

CORPORATE GOVERNANCE REPORT

INTRODUCTION

EVRAZ is a public company limited by shares incorporated in the United Kingdom. It is a premium-listed company on the Main Market of the London Stock Exchange and is a member of the FTSE 100 Index. EVRAZ is committed to high standards of corporate governance and control.

COMPLIANCE WITH CORPORATE GOVERNANCE STANDARDS

The Group's approach to corporate governance is based on the UK Corporate Governance Code published by the Financial Reporting Council (FRC) in July 2018 and the Listing Rules of the UK Financial Conduct Authority.

During the year to 31 December 2020, EVRAZ complied with all the principles and provisions of the 2018 UK Corporate Governance Code (the Governance Code is available at www.frc.org.uk), with the following exceptions:

- Provision 9: The chairman was non-independent on appointment, as he was and remains a significant shareholder, and had previously served as a CEO and chairman of the Group prior to listing in 2011. The Board considers that he brings independence of judgement to the Group's activities, as well as extensive experience and expertise of the Group's key markets. The Board also considers that the current Board structure provides a suitable level of protection for minority

shareholders, as it operates in accordance with the Relationship Agreement currently in place (read **page 143**).

- Provision 19: The Chairman has been in post since the IPO in October 2011 and has therefore served in excess of nine years. The Board has considered this situation and as explained in the previous comment, the Board considers that he has extensive experience and expertise of the Group's key markets. The Board also considers that during a period of transition of Board members, his remaining in post also retains the necessary stability for the Group.
- Provision 37: The Company does not operate clawback arrangements. An explanation for this non-compliance is set out in the Remuneration Report on **page 130**.

An explanation of how the Company has complied with the UK Corporate Governance Code, including how it has applied the principles contained

therein, is set out within this Corporate Governance Report, the Strategic Report and the Directors' Report. In particular, the following pages will be most relevant in enabling shareholders to evaluate how these principles have been applied:

- Board Leadership and Company Purpose — please read at Corporate Governance Report on **pages 106-112**.
- Division of Responsibilities — please read at Corporate Governance statement on **pages 106-112**.
- Composition, Succession and Evaluation — please read at Nominations Committee Report on **pages 124-125**.
- Audit, Risk and Internal Control — please read at Audit Committee Report on **pages 118-123**, Risk Management and Internal Control on **pages 113-115** and Principal Risks and Uncertainties on **pages 92-95**.
- Remuneration — please read at Remuneration Committee Report on **pages 128-139**.

BOARD RESPONSIBILITIES AND ACTIVITIES

The Board and management of EVRAZ aim to pursue objectives in the best interests of the Group, its shareholders and other stakeholders, and particularly to create long-term value for shareholders.

In 2020, despite the significant operational impact of the COVID-19 pandemic, disruptions to the Board's activity were minimal as meetings were moved to video format with little loss of efficiency.

Throughout the early stages of the pandemic, the Board was updated on a weekly basis by the management about the impact of COVID-19 on both the business and employees, as well as the steps that management was taking to ensure all necessary precautions were in place.

The Board of EVRAZ is responsible for the following key aspects of governance and performance:

- Financial and operational performance.
- Strategic direction.
- Major acquisitions and disposals.
- Overall risk management.
- Capital expenditure and operational budgeting.
- Business planning.
- Approval of internal regulations and policies.

Generation and preservation of value

The business model and strategy of EVRAZ are presented on **pages 10-13** of the Strategic Report, which describe the basis upon which the Company generates and preserves value over the long-term. The Board periodically reviews this model.

In early 2020, at the request of the Board, the management of EVRAZ actively focused on developing an Environmental Strategy for the Group, including a Climate Change Strategy. Following detailed discussions with senior management, EVRAZ published

an updated Environmental Strategy and Climate Change Report.

