FOR A BETTER FUTURE

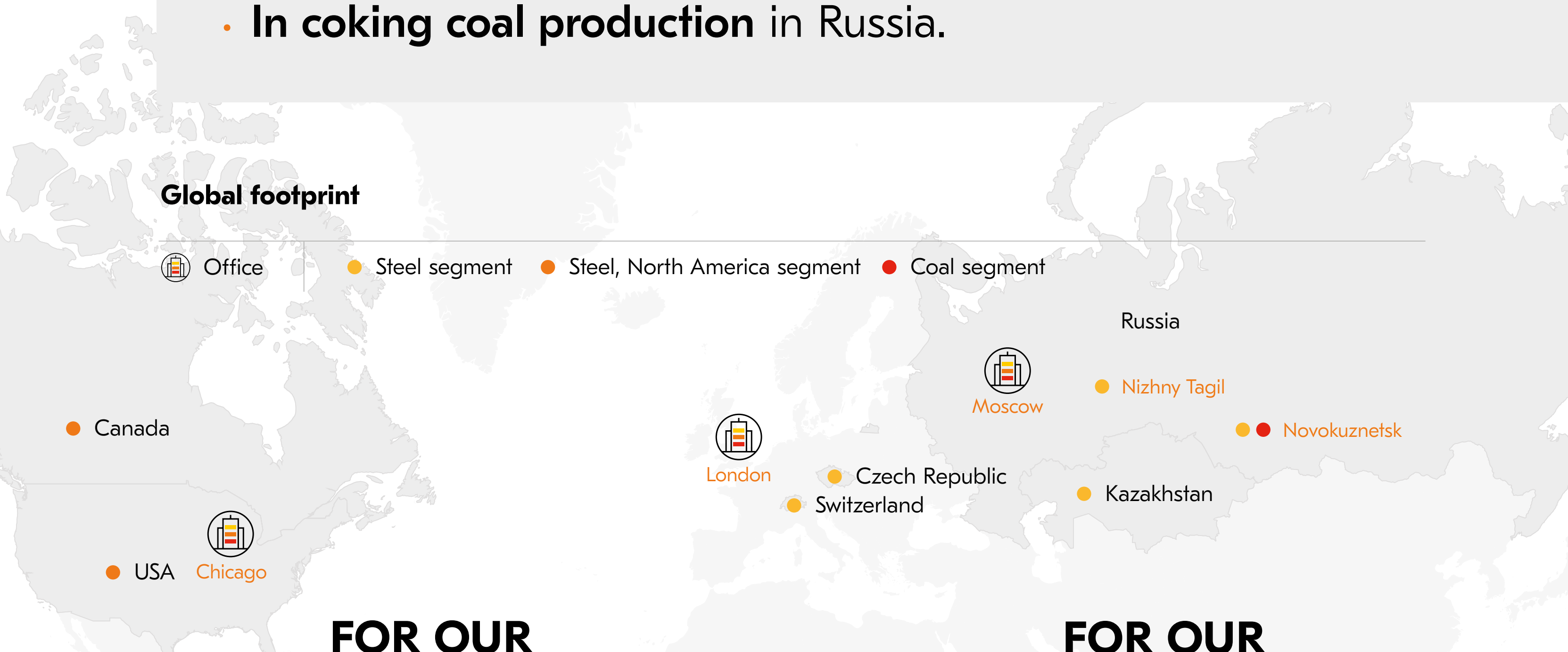
ANNUAL REPORT
& ACCOUNTS 2021

MEET EVRAZ

A LEADER

- **In construction and railway product markets** in Russia.
- **In production of rails and large diameter pipes** in North America.
- **In coking coal production** in Russia.

Global footprint



FOR OUR PARTNERS

13 mt

steel products sales

FOR OUR PEOPLE

71,591 m

Employees (as of 31 December 2021)

CONTENTS

Meet EVRAZ	
EVRAZ in figures	**4**
Strategic report	**6**
Chairman's introduction	7
CEO letter	10
EVRAZ business model	14
Operational model	16
Decarbonisation Pathway	18
ESG highlights	19
EVRAZ Business System	20
Market outlook	22
Strategic priorities	26
Impact of COVID-19	32
Key performance indicators	34
Financial review	36
Business review	48
Sustainability	54
Sustainable R&D	79
Digital transformation	83
Risks and risk management	84
Viability statement	97
Statement in accordance with S172 of the Companies Act	98
Non-financial reporting	100
Corporate governance report	**102**
Board of Directors	104
Managment	109
Corporate governance report	114
Audit Committee Report	126
Remuneration report	140
Director's report	154
Director's responsibility statement	162
→ Financial statements	**164**
Independent auditor's report to the members of EVRAZ PLC	166
→ Additional information	**284**
TCFD compliance statement and index	284
Stock performance indicators and shareholder information	288
Unsolicited telephone calls and correspondence	289
Electronic shareholder communications	289
Definitions of selected alternative performance measures	290
Data on mineral reserves	293
Short summary of relevant anti-corruption policies	294
Terms and abbreviations	296
Legal disclaimer	303
Contact details	304

Report boundaries

This annual report ("the Report") presents the results for EVRAZ plc and its subsidiaries for 2021 divided into segments: Steel, Steel North America and Coal. It details the Group's operational and financial results and sustainability activities in 2021.

The Report has been prepared in accordance with the disclosure requirements of the United Kingdom and the Financial Conduct Authority: the Companies Act 2006, the Listing Rules, the Disclosure Guidance and Transparency Rules, and the Competition and Market Authority. The Report has also been prepared taking into account the International Integrated Reporting Framework, and sustainability reporting best practices.

