

ANNUAL REMUNERATION REPORT

This section summarises remuneration paid out to directors for the 2020 financial year and details of how the Remuneration Policy will be implemented in the 2021 financial year.

Executive director's remuneration

In 2020, 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

(9.66% of issued share capital as at 31 December 2020) 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 2020 (compared with the prior year)

Alexander V. Frolov	2020 (US\$)	2019 (US\$)
Salary and director fees ¹	2,625,000	2,625,000
Benefits	26,909	32,970
Bonus	3,136,930	0
Total	5,788,839	2,657,970
Total Fixed Remuneration	2,651,909	2,657,970
Total Variable Remuneration	3,136,930	0

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). This salary level will remain unchanged for 2021.

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.

Free Cash Flow (adjusted), Cash Cost Index and the committee's 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.

Pension and benefits (audited)

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

Annual bonus for 2020 (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.

In 2020, EVRAZ outperformed the threshold target for all of its operational and financial KPIs, resulting in an annual bonus payout of 59.75% of the maximum. Despite the negative impact on world economies caused by the COVID-19 pandemic, management has delivered a robust set of financial and operational results and continued to advance core strategic projects according to plan while, most importantly, doing everything it could to protect its people and support local communities during a pandemic.

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

For 2020, the following five indicators, each with an equal weighting of 20%, were considered when determining the CEO's annual bonus: LTIFR, EBITDA,

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.

Details of the targets set for each KPI, the actual achievement in the year, and total payout level for the 2020 bonus

KPIs	Result measurement				
	Threshold	Planned level (% of target)	Outstanding	Actual 2020	Bonus payout (% of max)
LTIFR	1.93	1.61	1.29	1.58	55%
EBITDA	US\$1,913m	US\$2,391m	US\$2,869m	US\$2,212	31%
Adjusted FCF	US\$868	US\$1,085m	US\$1,303m	US\$1,245m	87%
Cash cost index	110%	100%	90%	95%	76%
Discretion	Remuneration Committee assessment of overall performance against strategic objectives				50%
Total					59.75%

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 committee determined that in 2020 the Group maintained stable production and showed good progress on strategic projects despite the global outbreak of COVID-19. The Group's primary focus was on ensuring safe working conditions for employees, safeguarding local communities and preventing the spread of COVID-19. In recognition of this, the CEO received 100% of Discretion KPI. The key reasons for this are:

- Relatively limited impact of COVID-19 on the Groups' business due to proactive safety measures undertaken to protect

employees and ensure operational continuity.

- Completion of late-stage investment projects on schedule.
- Progress made on all key strategic priorities including environmental agenda, despite global uncertainty caused by the COVID-19 pandemic.
- Net debt of US\$3,356 million, bringing the net debt/EBITDA ratio to 1.5, in line with the medium-term target that EVRAZ has set to maintain net debt below US\$4 billion.
- The efficiency improvement programme delivered savings of US\$192 million from a cost-cutting initiatives.
- The customer focus programme generated an EBITDA effect of US\$234 million.
- A strong start of digital transformation projects which generated an efficiency improvement effect of US\$17 million.

Annual bonus for 2021

For 2021, the bonus framework will be in line with 2020. 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 underlying safety practices and resulting performance.

Non-executive directors' remuneration

Non-executive directors' fixed remuneration payable in respect of 2020 and 2019 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 set at US\$24,000.

Single total figure of remuneration (audited)

Non-executive director	2020 (US\$ thousand)			2019 (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	272	30	302	248	30	278
Eugene Shvidler	174	30	204	174	30	204
Eugene Tenenbaum	150	30	180	150	30	180
Karl Gruber	224	30	254	224	30	254
Sir Michael Peat	224	30	254	224	30	254
Deborah Gudgeon	274	30	304	274	30	304
Laurie Argo	222	30	252	174	30	204

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.

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 2021.

Aggregate directors' remuneration

The aggregate amount of directors' remuneration payable in respect of qualifying services for the year ended 31 December 2020 was US\$8,319 thousand (2019: US\$5,116 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 2020 were as follows.

