

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 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 2019 financial year, and details of how the Remuneration Policy will be implemented in the 2020 financial year.

Executive director's remuneration

In 2019, 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 director's 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 Committee considers these fees to be incorporated in his base salary. Alexander Frolov's current shareholding (9.69% of issued share capital as of 31.12.2019) 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 2019 (compared with the prior year)

Alexander V. Frolov	2019 (US\$)	2018 (US\$)
Salary and director fees ¹	2,625,000	2,500,000
Benefits	32,970	33,506
Bonus	0	2,860,378
Total	2,657,970	5,393,884

Base salary

The Committee approved the CEO's current salary on 1 January 2019 at the level of US\$2,625,000 (which includes, for the avoidance of doubt, the director's fee, fees paid for committee membership and any salary from subsidiaries of EVRAZ plc).

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 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 2019 (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 2019, 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), Cash Cost Index and committee assessment of overall performance against strategic objectives.

The Committee reviews the resulting bonus payout to ensure that it is appropriate considering the Group's overall performance, as well as safety record and procedures.

In 2019, EVRAZ reached or outperformed the threshold target for all of its operational and financial KPIs with the exception of LTIFR. Management has delivered a robust set of financial and operational results and continued to advance core strategic projects according to plan. In normal circumstances, such performance would warrant a payout ratio of 24.47% of the maximum possible payout.

Details of the targets set for each KPI, the actual achievement in the year, and total payout level for the 2019 bonus

KPIs	Result measurement			Actual 2019	Bonus payout (% of max)
	Threshold	Planned level (% of target)	Outstanding		
LTIFR	2.0	1.67	1.34	2.04	0%
EBITDA	US\$2,574m	US\$3,217m	US\$3,860m	US\$2,601m	2.1%
Adjusted FCF	US\$1,426m	US\$1,783m	US\$2,140m	US\$1,549m	17.3%
Cash cost index	110%	100%	90%	99%	53%
Discretion	Remuneration Committee assessment of overall performance against strategic objectives				50%
Total					24.47%

¹ The salary is paid in roubles and the amounts paid in the year are reconciled at the year-end so as to equal US\$2,625,000.

Notwithstanding the significantly increased focus on health and safety in the year, the gravity of the increase in the number of fatalities, driven by the crew bus accident at Raspadskaya mine, required the Committee to reassess the overall performance. Whilst changes in behavior and practices take time to flow through to the achievement of improved safety figures, the CEO considers the increase in the number of fatalities unacceptable. After an extended deliberation, which included taking into account the CEO's focus and expectations around safety, the Committee none the less decided not to award the CEO bonus.

Annual bonus for 2020

For 2020, the bonus framework will be in line with 2019. 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 including safety underlying practices and resulting performance.

Non-executive directors' remuneration

Non-executive directors' remuneration payable in respect of 2019 and 2018 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). The fee for employee engagement responsibilities is also set at US\$24,000.

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, director's fees and fees paid for committee membership).

Fees will remain unchanged for 2020.

Aggregate directors' remuneration

The aggregate amount of directors' remuneration payable in respect of qualifying services for the year ended 31 December 2019 was US\$5,116 thousand (2018: US\$7,743 thousand).

Share ownership by the Board of Directors (audited)

There were no formal minimum shareholding requirements in place, reflecting the CEO's current shareholding in EVRAZ. However, the proposed policy includes these in relation to any future appointments.

The directors' interests in EVRAZ shares as of 31 December 2019 were as follows.

There have been no changes in the directors' interests from 31 December 2019 through 26 February 2020.

Single total figure of remuneration (audited)

Non-executive director	2019 (US\$ thousand)			2018 (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	224	30	254	238	30	268
Sir Michael Peat	224	30	254	224	30	254
Deborah Gudgeon	274	30	304	274	30	304
Laurie Argo	174	30	204	51	30	81

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.

The CEO holds shares to the value of 287 times his salary as at 31 December 2019.

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 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 various topics. The survey has historically been successful in driving numerous employee-focused initiatives and helps to set key priorities for the forthcoming year, aimed at improving the engagement of all employees.

Directors' interest in EVRAZ shares as of 31 December 2019

Directors	Number of shares	Total holding, ordinary shares, %
Alexander Abramov	281,870,003	19.41
Alexander Frolov	140,723,705	9.69
Eugene Shvidler	40,488,242	2.79
Alexander Izosimov	80,000	0.01

The Board reviews the engagement data 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 hotline.

