INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EVRAZ PLC

OUR OPINION ON THE FINANCIAL STATEMENTS

In our opinion:

- EVRAZ plc's Group financial statements and Parent Company financial statements (the "Financial Statements") give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2020 and of the Group's and the Parent Company's profit for the year then ended;
- The financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and, as regards the Consolidated Financial Statements, International Financial Reporting Standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of EVRAZ plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020 which comprise:

Group	Parent Company
the Consolidated Statement of Operations, the Consolidated Statement of Comprehensive Income;	the Separate Statement of Comprehensive Income;
the Consolidated Statement of Financial Position;	the Separate Statement of Financial Position;
the Consolidated Statement of Cash Flows;	the Separate Statement of Cash Flows;
the Consolidated Statement of Changes in Equity; and	the Separate Statement of Changes in Equity; and
the related notes 1 to 34.	the related notes 1 to 11.

The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006 and, as regards the Consolidated Financial Statements, International Financial Reporting Standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group and Parent Company's ability to continue to adopt the going concern basis of accounting included the assessment of the consistency of the cash flow forecasts, the key assumptions within the scenarios modelled and the available sources of liquidity with the findings from other areas of the audit, testing of the historical accuracy of management's forecasting and use of our valuation specialists to challenge the assumptions with reference to historical data and, where applicable, external benchmarks.

To reflect the economic downturn following the global pandemic, management has modelled two pessimistic scenarios which we believe give due consideration to potential operating scenarios that would place significant stress on the Group. In addition, following the board decision to consider a demerger of the Group's coal segment, management ran an additional scenario to model the potential effect of the demerger. We analysed both the impact of additional sensitivities and the availability of mitigating future actions on the going concern assessment. As in their pessimistic case scenario management sensitised commodity prices (the main non-controllable estimate of the going concern assessment) based on the lower end of the range derived from market analysts' projections, we have also assessed pessimistic case commodity prices against external data.

We considered, based on our own independent analysis, what reverse stress testing scenarios, including the possible coal assets demerger, could lead either to a loss of liquidity or a covenant breach and whether these scenarios were plausible. In our reverse stress testing we reflected controllable mitigating factors including reduced dividends distribution and capital expenditures to the extent we concluded these were controllable. In our demerger sensitivity analysis we considered the fact that the structure of the transaction is under management control and is subject to lenders' consent which further mitigates the risk that the transaction proceeds in a manner which are detrimental to the financial position of the Group. We also confirmed the availability of debt facilities to the signed debt agreements, and reviewed their underlying terms, including covenants.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent Company's ability to continue as a going concern for a 16-month period from the date the financial statements are authorised for issue, being management's going concern assessment period.

In relation to the Group and Parent Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	• We performed an audit of the complete financial information of seven components, audit procedures on specific balances for a further two components, review procedures on one component and specified procedures on five components • The nine reporting components where we performed full or specific audit procedures accounted for 76% of the Group's EBITDA and 87% of the Group's revenue (with 68% and 86% respectively representing seven full scope components and 8% and 1% respectively two specific scope components) • The six reporting components where we performed review or specified procedures accounted for 19% of the Group's EBITDA and 10% of the Group's revenue (with 18% and 1% respectively representing one review scope component and 1% and 9% respectively five specified procedures components) • For the remaining 32 reporting components of the Group representing 5% of the Group's EBITDA and 3% of the Group's revenue we have performed other procedures appropriate to respond to the risk of material misstatement • We have obtained an understanding of the entity-level controls of the Group which assisted us in identifying and assessing risks of material misstatement due to fraud or error, as well as assisting us in determining the most appropriate audit strategy
Key audit matters	• Goodwill and non-current asset impairment • Recoverability of deferred tax assets related to EVRAZ North America • Completeness of related party transactions • Parent company — Investment in subsidiaries impairment considerations and determination of distributable reserves
Materiality	• Overall Group materiality of $66 million (2019: $75 million), which represents approximately 3% (2019: 3%) of EBITDA.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the Consolidated Financial Statements. We take into account size, risk profile, changes in the business environment and other factors when assessing the level of work to be performed at each entity.

