

POLICY REPORT

Shareholder approval was received at the 2020 AGM for the updated policy (outlined on [pages 130-133](#)).

The Remuneration Policy's primary objectives are to attract, retain and reward talented staff and management by offering compensation that is competitive within the industry, motivates management to achieve the Group's business objectives, encourages a

high level of performance and aligns the interests of management with those of shareholders.

The CEO's incentive arrangements are subject to "malus", under which the committee may adjust bonus payments downwards to reflect the Group's overall performance, including the safety of underlying practices and resulting performance. The committee

does not operate clawback arrangements on directors' remuneration on the basis that such arrangements would not be enforceable under the Russian Labour Code. The committee will keep this under review and should the Russian Labour Code change, it will revisit the inclusion of such provisions in the Group's variable remuneration plans in order to comply with the 2018 UK Corporate Governance Code.

Remuneration Policy

Element	Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
Executive director				
Base salary	Provides a level of base pay to reflect individual experience and role to attract and retain high calibre talent.	Normally reviewed annually, considering individual and market conditions, including: size and nature of the role; relevant market pay levels; individual experience and pay increases for employees across the Group. For the current CEO, base salary incorporates a director's fee (paid to all directors of the Group for participation in the work of the Board committees and Board meetings – see the section on Non-executive Director Remuneration Policy below). Where a salary is paid in a currency other than US dollars, the committee may make additional payments to ensure that the total annual salary equals the level of annual salary in US dollars.	Generally, the maximum increase per year will be in line with the overall level of increases within the Group. However, there is no overall maximum opportunity as increases may be made above this level at the committee's discretion, to take account of individual circumstances such as increases in scope and responsibility and to reflect the individual's development and performance in the role.	None
Benefits	To provide a market level of benefits, as appropriate for individual circumstances, to recruit and retain executive talent.	Benefits currently include private healthcare. Other benefits (including pension benefits) may be provided if the committee considers it appropriate. The current CEO does not participate in any pension scheme at this time. In the event that an executive director is required by the Group to relocate, or do so following recruitment, benefits may include, but are not limited to, a relocation, housing, travel and education allowance.	The cost of benefits will generally be in line with that for the senior management team. However, the cost of insurance benefits may vary from year to year depending on the individual's circumstances. The overall benefit value will be set at a level the committee considers proportionate and appropriate to reflect individual circumstances, in line with market practices. There is no total maximum opportunity.	None

Element	Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
Annual bonus	To align executive remuneration to Group strategy by rewarding the achievement of annual financial and strategic business targets.	The Group operates an annual bonus arrangement under which awards are generally delivered in cash. Targets are reviewed annually and linked to corporate performance based on predetermined targets.	Up to 200% of base salary in respect of any financial year of the Group.	The bonus is based on achievement of the Group's key quantitative financial, operational and strategic measures in the year to ensure focus is spread across the key aspects of the Group's performance and strategy. The exact measures and associated weighting will be determined on an annual basis, according to the Group's strategic priorities, however at least 60% will be based on the Group's financial measures. For achievement of threshold performance, 0% of maximum will be paid, rising in a straight line to no more than 50% of the maximum for target performance and 100% of the maximum for outstanding performance. The committee retains discretion to adjust bonus payments to reflect the Group's overall performance.

Element	Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
Non-executive directors				
Chairman and non-executive director remuneration	To provide remuneration that is sufficient to attract and retain high calibre non-executive talent.	Director fees are normally paid in the form of cash, but with the flexibility to forgo all or part of such fees (after deduction of applicable income tax and social taxes) to acquire shares in the Company should the non-executive director so wish. Non-executive director fees are reviewed from time to time. Non-executive directors receive an annual fee for Board membership. Additional fees are payable by reference to other Board responsibilities taken on by the non-executive directors (for example, membership and chairmanship of the Board committees). The chairman of the Board receives an all-inclusive annual fee. Costs incurred in the performance of non-executive directors' duties for the Company may be reimbursed or paid for directly by the Company, including any tax due on the costs. This may include travel expenses, professional fees incurred in the furtherance of duties as a director, and the provision of training and development. In addition, the Company contributes an annual amount towards secretarial and administrative expenses of non-executive directors. Non-executive directors may not participate in the Company's share incentive schemes or pension arrangements. Total fees paid to non-executive directors will remain within the limit stated in the Articles of Association.		

Performance measures and targets

Annual bonus measures and targets are selected to ensure an appropriate balance between providing the director with incentives to meet financial objectives for the year and achieving key operational objectives. The Remuneration Committee

reviews them annually to ensure that the measures and weightings are in line with the strategic priorities and needs of the business.

Remuneration arrangements throughout the Group

This remuneration approach and philosophy is applied consistently at all levels, up to and including the executive director. This ensures that there is alignment with the business strategy throughout the Group. Remuneration arrangements

below the Board level reflect the seniority of the role and local market practices, and therefore the components and remuneration levels for different employees may differ in parts from the policy set out above.

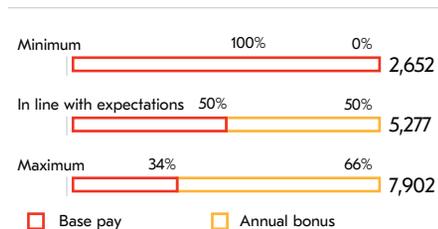
For instance, in addition to a base salary, a performance-related bonus (calculated by reference to KPIs aligned with the Group's strategy) and benefits, senior managers are also entitled to participate in a long-term incentive programme. This is designed to align the interests of these individuals to the delivery of long-term growth in shareholder value.

The current CEO already holds a substantial shareholding in the Group and therefore does not participate in this plan.