Sustainability management	54
Health, safety and environment	58
Our approach	58
Occupational health and safety	61
Climate change and GHG emissions	62
Environmental management	67
Our people	71
Community relations	74
Anti-corruption and anti-bribery	76

FOR OUR COMMUNITY

US$ 35 m

Social and social infrastructure maintenance expenses

EVRAZ IN FIGURES

FINANCIAL HIGHLIGHTS

Total segment revenues[1]

US$ 14,159 m

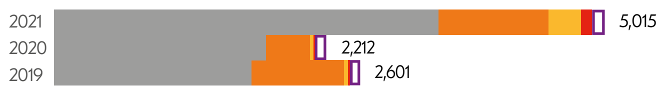
Read more on page 36

	Steel	Coal	Steel, NA	Other operations	Eliminations and unallocated subsidiaries
2021	10,188	2,321	2,324	535	(1,209)
2020	6,969	1,490	1,779	410	(894)
2019	8,143	2,021	2,500	483	(1,242)

Total segment EBITDA[2]

US$ 5,015 m

Read more on page 36



	Steel	Coal	Steel, NA	Other operations	Eliminations and unallocated subsidiaries
2021	3,609	1,292	321	19	(226)
2020	1,930	400	(28)	15	(105)
2019	1,795	843	38	18	(93)

Net debt

US$ 2,667 m ↓21% YoY

CAPEX[3]

US$ 920 m ↑40% YoY

Net profit

US$ 3,107 m ↑3.6X YoY

1. Total revenues include those from continuing operations (US$13,486 million in 2021 and US$9,452 million in 2020) and discontinued operations (US$673 million in 2021 and US$302 million in 2020). See more in Note 3 of consolidated financial statements on page 202 and see page 290 for definition.
2. Total EBITDA includes that from continuing operations (US$3,692 million in 2021 and US$1,830 million in 2020) and discontinued operations (US$1,323 millon in 2021 and US$382 million in 2020). See more in Note 3 of consolidated financial statements on page 202 and see page 290 for definition..
3. Including payments on deferred terms recognised in financing activities.

OPERATING HIGHLIGHTS

Crude steel output

13,569 kt

Steel products output[4]

12,418 kt

Iron ore products output

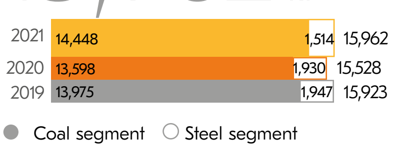
14,399 kt

Raw coking coal production

23,272 kt

Coking coal concentrate production

15,962 kt



Gross vanadium slag production[5]

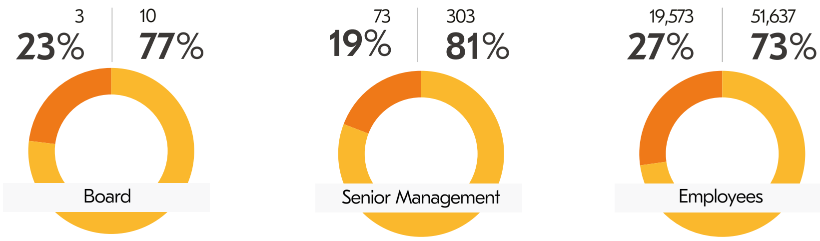
20,058 mtV

4. Net of re-rolled volumes.
5. In tonnes of pure vanadium.

CSR HIGHLIGHTS

Diversity, % (number of people)

Men Women



Read more on **page 71**

Employees by region

94.8% Russia and CIS

5.0% North America

0.2% Europe

LTIFR (excluding fatalities)

1.21 per million hours

2021	1.21
2020	1.35
2019	2.04

Read more on **page 61**

Total air emissions (including key emissions)

370.69 kt

2021	370.69
2020	381.57
2019	396.22

Read more on **page 68**

EVRAZ GHG emissions

42.13 $MtCO_2e$

2021	42.13
2020	43.48
2019	43.14

Read more on **page 62**

Freshwater intake for production needs

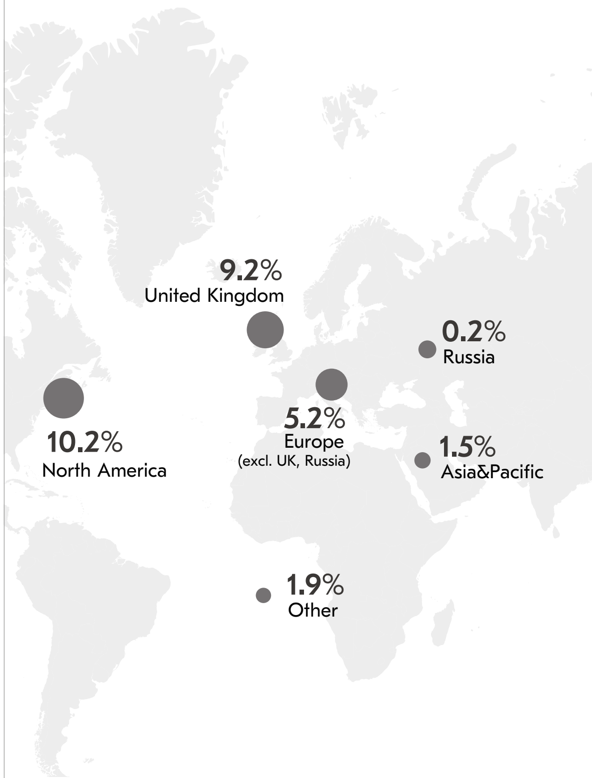
199.42 m m^3

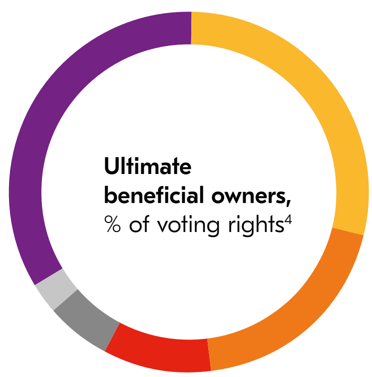
2021	199.42
2020	206.20
2019	205.32

Read more on **page 69**

SHAREHOLDER STRUCTURE

Geographic dispersion of institutional shareholders, % of voting rights





Roman Abramovich[6] **28.64%**

Alexander Abramov[6] **19.32%**

Alexander Frolov[6] **9.65%**

Gennady Kozovoy[7] **5.74%**

Maxim Vorobyev[8] **3.01%**

Free-float **33.64%**

6. The number of shares per dealing notification dated 20 June 2019.
7. The number of shares is as per TR-1 Form: Notification of major interest in shares dated 6 February 2013. For Mr Kozovoy, includes shares held directly.
8. The number of shares per dealing notification dated 23 July 2021

SUSTAINABLE FOUNDATION FOR A BETTER FUTURE

> Last year was one of considerable turbulence, as COVID-19 continued to disrupt many aspects of life for numerous individuals. In this reality, our people demonstrated tremendous resilience, and I am proud of their dedication and the results that we achieved together.