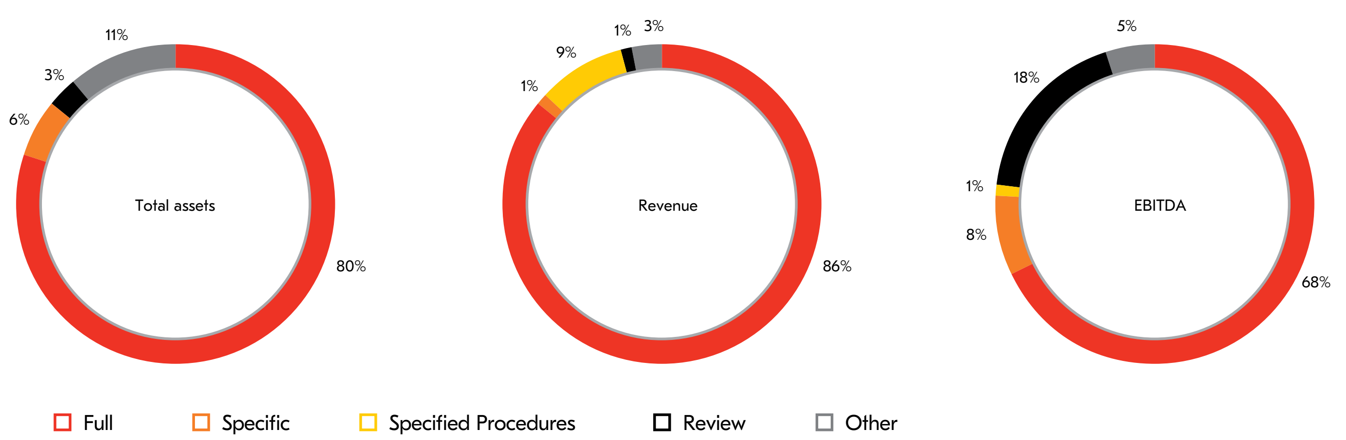
The EVRAZ Group has centralised processes and controls over the key areas of our audit focus with responsibility lying with Group management for the majority of estimation processes and significant risk areas. We have tailored our audit response accordingly and thus for the majority of our focus areas, audit procedures were undertaken directly by the Group audit team with testing undertaken by the component audit teams on the verification of operational data and other routine processes.

In assessing the risk of material misstatement to the Consolidated Financial Statements, and to ensure we had adequate quantitative coverage of significant accounts, of the 47 reporting components of the Group we selected 15 components, covering entities within Russia, Switzerland, Canada, Luxembourg, the UK and the USA, which represent the principal business units within the Group where component teams carried out full, specific, review or specified procedures.

Of the 15 components selected, we performed an audit of the complete financial information of seven components (full scope components), which were selected based on their size or risk characteristics. For the two selected components (specific scope components) we performed audit procedures on specific accounts within the component that we considered had the potential for the greatest impact on the amounts in the Consolidated Financial Statements, either because of the size of these accounts or their risk profile. The extent of our audit work on the specific scope accounts was similar to that for a full scope audit. For the one review scope component, the primary team performed analytical review procedures to obtain an understanding of the business, the industry and the environment in which the component operates sufficient to identify the risks of material misstatement. This included considering the component's organization, its accounting systems and other matters relevant to the financial data presented in the reporting package. For the remaining five components ("specified procedures"), the primary team performed procedures directly focussing on the specific accounts.