The Board and culture

The Board continues to ensure that the business's culture is aligned with the purpose and values of the Group as detailed in **pages 16-17** of the Strategic Report. The key feedback tool it uses to monitor progress in this area is the annual employee survey that EVRAZ carries out throughout the business, the details of which are described on **page 72** of the Strategic Report. The Board reviews a summary of the annual survey and monitors

the implementation of any necessary actions that the management undertakes.

The Board views corporate social responsibility as an integral part of the Group's business and strives to address and monitor all relevant matters in this area. The EVRAZ Code of Conduct establishes cultural expectations for the activities of all directors, executives, employees, contractors, suppliers and community members in relation to the Group's business. It also encourages an environment of ethics and responsibility for the benefit of the Company's stakeholders. The Group publishes a comprehensive Corporate Social Responsibility Report.

The Board's key pandemic-related discussions and decisions

The Board discussed numerous matters arising directly from the pandemic and its impact on the Company throughout 2020.

Shareholders	<ul style="list-style-type: none"> Changing the Annual General Meeting to a closed format meeting while providing opportunities for shareholders to submit questions to the Board by email. Moving investor roadshows to web-based meetings.
Employees	<ul style="list-style-type: none"> Introduction of numerous additional safety measures to protect people and ensure operational continuity. Setting up a crisis management centre, with Board of Directors receiving regular updates of the impact on the Group's operational, commercial and financial situation.
Communities	<ul style="list-style-type: none"> Setting up a crisis management centre, with Board of Directors receiving regular updates of the impact on the Group's operational, commercial and financial situation.
Customers	<ul style="list-style-type: none"> Introduction of numerous additional safety measures to protect people and ensure operational continuity.
Suppliers and contractors	<ul style="list-style-type: none"> Introduction of numerous additional safety measures to protect people and ensure operational continuity.
Financial	<ul style="list-style-type: none"> Reviewing the appropriateness of the going concern basis of financial reporting. Revisiting the assumptions, stress-test scenarios and mitigating actions used in preparing the Company's viability statement. Approving two interim dividends during the year.

Other key discussion topics during 2020

The Board also discussed the following topics during 2020.

Strategy and planning	<ul style="list-style-type: none"> Reviewing the critical success factors for strategic development of the Group's competitive advantages. Disposing of non-core businesses. Linking succession planning to corporate strategy execution, and the need to look deeper into the Group for future leaders.
Operational matters	<ul style="list-style-type: none"> Reviewing the performance of key businesses, including commercial initiatives to improve operational performances and revenues, with particular emphasis on North America. Reviewing investment projects. Implementing the EVRAZ Business System throughout the Group over the next five years to promote an operational culture of values and behaviours that support the drive for continuous improvement and business change. Reviewing HSE updates, including key initiatives and responses to significant incidents. Monitoring the implementation of a risk analysis approach to Health and Safety, including reviewing the associated training programmes.
Financial	<ul style="list-style-type: none"> Reviewing and approving the Group's consolidated budget and budgets of individual business units. Approving the interim and full-year results, as well as the 2019 annual report.
Governance	<ul style="list-style-type: none"> Ensuring compliance with the Market Abuse Regulation in relation to managing inside information, share dealing by insiders and online training of all insiders. Reviewing the findings of the externally facilitated Board evaluation exercises and action plans resulting therefrom. Approving the 2019 Modern Slavery Statement. Approving the Payments to Governments Report.

In addition, the Board discussed proposals to pay: an interim dividend of US\$0.40 per ordinary share, totalling US\$581 million, on 27 March 2020; and an interim dividend of US\$0.20 per share, totalling US\$291 million, on 2 October 2020. The level of distributable reserves within the balance sheet was considered at each distribution and was found to be sufficient to enable the dividend to be paid. The dividends paid were in line with the dividend policy previously agreed by the Board, which also considered the impact of COVID-19 on the Group's going concern and cash flow position.