Alexander Abramov
Non-Executive Chairman

CHAIRMAN'S INTRODUCTION

Environment

Amid an exponential increase in focus on the environment, the issue of climate change is more prominent than ever on the global agenda. EVRAZ recognises the contribution that it should make to particular actions in this area. In 2021, we pressed ahead with evaluating our climate-related risks in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. As part of this, we have performed an update of the qualitative assessments, and scheduled the further financial analysis of climate change risks.

For more details, **see page 62**

Continued →

To maintain focus and drive progress in this area, the Group regularly reviews its environmental strategy based on sustainable business practices and environmental principles. In turn, we endeavour to embed these into every part of our value chain to ensure compliance and mitigate impact.

In February 2021, EVRAZ presented its new environmental strategy, which includes goals for 2030. These include reducing our GHG emissions per tonne of steel by 20% compared with 2019, the base year, which is in line with the current pledges of the transition to a low-carbon economy.

Later in the reporting period, we identified several measures to support our decarbonisation efforts between now and 2025, with the main focus on energy efficiency. In addition, we have already begun formulating our next steps to reduce GHG emissions between 2025 and 2030. While this will clearly depend on harnessing some new technologies currently under development, by working with the right partners, we are believe that we can make it happen.

For more details, **see page 63**

Social

Our first priority in ESG is to maintain a sustainable, well run business, one that places the safety of our people at the heart of everything that we do, both employees and contractors. Regretfully, there were 8 fatalities in 2021, which is tragic and unacceptable. In response, EVRAZ is redoubling its work to ensure a culture of the utmost care and attention regarding safety practices at all enterprises. Our ultimate strategic goal remains to reduce fatalities to zero.

For more details, **see page 61**

Central to achieving our goals is keeping our culture aligned with our purpose and values (as detailed on pages 71–73), and the Board devotes considerable effort to this. The main tool here is employee engagement surveys, which are reviewed and used to inform actions needed by the management.

With over 71 thousand employees, EVRAZ recognises that the success of its business depends on its people. In this light, we place great emphasis on social programmes. In 2021, we further developed existing initiatives focusing on employee health, engagement and training, as well as introducing new ones. We also provide support through various means in the areas of education, sport, environment, urban development and charity. In the reporting period, the Group continued to dedicate significant effort to helping employees and local communities as part of its COVID-19 prevention and response measures.

For more details, **see pages 32–33**

Governance

Board diversity

In 2021, assisted by its Nominations Committee, the Board considered diversity across the Group in detail. As a result, EVRAZ has adopted an updated policy regarding board diversity that covers both gender and ethnic diversity. The Board recognises that the Group's business operations, which are predominantly in Russia and North America, should have workforces that closely represent the diversity of the communities where its enterprises are based.

The Board has discussed the Parker review and its recommendations to FTSE 100 boards. When recruiting members, it will take into account these and the recommendations of the Hampton-Alexander review (the predecessor of the FTSE Women Leaders Review) and ensure that female representation on the Board never drops below two members. Equally, the Board is mindful that any appointment needs to be based on merit and that the Group's operations are outside the UK. As such, there may be a requirement for other experience that better reflects a diversity of views for the benefit of the Board and EVRAZ stakeholders.

Appointment of Aleksey Ivanov as CEO

In the reporting period, the Board appointed Aleksey Ivanov, a senior vice president, as CEO to take over from Alexander Frolov, who remains as a non-executive director. Alexander Frolov did a tremendous job for 12 years, and the Board is confident that Aleksey will build on and develop his good work. The Board appointed him as a director of the Company and a member of the Sustainability Committee on 1 February 2022.

Changes in Board composition

On 15 June 2021 Ms Sandra Stash, Mr Stephen Odell and Mr James Rutherford were appointed by shareholders at the 2021 Annual General Meeting (AGM) as independent non-executive directors of EVRAZ. Ms Stash became chair of the Sustainability (formerly the Health, Safety and Environment Committee, which was renamed on 14 December 2021) Committee and a member of the Remuneration Committee, Mr Odell became a member of the Audit Committee, the Remuneration Committee and the Nominations Committee and Mr Rutherford became a member of the Nominations Committee and the Audit Committee. The three new directors bring additional vision and expertise across the Group's key geographic regions, as well as industry-specific knowledge, including of the global energy market, mining and the automotive sector.

Additionally, on 1 February 2022, Ms Maria Gordon was appointed by the Board as an independent non-executive director of the Company and became a member of the Sustainability Committee and Audit Committee. She will not only enhance the Board expertise in finance and capital markets, but also assist the current independent non-executive team with her wide knowledge of Russian markets and industry. Ms Gordon will seek election by shareholders as an independent director at the upcoming AGM in June 2022.

Although Karl Gruber and Sir Michael Peat had both completed nine years' service as independent non-executive directors, the Board was pleased that they had agreed to remain in their posts to support the newly appointed directors while the proposed demerger of PJSC Raspadskaya (hereafter Raspadskaya) was finalised. The Board deemed that both directors continued to be independent in accordance with the UK Corporate Governance Code. The Company has announced that they are expected to retire as directors with effect from 31 March 2022. I would like to thank both Karl and Sir Michael for their significant contribution to the Group.

In December 2021, the HSE Committee was transformed into the Sustainability Committee to reflect the Board's increasing focus on driving sustainability across the Group, as well as the body's increased responsibility and scope of work. In addition, the terms of references for the Sustainability Committee and Audit Committee were updated to provide increased scrutiny of the Company's activities in this area.

On 1 February 2022 Alexander Frolov was appointed as a member of the Nominations Committee.

Raspadskaya demerger

In 2021, the Board and management of EVRAZ conducted a comprehensive review of the rationale and feasibility of the demerger of Raspadskaya, under which the Group's metallurgical coal assets are consolidated. They concluded that the separation of the two businesses serves the long-term interests of EVRAZ' shareholders, employees, clients and other stakeholders.

The demerger will result in the creation of two distinct publicly listed businesses with leading positions in their respective fields, allowing each to pursue tailored strategic, capital allocation and sustainability objectives.

On 11 January 2022, at General Meeting, EVRAZ shareholders approved the terms of the demerger and related matters. This marks another major milestone in the transaction timeline.

Investment Programme

In mid December 2021, the Board approved the capital investment programme of US$1.1 billion a year to 2026, the largest in the Group's history. Successful realisation of such ambitious plans will be among the top priorities for the Board and management.