The nine reporting components where we performed full or specific scope procedures accounted for 76% (2019: 72%) of the Group EBITDA, 87% (2019: 84%) of the Group's revenue and 86% (2019: 84%) of the Group's total assets. For the current year, the full scope components contributed 68% (2019: 53%) of the Group EBITDA, 86% (2019: 83%) of the Group's revenue and 80% (2019: 80%) of the Group's total assets. The specific scope components contributed 8% (2019: 19%) of the Group EBITDA, 1% (2019: 1%) of the Group's revenue and 6% (2019: 4%) of the Group's total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group. A further breakdown of the size of these components compared to key metrics of the Group is provided below.

2020 scope chart



For the remaining 32 components of the Group we performed other procedures, including analytical review, review of internal audit reports, testing of consolidation journals, cross check of the related party list against journals, intercompany eliminations and foreign currency translation recalculations to respond to any potential significant risks of material misstatement to the Consolidated Financial Statements.

We have obtained an understanding of the entity-level controls of the Group as a whole which assisted us in identifying and assessing risks of material misstatement due to fraud or error, as well as assisting us in determining the most appropriate audit strategy.

Changes from the prior year

Our scope allocation in the current year is broadly consistent with 2019 in terms of overall coverage of the Group and the number of full and specific scope entities except for the following changes:

- EVRAZ Metall Inprom Group moved from other scope to specified procedures scope in the current year due to an increase in revenue from sales of goods; and
- EMNA component that was assessed as review scope last year was moved to other scope this year (as it is no longer material for EVRAZ Consolidated Financial Statements).

This led to the increased revenue coverage for full and specific scope components as indicated above.

Integrated team structure

The overall audit strategy is determined by the senior statutory auditor. The senior statutory auditor is based in the UK, but, since Group management and many operations reside in Russia, the Group audit team includes members from both the UK and Russia who work together as an integrated team throughout the audit process. The senior statutory auditor focused his time on the significant risks and judgemental areas of the audit. He attended management's going concern, impairment and significant estimates and judgements presentations to the Audit Committee via video calls. During the current year's audit he reviewed key working papers and held conference calls with representatives of the component audit team for all Russian and North American based full and specific scope components including internal valuation specialists used in the audit to discuss the audit approach and issues arising from their work.

Impact of the COVID-19 pandemic

Early in the planning process, we worked with EVRAZ to agree a timetable to provide sufficient time for the judgements arising from COVID-19 to be considered fully, disclosures adequately assessed, and to reflect the incremental time impact on completing our year end external audit remotely.

The Group audit team performed the year-end audit fully remotely. We engaged with EVRAZ throughout the audit, using video calls, secure encrypted document exchanges and data downloads to avoid any limitation on the audit evidence required.

In instances where physical access to sites was restricted due to social distancing measures, we conducted inventory counts remotely using mobile video technology. All key meetings, such as closing and Audit Committee meetings, were performed via video conference calls.

We have refined our methods of interaction to ensure direction by the Partner in Charge throughout the audit, ensuring involvement in key calls throughout the audit both internally and with EVRAZ management. Additional calls were held with the Chair of the Audit Committee to consider audit progress, timetable and matters arising.

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team or by component auditors from other EY global network firms operating under our instruction.
Of the seven full scope components, audit procedures were performed on all of these by the relevant component audit teams.

Of the two specific scope components selected, audit procedures were performed on one of these directly by the primary audit team. For the components where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

Impact of the COVID-19 pandemic

The physical visits of the Group team to the component teams planned for 2020 and 2021 had to be replaced by virtual meetings due to the travel restrictions imposed by the COVID-19 outbreak.