During the year, the Board adopted a revised environmental strategy and governance process (for

more details, see Strategic Report on **page 14-15**). To support the Board in adopting the strategy, the Audit Committee undertook a review of the parameters that were required to be met, and the HSE Committee undertook a full review with divisional business heads before the Board reviewed and approved the strategy.

In keeping with the requirements of the relationship agreements in place between the Company and its major shareholders, the independent non-executive directors of the Company have conducted an annual review to consider the continued good standing of the relationship agreements and are satisfied that the terms

of the relationship agreements are being fully observed by all parties. In accordance with LR9.8.4R (14), it is confirmed that the Company has complied with the independence provisions of the relationship agreements.

As far as the Company is aware, Greenleas International Holdings Ltd., Abiglaze Ltd and Crosland Global Limited (or any of their associates) have complied with the independence provisions of the relationship agreements; and so far as the Company is aware, Greenleas International Holdings Ltd., Abiglaze Ltd and Crosland Global Limited have complied with the procurement obligations in the relationship agreements.

Principal decisions

Decision	2021 Business Plan and Budget
Context	The Business Plan and Budget sets the annual targets and the costs of the necessary resources to achieve these targets. It is developed considering the Group's overall strategy, as well as any specific challenges faced by each division and its underlying business units, including any stakeholder-related considerations. The Chief Executive Officer, supported by key members of the management team, presents the Business Plan and Budget for the Board's challenge and approval.
Stakeholder considerations	In reviewing the Business Plan and Budget, the Board considered the potential impact that each operation and project might have on its stakeholders (employees, local communities, government and regulators, contractors and suppliers, shareholders and customers) and the environment.
Strategic actions supported by the Board	The strategic actions of the Business Plan and Budget supported by the Board to generate value for stakeholders are: <ul style="list-style-type: none"> • Further HSE initiatives, which will be monitored by the HSE Committee, to improve performance as detailed in the HSE Committee Report on pages 126-127. • Approval of investment plans to further reduce greenhouse gas emissions, supporting government regulations. • Continuing high standards of corporate governance and adherence to regulations. • Approval of maintenance CAPEX to enhance business efficiency, increase value and improve working conditions for staff. • Approval of investment plans, generating new projects that provide additional employment opportunities.
Impact of these actions on the long-term success of the Company	The Business Plan and Budget creates a balance between current operating performance and considerations that matter to all stakeholders in the short- and long-term, such as health and safety, environmental performance and community relations.
Outcome	In December 2020, the Board discussed and approved the 2021 Business Plan and Budget.

Decision	Approval of construction of EVRAZ Pueblo's new rail plant
Context	As part of the Group's ongoing programme of renovating existing facilities and developing new ones to expand its product range, the Board considered an investment project to construct a new long rail mill at EVRAZ Pueblo.
Stakeholder considerations	<p>Shareholders</p> <ul style="list-style-type: none"> • Enhance shareholder value by improving production efficiency and unlocking markets for new products. <p>Employees</p> <ul style="list-style-type: none"> • Provide modern working conditions and a better overall working environment at a state-of-the-art plant. <p>Environment</p> <ul style="list-style-type: none"> • Reduce greenhouse gas emissions by developing a solar farm in partnership with a local energy provider. • Improve wastewater control. <p>Customers</p> <ul style="list-style-type: none"> • Consult with key customers during decision process regarding their needs for long rails, as well as their commitment to contract for the product.

Decision	Approval of construction of EVRAZ Pueblo's new rail plant
Impact of these actions on the long-term success of the Company	The decision to invest demonstrates confidence in the long-term outlook for long rail products in the US market served by this new production facility, as well as the Group's commitment to sustainable growth for the benefit of all stakeholders.
Strategic actions supported by the Board	The Board supported the development of the new rail mill to generate value for stakeholders by: <ul style="list-style-type: none"> • Improving health and safety conditions for staff. • Reducing greenhouse gas emissions in line with government regulations. • Improving operational efficiency. • Providing a product that meets customers' needs.
Outcome	The Board decided to proceed with an investment in the new rail mill at EVRAZ Pueblo.

