the outsourcer and the primary trade union to sign a three-party agreement preserving workers' social benefits and protections. 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.

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.

The Group 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 on a regular basis and in 2018 appointed two non-executive directors to be involved in townhall meetings with employees to ensure that it is aware of any trends, comments or concerns. During 2019, two Board members met with employees and learned what is important to them. As part of this workforce outreach, Alexander Izosimov visited Rospadskaya in Novokuznetsk, Russia and Laurie Argo visited EVRAZ Portland's rolling mill in North America for townhall meetings.

Work with trade unions

EVRAZ bases its work with the trade unions representing its workers' rights 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 the 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 the Russian operations of EVRAZ 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 the Russian operations of EVRAZ 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.

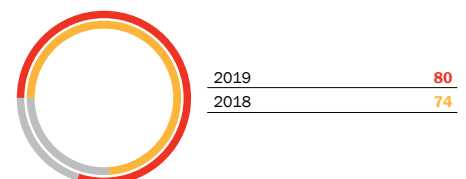
In 2019, there were no conflicts or collective labour disputes at the Group's Russian operating facilities. All changes and updates of collective agreements were constructive, in strict accordance with the law and the principles of social partnership. At every facility, trade union conferences were held where the employees confirmed that the terms of the collective agreements were complied with in full throughout the year.

In 2019, the Social Production Council met two times to discuss ambitious goal-setting, the target pay system and the EVRAZ Business System.

Employee engagement

During the reporting period, EVRAZ conducted its fourth "We are together" employee engagement survey 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 9 September to 30 September. The survey 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 2019, the Group won awards for the social performance of its collective agreements, as well as its HSE efforts, in the 16th 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.

EVRAZ Hotline

The Group uses the EVRAZ Hotline as a way to 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 2019, %



In 2019, the hotline received 912 requests. The most frequent issues concerned labour relations, including the quality of labour relations (357), worker transportation (80) and labour compensation (56).

Motivation

Financial motivation

EVRAZ strives to ensure that the remuneration system at the Group's enterprises is transparent and easily understandable for employees, consistent with the principles of internal fairness and external competitiveness.

EVRAZ began to build an integrated grading-based remuneration system in 2017 at the management company in Moscow. The remuneration system for management and administrative staff provides for uniform principles to managing employees' fixed and variable income. Salary is determined on the basis of a market range for each grade. An annual salary review is performed following the employee performance assessment. An employee's annual bonus amount is also determined by the grade of the position.

In 2018, the system was introduced for personnel at the management company, trading company, EvrazMetallInprom, and Urals and Vanadium divisions. In 2019, it was expanded to include the Siberia division. When new positions appear or the functions of existing positions change, they are quickly evaluated by the evaluation committees at the management company in Moscow and at the division.

The Group also began to introduce the system at production enterprises during the reporting period. This included evaluating positions and setting remuneration for shop heads at steelmaking enterprises and mine directors. The system has also begun to be rolled out for employees of engineering departments.

In addition, EVRAZ launched a project in 2019 to create a target pay system based on the uniform grading structure for employees of production assets below the level of shop head and mine director. The aim of the project is to develop and implement a uniform set of fair and transparent rules and principles for setting remuneration across the Group's enterprises, harmonising the fixed and variable pay so that the amount and growth trend depended on the performance of the employee, team and department. This ensures a focus on continuous process improvement and achieving the ambitious goals that have been set for the department and enterprise as a whole.

In 2019, a pilot project was introduced at certain departments in the Steel segment of EVRAZ, including four at EVRAZ NTMK, two at EVRAZ KGOK and six at EVRAZ ZSMK. In addition, positions at the Group's energy assets and EVRAZ Vanady Tula were fully evaluated. Overall, more than 20% of the total





number of employees of the Steel segment work at the departments included in the pilot project.

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, as well as weddings and funerals of close relatives. There is also a programme that provides financial assistance to employees in difficult life situations.

In 2019, a corporate discount programme was introduced for employees of the Moscow office in conjunction with the provider PrimeZone.

Key projects in 2019

During the reporting period, the EvrazHolding management company (Moscow) implemented a project aimed at helping employees to adapt called "Buddy". Each new employee who joins the company is assigned their own person, a "buddy" who can help them out, discuss professional matters and ensure that they adapt to their new job.

In 2019, the "Benefit cafeteria" flexible benefit system was developed and introduced for employees of the Urals and Siberia divisions. The amount of the benefit is determined based on management assessments for previous work periods and employees can use a "wallet" to pay for training, sports and/or recreation for themselves or their minor children.

In December 2019, a project was launched to automate the recruitment process in the divisions. The introduction of the Huntflow cloud solution has increased transparency for both recruiters and customers. The process was launched in the Siberia, Urals and Coal divisions.

Objectives for 2020

In 2020, EVRAZ will continue to expand its new financial motivation system to cover the production assets. The plan is to introduce the grading process in the Coal segment, include the main departments of the Urals division

in the target pay system and finish the transfer to the target system in the Siberia division.

The Group also plans to launch a comprehensive health management programme for its employees that will incorporate new approaches, including identifying risk groups and offering both group and individual preventative programmes. A pilot project will be launched in 2020 at EVRAZ NTMK together with the Tetyukhin Urals Rehabilitation and Clinical Centre. At the centre, employees will receive check-ups as well as year-round medical care.

Another initiative planned for 2020 is the "Health and wellness days" at the Moscow office. The programme envisions arranging lectures about physical and mental health, as well as organising interactive events with the help of specialised providers.

The "Top 1000" programme is also slated to launch in 2020. The programme aims to align the managerial skills of all managers at a given management level.

Developing and training a succession pool is also a priority. The Group aims to understand the strengths and weaknesses of all "Top 300" participants, set up individual development plans for them and determine which of them are ready to take the next step up the career ladder.