These virtual meetings involved discussing the audit approach with the component teams and any issues arising from their work, including any impacts of COVID-19 on the Group or our component audit procedures. The primary audit team participated in key discussions, via conference calls with all full and specific scope locations. The primary audit team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed key working papers and were responsible for the scope and direction of the audit process. We maintained continuous and open dialogue with the component audit teams in addition to holding formal meetings to ensure that we were fully aware of their progress and results of their procedures. This, together with the additional procedures performed at Group level, gave us appropriate audit evidence for our opinion on the Consolidated Financial Statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our audit approach	What we reported to the Audit Committee
Goodwill and non-current asset impairment		**Risk direction: ← →**
Refer to the Group Audit Committee report on page 120, the estimates and judgements on pages 167-169 and the disclosures of impairment in note 6 of the Consolidated Financial Statements		
At 31 December 2020 the carrying value of goodwill was $457 million (2019: $594 million). The carrying value of Property, Plant and equipment was $4,315 million (2019: $4,925 million). The Group recognised a net impairment charge in respect of Goodwill of $148 million (2019: $300 million) and $162 million in respect of items of PP&E during the year (2019: $142 million). The continued unstable economic and geopolitical environment, wider impacts of Covid-19 and commodity price volatility led us to conclude that risk had remained at the same level as the prior year in respect of Group non-current assets. In accordance with IAS 36 management disclosed that, in addition to the impairment charge already recognised, a reasonably possible change in discount rates, sales prices and cost control measures, would lead to impairments in Flat, Seamless and Nikom CGUs where no impairment is currently recognised. We focused on this area due to the significance of the carrying value of the assets being assessed, the number and size of recent impairments, the recent economic environment in the Group's operating jurisdictions and because the assessment of the recoverable amount of the Group's Cash Generating Units ("CGUs") involves significant judgements about the future results of the business and the discount rates applied to future cash flow forecasts. In particular we focused our effort on those CGUs with the largest carrying values and those with the lowest headroom (EVRAZ North America CGUs).	Our audit procedures were performed mainly by the Group audit team with the assistance of our valuation specialists, with the exception of certain location specific inputs to management's models, which were assessed by the component teams under instruction from the Group team. We confirmed our understanding of the impairment assessment process. Our audit procedures included the evaluation of management's key assumptions used in their impairment models. The assumptions to which the models were most sensitive and most likely to lead to further impairments were: • decreases in commodity prices; • increases in production costs; • discount rates; • Capex; • sales volumes; and • terminal growth rate. We challenged management's assumptions with reference to historical data and, where applicable, external benchmarks. In instances where management's assumptions fell outside an acceptable range, we considered the impact on headroom in the models and disclosures ensuring adjustments were made where necessary. We performed an independent estimate of key assumptions and in some instances applied our own valuation methodology to determine our own range of potential recoverable values of the North American CGUs comparing to management's assumptions and making adjustments when appropriate. We have discussed and tested, including consideration of potentially contradictory evidence, management's assumptions that the North American anti-dumping duties will stay in place until 2024 and the resultant impact on other key assumptions in the model noted above. For external market information, we compared management's assumptions to those of our local specialists. We tested the integrity of management's models, recalculated their sensitivity calculations and with the help of our specialists ran our own sensitivity calculations. We compared the historical accuracy of management's budgets and forecasts to actual results, sought appropriate evidence for any anticipated improvements and considered the presence of any contrary evidence in major assumptions such as discount rates, sales volumes, EBITDA per ton, CAPEX assumptions. We corroborated previous forecasts with actual data. We tested the appropriateness of the related disclosures provided in the Consolidated Financial Statements. In particular we ensured the adequacy of the disclosures regarding those CGUs with material goodwill balances and where a reasonably possible change in certain variables could lead to impairment charges.	Due to challenges raised through our audit process management changed a number of their assumptions resulting in the recognition of an additional impairment in the Large Diameter Pipe CGU of $218 million and the modification of certain sensitivity disclosures for other CGUs. We consider management's final estimates to be reasonable for the current year, with key assumptions within an acceptable range where appropriate. Management has reflected known changes in the circumstances of each CGU in its forecasts for forthcoming periods, including their best estimate of the North American tariffs' impact. After modifications were made as a result of our challenges, we concluded that the related disclosures provided in the Consolidated Financial Statements are appropriate. Given the inherent uncertainty of management's assumptions on anti-dumping duties (especially for Large Diameter Pipe CGU), we ensured that the importance of anti-dumping duties is appropriately disclosed. We have not identified evidence to suggest that management's assumptions on anti-dumping duties are unreasonable.