Decision	Approval of Environmental Strategy
Context	EVRAZ is aware of the impact that some of its operations have on the environment and seeks to minimise it as far as practicable. The updated strategy takes into account the latest environmental regulations and best practice.
Stakeholder considerations	<p>Shareholders</p> <ul style="list-style-type: none"> • Avoid fines and production delays due to breaches of environmental regulation. • Ensure that operations are carried out on an ethical basis. <p>Employees</p> <ul style="list-style-type: none"> • Improve company ethos and provide safer working conditions. <p>Environment</p> <ul style="list-style-type: none"> • Reduce greenhouse gas emissions. • Improve wastewater control. • Increase energy efficiency.
Impact of these actions on the long-term success of the Company	A robust environmental strategy is a key component of the Group's ongoing development in the modern world and supports its commitment to sustainable growth for the benefit of all stakeholders.
Strategic actions supported by the Board	The Board supported the investment projects to generate value for stakeholders by: <ul style="list-style-type: none"> • Improving health and safety conditions for staff. • Reducing greenhouse gas emissions in line with government regulations. • Improving operational efficiency and increasing shareholder value. • Providing transparent tendering opportunities for national and international contractors.
Outcome	The Board approved the Environmental Strategy during the year, which was disseminated to management and employees. For more details, see Strategic Report on page 14-15 .

Decision	Approval of various other investment projects
Context	The business plan for each financial year contains numerous investment projects, involving sizeable capital expenditure amounts. These can be for a variety of different types of projects, including the replacement of outdated equipment in existing facilities, or the construction of new plants to take advantage of new market opportunities.
Stakeholder considerations	<p>Shareholders</p> <ul style="list-style-type: none"> • Enhance production efficiency and access markets for new products, thereby improving shareholder value. <p>Employees</p> <ul style="list-style-type: none"> • Provide safer working conditions with a better working environment. <p>Environment</p> <ul style="list-style-type: none"> • Reduce greenhouse gas emissions. • Improve wastewater control. • Increase energy efficiency.
Impact of these actions on the long-term success of the Company	The decision to invest demonstrates confidence in the long-term outlook for iron and steel products in the markets served by these production facilities, as well as the Group's commitment to sustainable growth for the benefit of all stakeholders.
Strategic actions supported by the Board	The Board supported the investment projects to generate value for stakeholders by: <ul style="list-style-type: none"> • Reducing greenhouse gas emissions in line with government regulations. • Improving operational efficiency and increasing shareholder value. • Improving working conditions for employees. • Reassuring customers that the products they purchase have been made in line with environmental regulations.
Outcome	The Board approved a number of investment projects, during the year.

Chairman and chief executive

The Board determines the division of responsibilities between the chairman and the chief executive officer (CEO). This division of duties is documented in a separate document approved by the Board.

The chairman's principal responsibility is the effective running of the Board, ensuring that the Board as a whole plays a full and constructive part in the development and determination of the Group's strategy and overall commercial objectives. The Board is chaired by Alexander Abramov.

The CEO is responsible for leading the Group's operating performance, as well as for the day-to-day management of the Company and its subsidiaries. The Group's CEO is Alexander Frolov.

The CEO is supported by the executive team.

In addition, the Board appoints one independent non-executive director to serve as the senior independent director, whose duties are detailed in the documents that describe the roles of the chairman and CEO.

Board meetings and composition

EVRAZ plc held eight scheduled Board meetings during 2020. In 2021, up to the date of this report's publication, two Board meetings were held. One unscheduled meeting was held to discuss a significant investment proposition. Due to travel restrictions put in place amid the COVID-19 pandemic, only one meeting was held in person; the remainder were held by video conference call.

The chief financial officer and the senior vice president for commerce and business development attended all Board meetings, with other members of senior management attending meetings by invitation to deliver presentations on the status of projects and performance of business units.