Illustration of the application of the Remuneration Policy

The following chart provides an indication of what could be received by an executive director under the Remuneration Policy.

Application of the remuneration policy, US\$ thousand



Policy on recruitment of executive directors

This part of the Remuneration Policy has been developed to enable the Group to recruit the best possible candidate and one able to contribute to the Group's performance and able to help it reach its goals.

When hiring a new executive director, remuneration is determined in line with the following Remuneration Policy.

So far as is practicable and appropriate, the Remuneration Committee will seek to structure the pay and benefits of any new executive directors in line with the current Remuneration Policy.

Regarding any pension benefits, these will not exceed the percentage of salary earned by the majority of the workforce (either of the Group or the country in which the executive director works).

Notwithstanding this, the committee recognises that the Remuneration Policy set out above is tailored towards the only current executive director, the CEO, who has a significant shareholding in the Company. Any new executive director is likely to have different circumstances from the current CEO, and thus the committee believes it is important to retain the flexibility to be able to offer other elements, namely market-competitive, share-based incentive programmes, which are linked to the Group's performance and designed to align the executive director's interests to the delivery of growth in shareholder value.

The maximum level of variable remuneration which may be granted in respect of recruitment (excluding any buyouts) will not exceed the ongoing policy of more than 200% of base salary, as described in the policy table above. This additional headroom has been capped at a level comparable with the maximum award levels seen in conventional long-term incentive plans used in the wider UK-listed market.

The committee's intention would be for any share-based incentive awards to be subject to performance conditions. Where the intention is to grant regular long-term incentive awards to a candidate, the committee would seek appropriate shareholder approval for a new share plan in accordance with the Listing Rules.

When setting salaries for new hires, the committee will consider all relevant factors, including the skills and experience of the individual, the market from which they are recruited, and the market rate for the role. For interim positions, a cash supplement may be paid rather than salary (for example, a non-executive director taking on an executive function on a short-term basis).

To facilitate recruitment, the committee may need to compensate an executive director for the loss of remuneration arrangements forfeited on joining the Company. In granting any buyout award, the committee will consider relevant factors, including any performance

conditions attached to the awards forfeited, the form in which they were granted (eg cash or shares) and the timeframe of the awards. The committee will generally seek to structure the buyout on a comparable basis to awards forfeited. The overriding principle is that any buyout award would be at or below the commercial value of remuneration forfeited.

The committee retains the flexibility to alter the performance measures of the annual bonus for the first year of appointment, if it determines that the circumstances of the recruitment merit such alteration.

Where an executive director is appointed from within the organisation, the normal policy is that any legacy arrangements would be honoured in line with the original terms and conditions. Similarly, if an executive director is appointed following an acquisition of, or merger with another company, legacy terms and conditions will be honoured.

On the appointment of a new chairman or non-executive director, their remuneration will typically be in line with the Remuneration Policy as set out above. Any specific cash or share arrangements delivered to the chairman or non-executive directors will not include share options or any other performance-related elements.

Policy on shareholdings of executive directors

The Company's policy is that executive directors should hold shares in the Company and any new executive director will be required to build and retain a level of shareholding in the Company. The application of this policy will be contained from time to time in the Annual Remuneration Report and is currently set at 200% of salary. This level of shareholding (or the actual level on departure if it is lower) will normally have to be retained for two years following the departure of an executive director from their position. As the current executive director, the CEO, has a holding in excess of 9.66% of the Company and does not participate in share plans, this guideline does not apply to him.

Executive director's service contract and loss of office policy

The CEO has a service contract with a subsidiary of EVRAZ plc. The CEO's service contract does not provide for any specific notice period and therefore, in the event of termination, the applicable notice period will be as provided for in the Russian Labour Code from time to time (where the termination is at the Company's initiative, the entitlement to pay in lieu of notice is currently limited to three

months' base salary). The committee may determine that a termination payment of up to 12 months' base salary should be paid, taking into consideration the circumstances of departure. Going forward, all new executive directors' contracts will normally provide for a notice period of no more than 12 months and for any compensation provisions for termination without notice to be capped at 12 months' base salary and contractual benefits.

There is no automatic entitlement to annual bonus and executive directors would

not normally receive a bonus in respect of the financial year of their cessation. However, where an executive director leaves by reason of death, disability, ill-health, or other reasons that the committee may determine, a bonus may be awarded. Any such bonus would normally be subject to performance and time pro-rating, unless the committee determines otherwise.

Executive director	Date of contract	Notice period (months)
Alexander V. Frolov	31 December 2020	N/A

Non-executive directors' letters of appointment

Each non-executive director has a letter of appointment setting out the terms and conditions covering their appointment.

They are required to stand for election at the first AGM following their appointment

and, subject to the outcome of the AGM, the appointment is for a further one-year term. Over and above this arrangement, the appointment may be terminated by the director giving three months' notice or in accordance with the Articles of Association. Letters of appointment do not provide for any payments in the event of loss of office.

All directors are subject to annual reappointment and will stand for re-election on the upcoming AGM on 15 June 2021 except Sir Michael Peat and Karl Gruber.

Key terms of non-executive directors' appointment letters

Non-executive directors	Date of contract	Notice period
Alexander Abramov	14 October 2011	Three months
Karl Gruber	14 October 2011	Three months
Alexander Izosimov	28 February 2012	Three months
Sir Michael Peat	14 October 2011	Three months
Deborah Gudgeon	31 March 2015	Three months
Eugene Shvidler	14 October 2011	Three months
Eugene Tenenbaum	14 October 2011	Three months
Laurie Argo	8 August 2018	Three months

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 the 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.