Risk	Our audit approach	What we reported to the Audit Committee
Recoverability of deferred tax assets related to EVRAZ North America **Refer to note 8 of the Consolidated Financial Statements**		**Risk direction:** ↑
At 31 December 2020 the EVRAZ North America business unit has recognised a net deferred tax asset of $219 million (2019: $117 million) which management anticipates utilising in future periods. The recoverability of the deferred tax assets ('DTA') is subject to judgement regarding the future profitability of the Canadian and US subsidiaries. During the year their net DTA balances have increased from $25m and $92m to $113m and $106m respectively which, when considered along with the prolonged period of expected utilisation and 20 year limit on carrying non-capital tax losses in Canada, was considered as a reason to elevate the risk classification.	Our audit procedures were performed mainly by the Group audit team with the assistance of our tax and valuation specialists. We confirmed our understanding of the Group's DTA recoverability assessment process as well as the control environment implemented by management. We ensured that the forecasts used by management for assessing the recoverability of DTAs were consistent with those used when testing for impairment and assessing going concern and viability. We challenged management's assumptions with reference to historical data and, where applicable, external benchmarks. In instances where management's assumptions fell outside an acceptable range, we considered the impact on headroom in the models and disclosures ensuring adjustments were made where necessary. We noted that any specific risks identified in the impairment assessment were reflected in the cash flows (as opposed to discount rates or other assumptions) which therefore appropriately reduced profit projections prepared for the purpose of DTA recoverability. We reviewed management forecasts to assess whether the deferred tax asset is recoverable and meets the criteria per IAS 12 'Income Tax' for recognition in the financial statements. To scrutinize the sufficiency of the available headroom we performed a stress test by further sensitizing the projected table profits beyond the Group's five-year forecast horizon and business cycle. We considered available tax planning opportunities none of which was incorporated in management's DTA recoverability assessment. We also involved our tax specialists to ensure that the management recoverability analysis was consistent with the US and Canadian tax provisions including expiry periods for tax losses carried forward.	Based on the procedures performed we concluded that management's assessment of recoverability is reasonable. At the same time, we point out that management's forecasts for the Canadian business unit indicates a 13 year period to fully recover the respective DTA balance. From our stress test we concluded that the existing headroom is sufficient to accommodate a further 30% reduction in the forecast taxable profits compared to the current projections before any of the available tax losses are at risk of expiry. When straight forward, available tax planning opportunities are reflected in the forecasts, this taxable profit decrease would need to be 54% before any of the available tax losses are at risk of expiry. We concluded that the related significant judgement is appropriately disclosed in the Consolidated Financial Statements.
Completeness of related party transactions **Refer to note 16 of the Consolidated Financial Statements**		**Risk direction:** ← →
During 2015, management discovered historic transactions with a company controlled by a key management person had been erroneously omitted from the prior year's disclosures of related party transactions in the Consolidated Financial Statements, leading to us assessing the completeness of related party transactions as a significant risk. There have been no misstatements of related party transactions/disclosures since 2015, and therefore we have deemed completeness of related party transactions to no longer be an area of significant risk. It remains, however a key audit matter due to the sensitivity of this matter and we believe that it requires special audit consideration. We considered the elevated risk to be limited to the Russian entities within the Group where external business interests, especially in relation to local product suppliers, are more common amongst members of key management.	At both a component team and Group level, we have understood and tested management's process for identifying related parties, and for recording and disclosure of related party transactions. Across the Russian components we obtained an understanding of unusual or high value transactions with new counterparties. We also performed analytical reviews of transactions and balances with customers and suppliers, including consideration of contradictory evidence, to assess whether there are any significant changes in trading activity indicating undisclosed related parties. We selected all directors together with a sample of key management personnel based on our risk assessment, and ran a search for any companies controlled by those individuals (the search was performed via an independent register of all companies based in the CIS and their directors or shareholders). We compared the results of the research made with the list of entities included in the related party listing provided to us by management, and investigated the differences between the listings. We assessed management's evaluation that the transactions were on an arm's length basis by reviewing a sample of agreements and comparing the related party transaction prices to those quoted by comparable unrelated companies.	Based on our procedures performed we have not identified any related party transactions or balances omitted from disclosure. We concluded that the related disclosures provided in the Consolidated Financial Statements are appropriate.