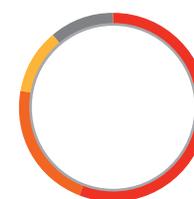
The table on the next page sets out the attendance of each current director at scheduled EVRAZ plc Board and Board committee meetings in 2020.

As at 31 December 2020, the Board comprised the chairman, one executive director, and seven non-executive directors, including a senior independent director. Olga Pokrovskaya, a former non-executive director, is invited to attend Board meetings in an advisory capacity and to attend Audit Committee meetings as an observer.

The Board considers that five non-executive directors (Laurie Argo, Karl Gruber, Deborah Gudgeon, Alexander Izosimov and Sir Michael Peat) are independent in character and judgement, and free from any business or other relationship that could materially interfere with the exercise of their independent judgement, in compliance with the UK Corporate Governance Code.

The independent non-executive directors comprise the majority (excluding the Health, Safety and Environment Committee) on and chair all Board Committees.

Board composition



Independent Non-Executive Director 56%
 Non-Executive Director 22%
 Chairman, Non-Executive 11%
 Executive Director 11%

Board and AGM attendance by each director

	Scheduled Board meetings	Unscheduled Board meeting	Remco	HSE	Audit	Nomco	AGM
Total number of meetings	8	1	4	2	9	3	1
Alexander Abramov	8/8	1/1				3/3	1
Alexander Frolov	8/8	1/1		2/2			1
Laurie Argo	7/8 ¹	1/1	4/4		9/9		1
Karl Gruber	8/8	1/1		2/2		3/3	1
Deborah Gudgeon	8/8	1/1	4/4		9/9		1
Alexander Izosimov	8/8	1/1	4/4		8/9	3/3	1
Sir Michael Peat	8/8	1/1	4/4			3/3	1
Eugene Shvidler	8/8	1/1				3/3	1
Eugene Tenenbaum	8/8	1/1					1

¹ Due to conflicting travel arrangements between the Audit Committee and the Board meeting, Ms Argo was unable to attend one Board meeting.

Boardroom diversity

EVRAZ recognises the importance of diversity both at the Board level and organisation-wide.

The Group remains committed to increasing diversity throughout its global operations and takes diversity into account during each recruitment and appointment process, working to attract outstanding candidates with diverse backgrounds, skills, ideas and cultures. As stated in the CSR Report, EVRAZ sees diversity as a crucial business driver and strives to ensure that all employees' rights receive equal protection, regardless of race, nationality, religious belief, gender or sexual orientation. People with disabilities are given full consideration both during the recruitment process and once employed, to ensure that their unique aptitudes and abilities are taken into account.

During the year, the Nominations Committee considered boardroom diversity, especially in view of the need to appoint up to two new independent non-executive directors to replace those standing down having served terms of nine years. The Board hopes to be able to appoint another female director and a director who will broaden the Board's ethnic diversity. It will, of course, balance this with appointing directors who can best serve the Company's and shareholders' interests by providing excellent governance and appropriate challenge, with one new director also having knowledge of operating an integrated steel business substantially based in the Russian Federation.

For more detailed information, see the Nominations Committee Report on **pages 124-125** and the CSR Report on **pages 68-69**.

The Company believes that the Board's composition provides an appropriate balance of skills, knowledge and experience. The Board members comprise a number of different nationalities with a wide range of skills, capabilities and experience from a variety of business backgrounds. Biographies of the Board members are provided in the Board of Directors section.

Board expertise

The Board has determined that, as a whole, it has the appropriate skills and experience necessary to discharge its functions.

Executive and non-executive directors have the experience required to contribute meaningfully to the Board's deliberations and resolutions. Non-executive directors assist the Board by constructively challenging and helping to develop strategy proposals.

While most of the directors have been in post since the incorporation of EVRAZ plc in October 2011, the recruitment of new independent non-executive directors in recent years has strengthened the Board's technical expertise and widened the skills base. The Nominations Committee has commenced a process to identify suitable candidates for the role of independent non-executive director to replace those directors who will be required to stand down at the 2021 and 2022 AGMs, having completed terms of nine years.