For more details, see pages 26–27

Dividends

EVRAZ' dividend policy continues to envisage dividend payments to shareholders of a minimum amount of US$300 million a year, provided that the Group's net debt/EBITDA ratio remains below 3.0x.

In the reporting period, the Board discussed proposals to pay interim dividends of US$0.30 per ordinary share, totalling US$437 million, on 7 April 2021; US$0.20 per share, equivalent of US$292 million, on 25 June 2021; US$0.55 per share, equivalent of US$802 million, on 10 September 2021, US$0.20 per share, equivalent of US$292 million, on 14 January 2022.

In recognition of its record performance in 2021, EVRAZ has announced another interim dividend. On 24 February 2022, the Board voted to disburse US$0.50 per share, totalling US$729 million, with a record date of 11 March 2022 and payment date of 30 March 2022.

Alexander Abramov
Non-Executive Chairman

CEO LETTER

Dear stakeholder,

This is my inaugural letter as CEO of EVRAZ, which is an honour for someone who has been with the company for almost two decades. In my new role, I intend to ensure that EVRAZ strengthens its leading positions, while preserving its unique corporate DNA and keeping the business model sustainable in the rapidly changing external environment.

Aleksey Ivanov
Chief Executive Officer

Sustainability

We are in the steelmaking business — an important component for global infrastructure rebuild as people strive to improve the quality of their living in the years to come. Steel will play a significant role in the decarbonised circular economy. EVRAZ recognises the need to produce it in a better way for the environment. We continuously review every aspect of our business to identify where we could do better using the resources and engineering available today, while keeping a close eye on advances in technology. Moreover, we address how we can ensure shareholder returns, improve natural resource use and maintain close ties with our employees and communities where we operate, and other stakeholders.

In 2021, EVRAZ continued to improve its environmental footprint. Our Board of Directors approved a new set of targets for 2030 against 2019 baseline. The goals include to:

- Reduce greenhouse gas emissions (Scope 1 and 2) by 20% to 1.55[1] tCO_2e per tonne of crude steel produced.
- Cut atmospheric emissions from steel production by 33%.
- Zero wastewater discharges from steel production.
- Recycle 95% of general and metallurgical waste.

One of our overriding priorities is the safety of our employees and contractors. Last year was the second year of the global COVID-19 pandemic. EVRAZ is moving along the learning curve on protecting our employees in these turbulent times by adding new risk management practices, protocols and other measures to avoid business disruptions. Among our employees, the rate of vaccination, a vital tool in tackling coronavirus, is 74% of employees in Russia and over 50% of employees in North America. While paying attention to COVID-related risks, we also constantly review our regular ones to ensure the health and safety of our 71,591 team members around the world.

Regretfully, in 2021, we lost 6 employees and there were 2 fatalities among our contractors. We have thoroughly investigated the root causes of these tragedies and introduced corrective measures to mitigate future risks. We also provided the necessary support and assistance to the families affected.

Through focused efforts across the company, we reduced our lost-time injury frequency rate (LTIFR[1]) to 1.21x in 2021, down from 1.35x in 2020.

Raspadskaya demerger

In the reporting period, we announced the demerger of Raspadskaya, our coal business, a process currently expected to complete in late March 2022. In our view, the demerger will establish a clear and focused equity story for both companies and provide greater flexibility to execute dedicated strategy for each. EVRAZ will continue its journey as a low-cost integrated steelmaker, adding finished goods and capacity to produce premium ones for infrastructure projects. Raspadskaya, in turn, will be able to seek business combinations that are more difficult to achieve in the current corporate structure.

Markets

Despite COVID-related restrictions, market conditions supported our operational and financial results in 2021. Both iron ore and coking coal prices spiked to new highs, quickly translating into stronger prices for semi-finished and finished steel products. Across the markets in which we operate, demand was healthy. In the reporting period, global steel demand rose by 3.1% year-on-year amid a recovery following the first year of pandemic and decarbonisation efforts, especially in China.

Whilst there have not been direct impacts on the Group to date, the Board continues to monitor the situation in Ukraine and the response of international governments.

LTIFR in 2021[2]

1.21x

1. Base year (2019) results were recalculated due to the updated values of global warming potentials from the IPCC's Fifth Assessment Report and Russia's new Scope 2 emission factors (see the page 64). In addition, the quality of primary data gathering in the Company has improved, which resulted in the decrease of base year GHG intensity to 1.94 tCO2e/tcs vs. previously reported 1.97 tCO2e/tcs. The goal (-20%) was recalculated accordingly and reduced to 1.55 tCO2e/tcs vs previously indicated 1.58 tCO2e/tcs.
2. Including contractors

Investments

Last year, we moved from conducting feasibility studies and design work to executing our key projects that will contribute to the company`s strategy in the medium term. In Russia, three major initiatives will require management focus in the next few years. First, at EVRAZ ZSMK, we are working on a new integrated flat casting and rolling facility. We are now at engineering stage and are conducting preparation works for infrastructure. Once completed, the mill will produce around 2.5 million tonnes of finished steel products a year, contributing to the business model shift towards premium products. This is our crucial investment project that aims to increase the share of finished products to 77% in our sales portfolio. Once commissioned, which is due in 2026, it will add around US$130 million to our EBITDA at an overall cost of US$767 million. Second, as part of extending our value chain in the vanadium business, we have started a vanadium processing plant construction with a design capacity of 8.6 mtpa of slag to reduce tolling practices. The facility is scheduled to become operational in 2024, adding c.US$60 million to company EBITDA at a total cost of US$228 million. Third, we are upgrading the rail mill at EVRAZ NTMK, an important project that will cater to domestic customers — and we have finished engineering works and conducting tenders with contractors. We also already have a offer from an equipment supplier and doing part of the necessary preparatory works. In North America, we are constructing a high-efficiency long product mill at Pueblo in Colorado, which will produce 100-metre rails using solar power. This will help to maintain our technical leadership and contribute to the shift to a higher value-added product mix. Due to become operational in 2023, the facility will add c. US$70 million each year to our EBITDA at a total project cost of US$726 million

In total, EVRAZ invested US$403 million in development projects and US$517 million in maintenance initiatives in 2021, in line with its strategic priorities and payback targets. Our long-term CAPEX programme will help us to maintain a diversified product portfolio in the niches where the company retains leading positions, as well as to remain at the lower end of the cost curve.