<table>
<tr><th>Risk</th><th>Our audit approach</th><th>What we reported to the Audit Committee</th></tr>
<tr><td colspan="2">Investment in subsidiaries impairment considerations and determination of distributable reserves
Refer to notes 3 and 4 of the Separate Financial Statements</td><td>Risk direction: ← →</td></tr>
<tr><td>This Key Audit Matter relates to the Parent Company only

Investment impairment considerations

At 31 December 2020 the carrying value of investments in subsidiaries was $15,057 million (2019: $15,095 million).

In 2019 the Group undertook a reorganisation to move the ownership of Raspadskaya and NTMK from EVRAZ Group S.A ("EGSA") to EVRAZ plc, resulting in significant increase in the carrying value of investments and reduction in the headroom underlying subsidiaries' estimated recoverable amounts had over the book value of investments. EGSA made a gain on this transaction which was passed onto EVRAZ plc in the form of a dividend.

As a result management assessed the recoverable amount of EVRAZ plc's investment in EGSA based on an aggregation of the fair values of the various business units owned by EGSA, including those within the Group's North American Business.

Distributable reserves

At 31 December 2020, EVRAZ plc had $1,051 million of distributable profits (2019: $386 million). In 2020, EVRAZ distributed $872 million of dividends.

The Group introduced its current dividend policy in 2018 and although annual profits have been made by the Group since 2017, the Company needs to ensure it has sufficient distributable reserves within the stand-alone parent to declare dividends in accordance with the policy.

The legal framework applicable to UK companies for determining profits available for distribution is contained in both the Companies Act 2006 and complementary technical guidance. Under this framework, distributions are made by individual companies and not by groups. The EVRAZ consolidated financial statements are therefore not relevant for the purposes of determining EVRAZ's profits available for distribution. Whether or not a distribution may be made should be determined by reference to EVRAZ's 'relevant accounts', being the parent company financial statements.

Given the judgements in respect of impairment considerations we have included this as a Key Audit Matter consistent with the prior year.</td><td>Our audit procedures were performed mainly by the Group audit team with the assistance of our valuation specialists.

Investment impairment considerations

We assessed the investments in NTMK and Raspadskaya for impairment indicators including reference to external data.

For the investment in EGSA, we tested the integrity of management's models and with the help of our specialists ran our own sensitivity calculations.

We recalculated the recoverable amount of the investment in EGSA by using the results of our work on the North American CGUs from our Group impairment work and audited net assets of other EGSA subsidiaries.

Distributable reserves

We analysed transactions that impacted significantly the retained earnings of the parent company and subsidiary entities paying significant dividends and considered whether any of these transactions did not meet the criteria of distributable profits or losses.

We compared the dividends distributed throughout the year with the available distributable reserves at the date of declaration and are satisfied the reserves were sufficient at the dates of distribution.

We reviewed management's analysis of profits available for distribution in the parent company comparing this to the proposed year end dividend declaration and agree the dividend is permissible.

We also reperformed the calculation of parent company distributable profits available for distribution and audited the roll-forward of profits available for distribution from 1 January to 31 December 2020. We were satisfied that the impairment of the investment in EGSA was appropriately recognised within this calculation.</td><td>As noted above, due to challenges raised through our audit process management recognized an additional goodwill and PP&E impairment. This additionally resulted in an impairment of the parent company investment in EGSA and subsequent impact on distributable reserves of $76 million.

Following the recorded adjustment, we consider management's estimate of the recoverable amount of its investments in subsidiaries to be reasonable and the impairment recognized in EGSA to be appropriate.