Induction and professional development

The chairman is responsible for ensuring that there is a properly constructed and timely induction for new directors upon joining the Board. Directors have full access to a regular supply of financial, operational, strategic and regulatory information to help them to discharge their responsibilities.

For more detailed information, read the Nominations Committee Report on **pages 124-125**.

Performance evaluation

An externally facilitated annual Board evaluation was conducted in 2020, following an internally evaluated review undertaken in 2018 and 2019. Lintstock was appointed as the external evaluator, having undertaken the review previously in 2016. Lintstock has no other connection with the Company.

The review was carried out at the initiative and with the participation of the Company's Nominations Committee. Questionnaires were distributed to all Board directors for their response and comment.

The results were discussed at three levels: (i) among the members of the Nominations Committee; (ii) between Sir Michael Peat (as chairman of the Nominations Committee) and Alexander Abramov (as chairman of the Board); and (iii) among the members of the Board as a whole.

Board performance was deemed to be satisfactory. The outcome of the 2020 board evaluation called for: further emphasis to be placed on strategic issues, especially the impact of new technology and digital development across the sector; sustained momentum on sustainability; reconsideration of the Group's risk profile; along with further board training on key topics.

Arising from the previous years action plan, the Board noted that its members had spent more time considering the Group's investment proposals and their impact on other stakeholders. It had also spent a significant amount of time monitoring the implementation of the HSE system across the Group. The Company undertakes regular performance evaluations of the Board in line with the requirements of the UK Corporate Governance Code.

Board committees

The following principal committees support the Board in its work: the Audit Committee, the Remuneration Committee, the Nominations Committee, and the Health, Safety and Environment Committee. Each committee has written terms of reference, approved by the Board, summarising its role and responsibilities. The committees review their respective terms of reference each year and submit any recommended changes to the Board for approval. All terms of reference for the committees are available on the Group's website: www.evraz.com.

The Audit Committee consists of three non-executive directors, all independent, which complies with the Code. The Board considers that, as a whole, the committee has competence relevant to the industry sector in which the Group operates. Specifically, Deborah Gudgeon has relevant recent financial experience.

Board composition as at 31 December 2020

Name	Position	Committee membership	Year of tenure
Executive director			
Alexander Frolov	CEO	HSEC — member	9
Non-executive directors			
Alexander Abramov	Chairman	NC — member	9
Eugene Shvidler	Director	NC — member	9
Eugene Tenenbaum	Director	None	9
Independent non-executive directors			
Laurie Argo	Director	AC — member, RC — member	2
Karl Gruber	Director	HSEC — chairman, NC — member	9
Deborah Gudgeon	Director	AC — chairman, RC — member	5
Alexander Izosimov	Director	RC — chairman, NC — member, AC — member	8
Sir Michael Peat	Senior independent director	NC — chairman, RC — member	9

Role and composition of each committee

Committee name	Function	Composition	Link to committee report
Audit Committee	Audit, financial reporting, risk management and controls	All three members are independent non-executive directors	Read on pages 118-123
Nominations Committee	Selection and nomination of Board members	All five members are non-executive directors, of which three are independent	Read on pages 124-125
Remuneration Committee	Remuneration of Board members and top management	All four members are independent non-executive directors	Read on pages 128-139
HSE Committee	HSE issues	Two of the three members are non-executive with an independent chairman who is also a non executive director of the Company ¹	Read on pages 126-127

¹ The members of the Health, Safety and Environment Committee at 31 December 2020 were Karl Gruber (chairman), Alexander Frolov and Olga Pokrovskaya, who has continued as a non-executive member of the HSE Committee following her cessation as a Board member of the Company on 14 March 2016. With more than 50% of EVRAZ operations based in the Russian Federation, the committee continues to value the contribution she brings in terms of her technical and regional experience.