In parallel, we are actively looking for efficiencies in our daily operations that will contribute to our financial performance. Most of the projects aim to enhance customer experience, reduce costs and optimise the use of input materials. In the reporting period, such improvements generated US$590 million, mainly in the steel segment. Another vital improvement pillar is digital transformation, which brought savings of US$65 million from more than 170 projects last year.

Operational and financial results

In 2021, our crude steel production remained almost flat year on year and amounted to 13,569 kt. Total segment EBITDA reached US$5,015 million. Total segment EBITDA includes that from continuing operations (US$3,692 million) and discontinued operations (US$1,323 million). This strong result is mainly attributed to higher sales prices of steel products, coal, and vanadium. The Steel segment's EBITDA increased by 87% to US$3,609 million with the Coal segment generating US$1,292 million and North America segment making US$321 million

EVRAZ reduced its net leverage and ended 2021 with net debt/EBITDA of 0.5x (net debt of US$2,667 million).

Overall, EVRAZ was able to generate strong free cash flow of US$2,257 million (121% y-o-y), which made it possible to pay dividends of US$1,549 million. EVRAZtotal shareholder return (TSR) reached 48% in 2021.

Aleksey Ivanov
Chief Executive Offcer

OUTLOOK FOR 2022

In 2022, we will press ahead with further improving our ESG performance and strengthening our culture of continuous operational improvement. I strongly believe in our long-term success given the commitment of our employees, who represent the forefront of the industry.

EVRAZ BUSINESS MODEL

OUR BASES

STRATEGIC PRIORITIES

EVRAZ strategic priorities reflect current focus areas that are driven by market conditions and business fundamentals.

OUR VISION

To be the leading manufacturer of steel for infrastructure.

GLOBAL MARKET TRENDS

In 2021, the steel industry was mostly driven by demand-side fluctuations. Steelmakers increased output in anticipation of more robust demand from the construction and manufacturing sectors. Unable to keep up with the accelerated pace of recovery, steel prices rose to their highest in years.

Read more on pages 22–25

SUSTAINABLE DEVELOPMENT

EVRAZ BUSINESS SYSTEM

For additional information, pls see **the EVRAZ Sustainability Report for 2021**, which will be published in May 2022

DEBT MANAGEMENT AND STABLE DIVIDENDS

PRUDENT CAPEX

RETENTION OF LOW-COST POSITION

DEVELOPMENT OF PRODUCT PORTFOLIO AND CUSTOMER BASE

BUSINESS SEGMENTS

STEEL

EVRAZ Steel segment uses locally sourced raw materials to produce steel products in Russia and Kazakhstan, which it sells for domestic infrastructure and construction projects while taking a flexible approach to exports. The Group's vanadium business is based on processing vanadium slag from steelmaking operations.

Read more on **page 48**

STEEL, NA

The Steel, North America segment focuses on the premium markets in the Western US and Canada, offering high value-added products including infrastructure steel, rails, large-diameter pipes and oil country tubular goods.

Read more on **page 50**

COAL

The Coal segment sells almost half of its volumes to the the EVRAZ steel mills, supplies coking coal to major domestic coke and steel producers, and exports its products to foreign customers.

Read more on **page 52**

COMPETITIVE ADVANTAGES

EVRAZ uses the synergies derived from its competitive advantages to ensure that its overall operations are able to generate, sustain and capture value over the long-term.

LEADER IN INFRASTRUCTURE STEEL PRODUCTS

A premium portfolio of railway, construction and tubular products with a firm footprint in Russian, North American and global markets.

VERTICALLY INTEGRATED LOW-COST OPERATIONS

A sound base of steel and coal assets in the first quartile of the global cost curve.

LEADER IN VANADIUM PRODUCTION GLOBALLY

Second largest vanadium producer in the world, with the unique technology and lowest production cost.

In the reporting period, EVRAZ announced the demerger of its coal business.

The demerger will result in the creation of two distinct publicly listed businesses with leading positions in their respective fields, and will allow each to pursue tailored strategic, capital allocation and sustainability objectives.

THE VALUE WE CREATE FOR STAKEHOLDERS

SHAREHOLDERS AND INVESTORS

EVRAZ strives to act in shareholders best interest by building an experienced management team, implementing corporate governance best practices and by providing robust total shareholder return.

EMPLOYEES

EVRAZ is among the most sought-after employers in its regions of operation partly due to its staff development programmes and best-in-class working conditions.

CUSTOMERS

EVRAZ generates value for its global clientele by prioritising value-added products, offering better shipping terms and running a client oriented service.

SUPPLIERS AND CONTRACTORS

EVRAZ honours its position as a vital purchaser of auxiliary materials by fostering the advancement of its customers' industries and running fair, transparent tenders.

LOCAL COMMUNITIES

EVRAZ believes that conducting its business in a sustainable manner helps to promote regional prosperity where it operates and strives to create healthier, happier local communities by sponsoring social and economic development programmes.

GOVERNMENT AND REGULATORY AUTHORITIES

EVRAZ is one of Russia's largest taxpayers and employers, and plays a valuable role for the state by providing construction and railway products for the development of infrastructure.

MEDIA

EVRAZ' proactive engagement with the media boosts the quality and transparency of information about the Group.

INDUSTRY ORGANISATIONS

EVRAZ cooperates and supports various industry organisations through joint initiatives and proactivly participates in conferences and forums.

The section 172(1) statement, describing how the directors have had regard to the matters set out in section 172(1)(a) to (f) when performing their duty under section 172, is **pages 98–99**

OPERATIONAL MODEL

Read more on page 48

STEEL SEGMENT

INPUT

PROVED AND PROBABLE RESERVES

9.8 bln t **of iron ore**

1.8 bln t **of coking coal**

SELF-COVERAGE[1]

73% **of iron ore**

222% **of coking coal**

1. The raw material requirement of EVRAZ steelmaking facilities compared with coal product sales or production of iron ore products from own raw materials

NUMBER OF EMPLOYEES

46,728 **in Steel segment**

16,231 **in Coal segment**

3,603 **in Steel, NA segment**

OPERATIONS

Raw materials

Iron ore products consumption	18,127 kt
• Internal consumption	13,822 kt
• 3rd parties iron ore products purchases	4,305 kt
3rd parties scrap purchases	1,629 kt
Coking coal products consumption	8,581 kt
• Coal segment coal products	6,189 kt
• 3rd party raw coal	408 kt
• 3rd party concentrate	1,984 kt