There have been no changes in the directors' interests from 31 December 2020 through 24 February 2021.

Directors' interest in EVRAZ shares as of 31 December 2020

Directors	Number of shares	Total holding, ordinary shares, %
Alexander Abramov	281,870,003	19.35
Alexander Frolov	140,723,705	9.66
Eugene Shvidler	40,488,242	2.78
Alexander Izosimov	80,000	0.01

The CEO holds shares to the value of 345 times his salary as at 31 December 2020.

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 EVRAZ shares.

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 of 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 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.

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 2020, EVRAZ has introduced additional tools aimed at engaging with employees during the pandemic. Virtual meetings with senior management were regularly held, allowing employees to participate and ask questions. The 24/7 corporate hotlines were opened for employees if they have questions or encounter problems.

In 2020, two non-executive directors, appointed in 2018 to be involved in town-hall meetings with employees, participated in virtual meetings. Alexander Izosimov took part in an online town-hall meeting with employees of EVRAZ ZSMK.

During this meeting Alexander learned about employees' priorities and concerns, noting the openness and transparency of communications. Laurie Argo participated in Evraz North America Executive Leadership Team virtual meeting. During this meeting the executive team shared their regular business update, Laurie was engaged in the conversation and shared her insights. 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 information 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 the 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	2020	2019
EBITDA	2,212	2,601
Share buybacks	0	0
Dividends	872	1,086
Total employee pay	1,331	1,464

For more information on the definition of EBITDA, please read [page 253](#). →

Performance graph

The following graph shows the Group's performance as measured by total shareholder return compared with the performance of the FTSE 350 Basic Resources Index since EVRAZ

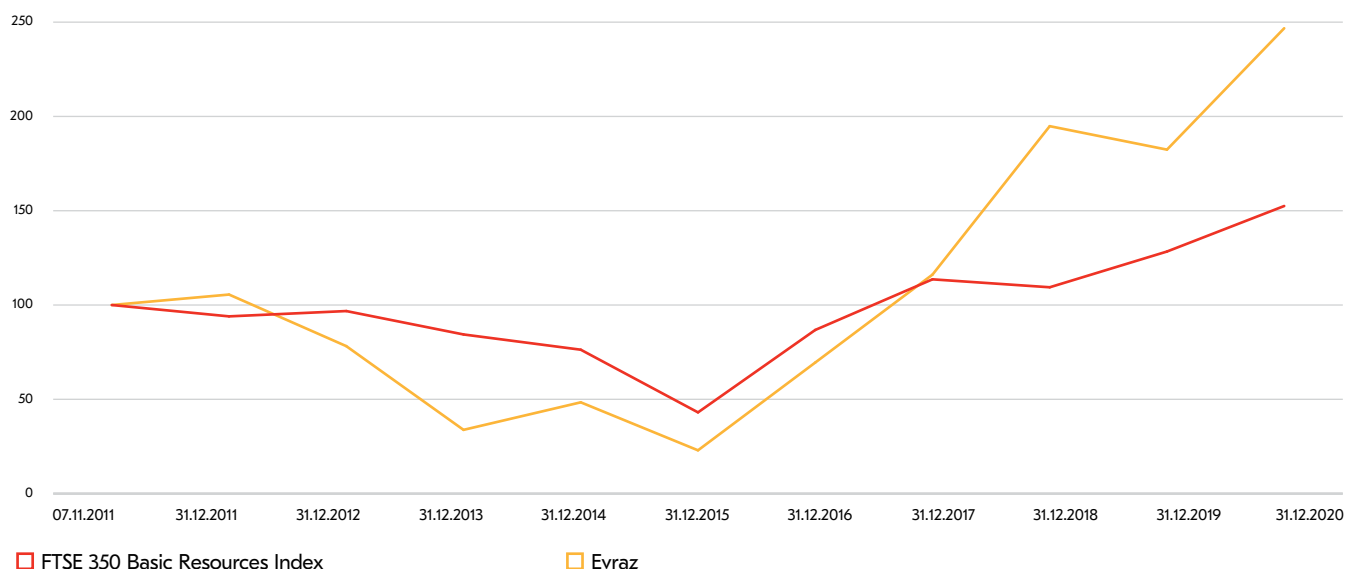
plc's admission to the premium listing segment of the London Stock Exchange on 7 November 2011. The FTSE 350 Basic Resources Index has been selected as an appropriate benchmark, as it is a broad-based index of which the Group is a constituent member.