In 2018 the Board has appointed two non-executive directors to be involved in town-hall meetings with employees. During 2019, Alexander Izosimov visited Rospadskaya Coal Company in Novokuznetsk, Russia and Laurie Argo visited EVRAZ Portland's rolling mill in North America for town-hall meetings with employees. During these visits, the two directors met with employees and learned what is important to them. This information was shared with the Committee and discussed.

The 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 had less than 10 UK employees during the year and does not therefore have any gender pay or CEO pay ratio to report under the Regulations.

Relative importance of spend on pay

The following table 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 the KPI that best shows the Group's financial performance.

US\$ million	2019	2018
EBITDA	2,601	3,777
Shares buyback	0	0
Dividends	1,086	1,556
Total employee pay	1,464	1,326



For more information on the definition of EBITDA, please read page 251.

Performance graph

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

Percentage change in remuneration

The following table sets out the percentage change in the elements of remuneration for the director undertaking the role of CEO compared with average figures for Russia-based administrative personnel.

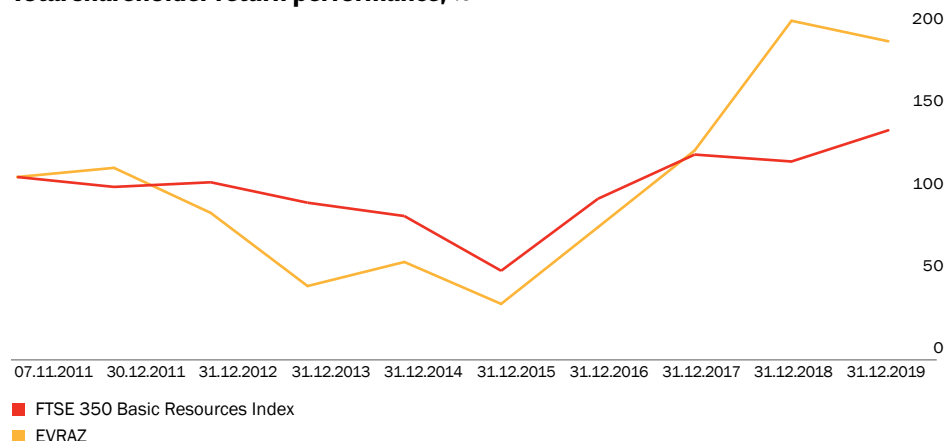
This group of employees has been selected as an appropriate comparator, as they are based in the same geographic market as the CEO, and so are subject to a similar external environment and pressures.

The population of employees the calculation has been performed for includes the administrative personnel in Head Office and the Ural and Siberia management companies. This provides a more representative calculation across the Russian businesses than in previous years.

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	5%	5%
Benefits	2%	21%
Annual bonus	(100%)	0%

Total shareholder return performance, %



CEO's total remuneration paid in 2013–2019

(US\$)	CEO single figure of total remuneration	Annual bonus payout (as a % of maximum opportunity)
2019	2,657,970	0%
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	77,00%
2013	4,894,286	50,00%

Committee composition

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

Committee members

The Committee's composition was changed during the year with the appointment of Laurie Argo as a member on 13 December 2019 and its current members are:

- Alexander Izosimov
- Deborah Gudgeon
- Sir Michael Peat
- Laurie Argo

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 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 2018 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 2019, the Committee met four times. The main 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 2018 results; to approve the 2019 long-term incentive plan (LTIP) awards for key senior management; and to agree the proposed new directors' remuneration policy.

Advisers

The Committee has appointed Korn Ferry (UK) Limited (Korn Ferry) to provide independent remuneration consultancy services to the Group. Korn Ferry 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, Korn Ferry principally advised the Committee on developments in the regulatory environment and market practice, on the development and disclosure of the Group's pay arrangements and on the proposed new policy. The total fee for advice provided to the Committee during the year was £36,527.

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 2018	1,179,677,802 (99.86%) ¹	1,644,619 (0.14%)	347,138	81.36%
To approve the Annual Remuneration Report set out on pages 120-127 of the Annual Report and Accounts 2018	1,128,595,317 (95.51%)	53,060,034 (4.49%)	14,208	81.39%

Signed on behalf of the Board of Directors,

Alexander Izosimov
Chairman of the
Remuneration Committee



26 February 2020

¹ Percentage of votes cast.