FROM COAL SEGMENT

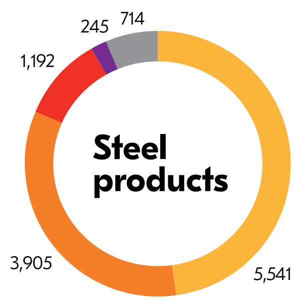
Steelmaking

Pig iron production	10,819 kt
Crude steel production	11,690 kt
Vanadium slag production	20,058 mtV

Rolling and processing

Steel products production	10,763 kt

SALES TO 3RD PARTIES



11,597 kt

- Semi-finished products
- Construction products
- Railway products
- Flat-rolled products
- Other steel products

Iron ore products
1,430 kt

Vanadium products (alloys and chemicals)
20,341 mtV

EBITDA

US$ 3,609 m ↑ 87% YoY

In 2021, higher prices for semi-finished, construction and vanadium products almost doubled the Steel segment's EBITDA, despite an increase in cost of sales.

Read more on page 50

STEEL, NORTH AMERICA SEGMENT

Raw materials

3rd party scrap puchases	2,085 kt
3rd party slab purchases	58 kt
3rd party billet purchases	34 kt

Steelmaking

Crude steel production	1,879 kt

Rolling and processing

Steel products production	1,655 kt

1,678 kt

- Flat-rolled products
- Tubular products
- Railway products
- Construction products

US$ 321 m

The Steel, North America segment's EBITDA increased because of higher revenues from sales of flat-rolled, construction and railway products.

Read more on page 52

COAL SEGMENT

Mining

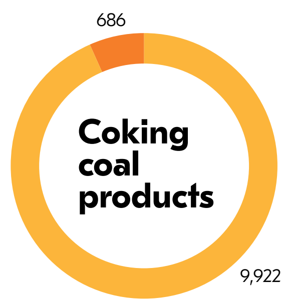
Total raw coking coal mined	23,272 kt
Sales to Steel segment	2,172 kt

TO STEEL SEGMENT

Coal washing

Total coking coal concentrate production	14,448 kt
Sales to Steel segment	4,025 kt

TO STEEL SEGMENT



10,608 kt

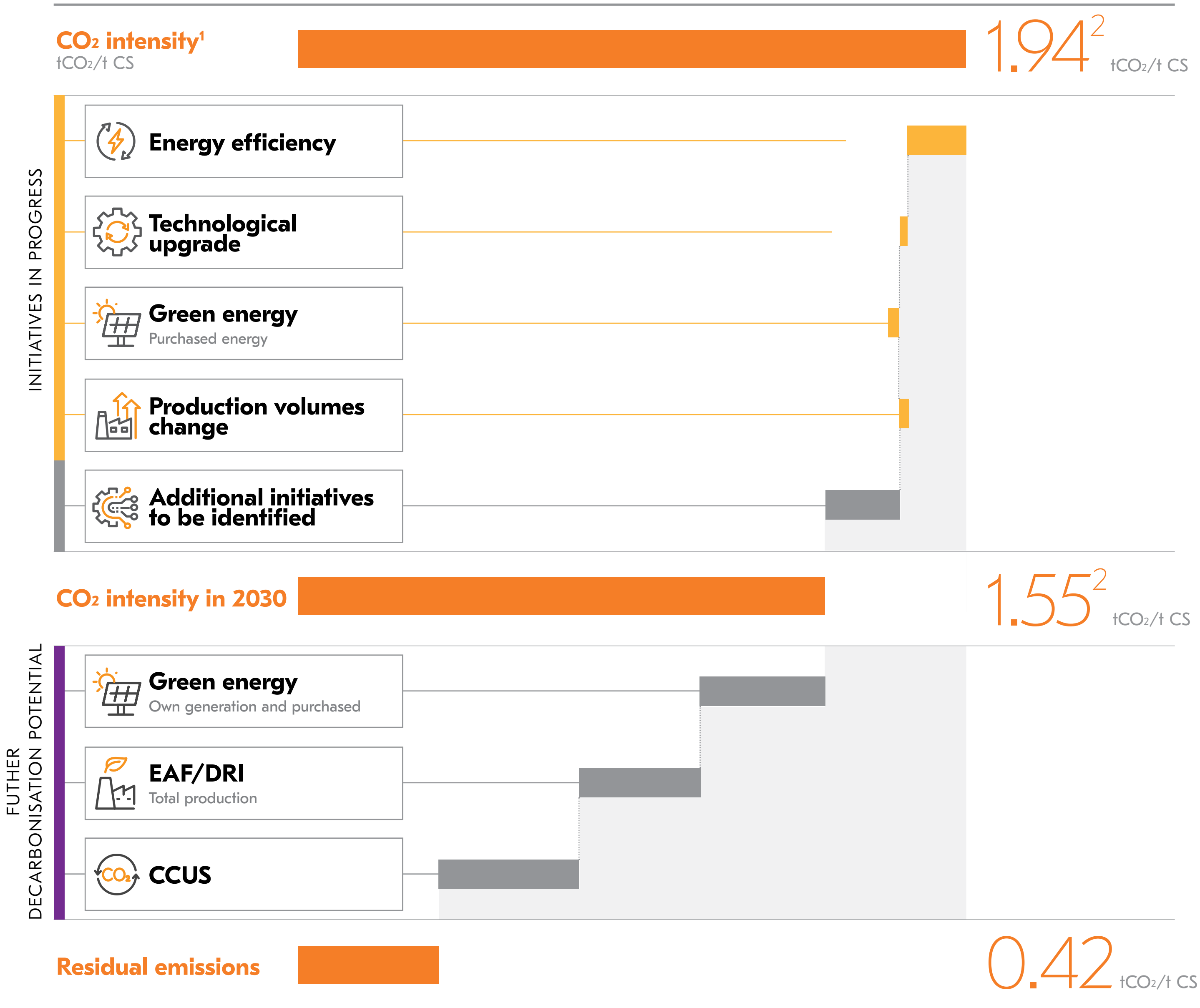
- Coking coal concentrate
- Raw coal

US$ 1,292 m ↑ 3.2x YoY

The Coal segment's EBITDA rose YoY due to higher average realised prices.