We consider the impact of the various transactions during the year on distributable reserves to be appropriately considered and the reserves available to be satisfactorily disclosed.</td></tr>
</table>

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality	Performance materiality	Reporting threshold
$66 million	$33 million	$3.3 million

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate could reasonably be expected to influence the economic decisions of the users of the Financial Statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be $66.0 million (2019: $75.0 million), which is set at approximately 3.0% (2019: 3%) of EBITDA.

We have used an earnings-based measure as our basis of materiality. It was considered inappropriate to calculate materiality using Group profit before tax due to the historic volatility of this metric. EBITDA is a key performance indicator for the Group and is also a key metric used by the Group in the assessment of the performance of management. We also noted that market and analyst commentary on the performance of the Group uses EBITDA as a key metric. We therefore, considered EBITDA to be the most appropriate performance metric on which to base our materiality calculation as we considered that to be the most relevant performance measure to the stakeholders of the entity.

We determined materiality for the Parent Company to be $19.1 million (2019: $8.7 million), which we calculated as 1.5% (2019: 1.5%) of Equity adjusted to exclude non-distributable reserves which arose on a restructure in 2019.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessment, together with our assessment of the Group's overall control environment, our judgment was that given the number and monetary amounts of individual misstatements (corrected and uncorrected) identified in prior periods as well as the nature of the misstatements, overall performance materiality for the Group should be 50% (2019: 50%) of materiality, namely $33.0 million (2019: $37.5 million).

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year the range of performance materiality allocated to components was $6.6 million to $21.5 million.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of $3.3 million (2019: $3.8 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

OTHER INFORMATION

The other information comprises the information included in the annual report set out on **pages 1 to 145**, including the Strategic report, Corporate Governance sections (including Corporate governance report, Remuneration report, Directors' Report and Directors' Responsibility statement) and Additional information sections, other than the financial statements and our auditor's report thereon.
The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- The Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- Certain disclosures of directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

CORPORATE GOVERNANCE STATEMENT

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group and Parent Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on **page 145**.
- Directors' explanation as to its assessment of the Parent Company's prospects, the period this assessment covers and why the period is appropriate set out on **page 96**.
- Directors' statement on fair, balanced and understandable set out on **page 145**.
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on **page 91**.
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on **page 121**; and;
- The section describing the work of the Audit Committee set out on **page 119**.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on **page 145**, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

EXPLANATION AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined below, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting framework (IFRS, the Companies act 2006 and UK Corporate Governance Code) and the relevant tax compliance regulations in Russia.

- We have considered the impact of the sanctions against Russia on the Group's operations, customer base and credit risk as well as the possibility of further more restrictive sanctions being imposed and nothing has come to our attention to suggest that the operations or the liquidity of the group have been adversely affected directly by the current political and economic situation other than the negative impact on capital markets and the financing options available to management. We reviewed management's assessment of the sanctions impact on the Group's operations and the external advice received by the Group.

- We understood how EVRAZ plc is complying with those legal and regulatory frameworks by making enquiries to management, internal audit, those responsible for legal and compliance procedures and the company secretary. We corroborated our enquiries through our review of board minutes and papers provided to the Audit Committee. We assessed legal and regulatory frameworks by involvement of integrated team members based in Russia and the USA.

- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business to understand where it is considered there was a susceptibility of fraud. We also considered performance targets and their propensity to influence on efforts made by management to manage earnings. We considered the programs and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programs and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free of fraud or error.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

OTHER MATTERS WE ARE REQUIRED TO ADDRESS

- We were appointed by the company in 2011 to audit the financial statements for the year ended 31 December 2011 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments is ten years, covering periods from our initial appointment in 2011 through to the year ended 31 December 2020.

- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting the audit.

- The audit opinion is consistent with the Audit Committee report.

USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Steven Dobson
(Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
24 February 2021

Notes:

1. The maintenance and integrity of the EVRAZ plc web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.