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

Total Shareholder Return Performance, %

Year ends	FTSE 350 Basic Resources Index	Evraz
07.11.2011	100.00	100.00
31.12.2011	93.98	105.55
31.12.2012	96.80	78.20
31.12.2013	84.39	33.80
31.12.2014	76.30	48.40
31.12.2015	43.07	22.95
31.12.2016	86.77	69.49
31.12.2017	113.62	116.12
31.12.2018	109.41	194.84
31.12.2019	128.36	182.40
31.12.2020	152.50	246.75

Total Shareholder Return Performance, %



CEO's total remuneration paid in 2013–2020

(US\$)	CEO single figure of total remuneration	Annual bonus payout (as a % of maximum opportunity)
2020	5,788,839	59.75%
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%

Percentage change in remuneration

The following table sets out the percentage change in the elements of remuneration for the directors of Evraz plc, 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.

administrative personnel in the Head Office and the Ural and Siberia management companies. This provides a representative calculation across the Russian businesses.

The population of employees the calculation has been performed for includes

Percentage change in the elements of remuneration for the directors compared with average figures for Russia-based administrative personnel

Role	Salary ¹	Benefits	Annual bonus
Russia-based administrative personnel	3%	40%	2%
Alexander Frolov (CEO)	0%	(9%)	100%
Alexander Abramov (NED)	0%	n/a	n/a
Alexander Izosimov (NED)	9%	n/a	n/a
Eugene Shvidler (NED)	0%	n/a	n/a
Eugene Tenenbaum (NED)	0%	n/a	n/a
Karl Gruber (NED)	0%	n/a	n/a
Sir Michael Peat (NED)	0%	n/a	n/a
Deborah Gudgeon (NED)	0%	n/a	n/a
Laurie Argo (NED)	24%	n/a	n/a

Committee composition

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

Committee members

The committee's composition remains the same as in 2019, its current members are:

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

All members of the Committee are independent non-Executive Directors. This is fundamental to ensuring Executive Directors and senior executives remuneration is set by people who are independent and have no personal financial interest, other than as shareholders, in the matters discussed. There are no potential conflicts of interest arising from cross-directorships and there is no day-to-day involvement in running the business. No-one is allowed to participate in any matter directly concerning the details of their own remuneration or conditions of service.

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.

¹ Total fixed remuneration for NEDs.

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 the Remuneration Policy, and that such compensation is otherwise fair and not excessive for the Group
- Oversee any major changes in the structure of employee benefits throughout the Group and report on what engagement has taken place with the workforce on executive pay.

During 2020, 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 2019 results; to approve the 2020 long-term incentive plan (LTIP) awards for key senior management and to be updated on pay across the workforce.

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, and on the development of the Group's pay arrangements. The total fee for advice provided to the committee during the year was £20,824.

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 approve the Directors Remuneration Policy as set out on pages 131-135 of the 2019 Annual Report and Accounts	1,189,736,031 (95.85%) ¹	51,449,970 (4.15%)	3,329,067	85.20%
To approve the Annual Remuneration Report set out on pages 130-139 of the 2019 Annual Report and Accounts	1,227,370,864 (98.62%)	17,138,237 (1.38%)	5,966	85.42%

Signed on behalf of the Board of Directors,

Alexander Izosimov
Chairman
of the Remuneration
Committee

24 February 2021

¹ Percentage of votes cast.