DECARBONISATION PATHWAY

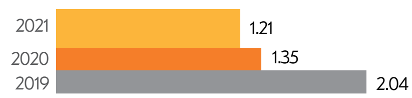
EVRAZ CO_2 REDUCTION INITIATIVES UNDER REVIEW



1. EVRAZ's intensity ration was calculated for steel assets.
2. Base year (2019) results were recalculated due to the updated values of global warming potentials from the IPCC's Fifth Assessment Report and Russia's new Scope 2 emission factors (see the page 64). In addition, the quality of primary data gathering in the Company has improved, which resulted in the decrease of base year GHG intensity to 1.94 tCO2e/tcs vs. previously reported 1.97 tCO2e/tcs. The goal (-20%) was recalculated accordingly and reduced to 1.55 tCO2e/tcs vs previously indicated 1.58 tCO2e/tcs.

ESG HIGHLIGHTS

LTIFR (excluding fatalities), per million hours



Read more on **page 61**

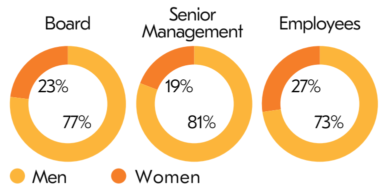
EVRAZ GHG Scope 1 and 2 emissions, $MtCO_2e$

Read more on **page 62**

Freshwater intake for production needs, m m^3

Read more on **page 69**

Diversity, % (number of people)



Read more on **page 71**

Social and community matters

EVRAZ strives to adhere to international corporate social responsibility principles by making a meaningful contribution to local economies and supporting communities wherever it operates. Everywhere the Group operates, it seeks to build sustainable, positive partnerships with local governments and non-government organisations, as well as with business, media and other partners.

Read more on **pages 74–75**

Governance
Read more on **pages 104–125**

Environmental matters
Read more on **pages 67–70**

Health and safety
Read more on **page 61**

Our people
Read more on **pages 71–73**

OUR APPROACH TO SUSTAINABILITY

EVRAZ understands the responsibility inherent in its position as one of the world's leading steelmakers and, as such, is committed to integrating sustainable development principles and values into its daily operations. The Group believes that sustainable development will help it to maintain the long-term stability of its business, retain a competitive market position and create value for its stakeholders.

EVRAZ' sustainable development initiatives adhere to the OECD's Guidelines for Multinational Enterprises to apply a consistent approach and adopt best practices across its global operations.

The Group bases these commitments on the best international standards and practices, fully endorsing the United Nations Universal Declaration of Human Rights provisions and respecting people's civil, political, economic, social and cultural rights.

EVRAZ BUSINESS SYSTEM

EVRAZ Business System (EBS) is a combined approach based on a culture of continuous improvements which currently covers nearly all the Group's main operations.

RESULTS 2021

Idea Factory results

IDEAS

100,072 submitted
56,611 accepted
40,252 implemented

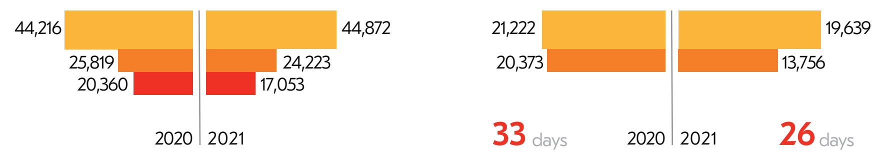
Problem-Solving Board results

PROBLEMS

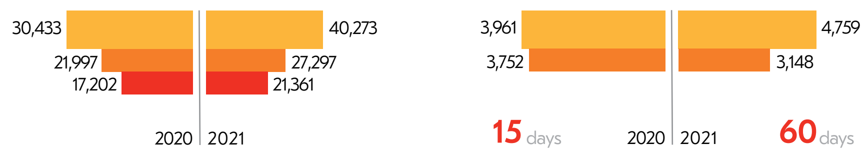
28,789 submitted
20,807 eliminated

Average problem elimination term, days
28

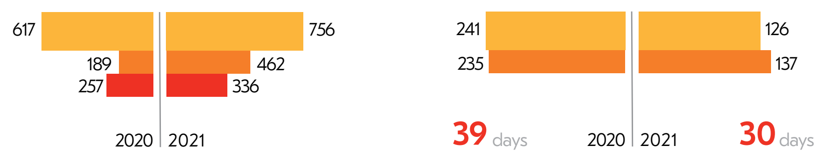
SIBERIA DIVISION



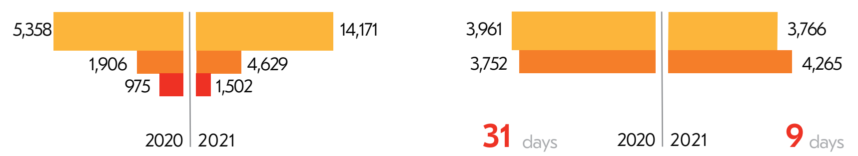
URALS DIVISION



VANADIUM DIVISION



COAL DIVISION



EVRAZ

EVRAZ principles

The basic working principles are safety, respect, performance and responsibility, customer focus and effective teamwork.

Employee development

Employees have opportunities for learning and development, as well as access to the tools and knowledge needed to achieve the target.

Process improvement

Every employee views finding and implementing improvements as part of their daily work.

Efficient management

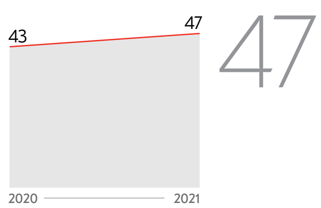
Managers support the continuous improvement process by acting in accordance with EVRAZ principles, as well as training and encouraging their employees.

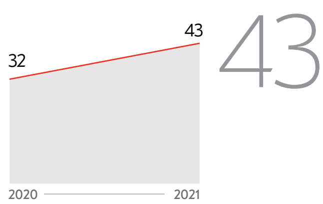
Ambitious target setting

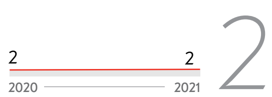
Every employee does the best to improve the working process.

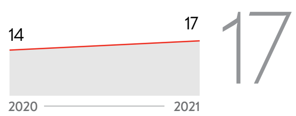
Plant shops involved in transformation

109



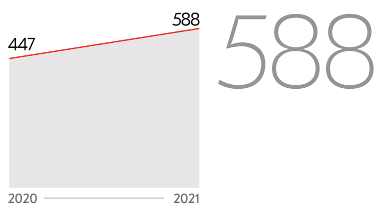


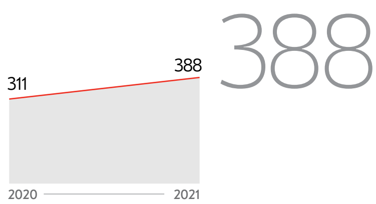


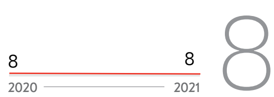


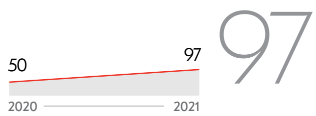
Number of people completed an internship at EBS teams

1,081









KEY EVENTS

2021

- Project activity with a high degree of uncertainty was transferred to the agile format.
- Deployed Azure software for agile project management.
- Digital transformation projects are gaining momentum.
- Debureaucratization projects startup.
- IT platform "Idea Factory 2.0" was put into commercial operation.
- Development of the EBS-Transformation in ENA (rails, tubes, rod) continues.

MARKET OUTLOOK

GLOBAL MARKETS

Steel

According to the World Steel Association, in 2021 global crude steel production increased to 1.951 billion tonnes, up 3.7% YoY. This was mainly driven by improvements in countries outside China. Following a record 99.5 million tonnes in May, China had decreased its monthly steel production by 30% by November as a result of initiatives to reduce carbon emissions. In 2021, the country's production totalled 1.033 billion tonnes, down 3.0% YoY. Curbs on steel output were the most important driver of markets in H2 2021.

In the reporting period, global finished steel consumption rose by 3.1% to 1.828 billion tonnes, compared with 1.774 billion tonnes in 2020, according to CRU. The main growth driver was the economic recovery following the first year of the pandemic. Steel mills increased production in anticipation of more robust demand, primarily from the construction and manufacturing sectors. Consumption in China fell by 4.8% to 0.975 billion tonnes amid headwinds in the property sector. Global demand, excluding China, rose by 13.9% to 0.853 billion tonnes.

Steelmakers struggled to keep up with the pace of global demand. This brought steel margins to as high as 40–50% in parts of the world, compared with the normal level over a cycle of 5–10%. In May, the FOB China hot-rolled coil index hit a record US$1,031/tonne. While prices have subsequently declined well below those levels, they are still relatively high, supported by aggressive cuts to steel supply. Following the Chinese market, steel prices rose in North America, Europe and the CIS. The variations among regions were caused by trade barriers, lead times and logistical constraints.

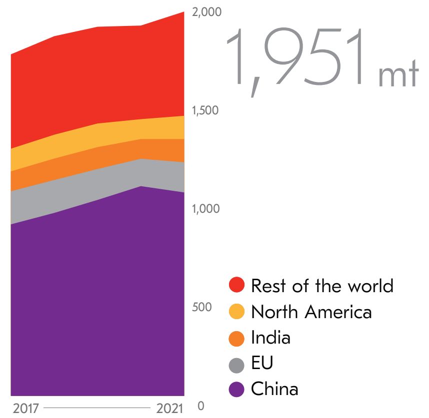
Based on hot-rolled coil (HRC) China FOB contracts, steel prices averaged US$838/tonne in the reporting period, up 52% from US$553/tonne in 2020. Based on the CFR slab FE&SEA benchmark, they averaged US$764/tonne, up 72.0% from US$444/tonne in the year before.

Iron ore

In 2021, the iron ore market was primarily driven by demand-side fluctuations. Chinese steel production soared in H1 2021, and steelmakers struggled with iron ore availability at times. The situation changed quickly in H2 2021, mainly driven by the slump in Chinese steel demand and steel production. This resulted in much weaker demand for iron ore and a spike in inventories across the supply chain. According to CRU, global consumption of iron ore grew by 2.8% to 2.281 billion tonnes in 2021, while in China it fell by 1.9% to 1.395 billion tonnes. In other key markets, there were improvements: demand climbed by 22.9% in the US, 18.0% in India, 14.3% in Europe and 2.1% in South Korea.

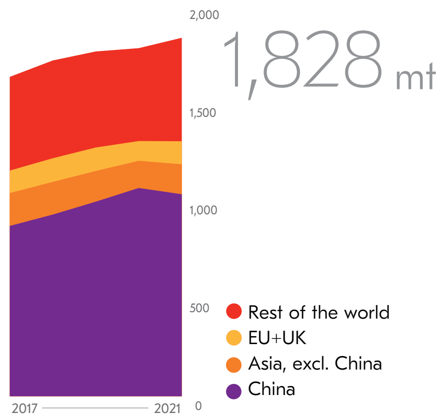
Global iron ore exports grew by 2.3% to 1.688 billion tonnes in 2021. Australian shipments were broadly unchanged YoY, as most major producers were operating at close to full capacity. In Brazil, Vale managed to increase shipments slightly following a muted performance in 2019 and 2020. Another key development was a spike in the number of smaller producers that took advantage of high prices. While demand in China is declining, output from major producers from Australia is rising and an increase from Brazil may create oversupply.

Global crude steel production, million tonnes



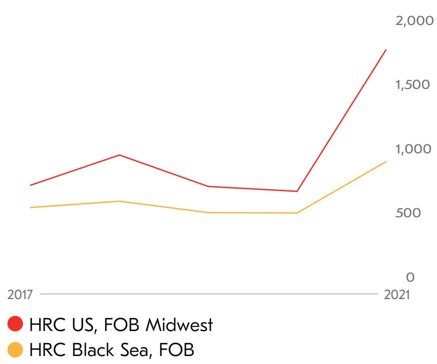
Source: World Steel Association

Global finished steel consumption, million tonnes



Source: CRU

Steel price, US$/tonne



Source: CRU

In the reporting period, government stimulus and supply chain issues pushed 62% Fe iron ore fines prices to new record highs, peaking at over US$230/dry metric tonne in June. This was followed by a record collapse in Q3 2021, mainly driven by the sudden drop in Chinese steel demand and steel production. Iron ore prices fell to as low as US$90/tonne, before rebounding to over US$120/tonne towards the year-end. Average iron ore prices climbed by 48% to US$160/tonne, up from US$108/tonne in 2020.

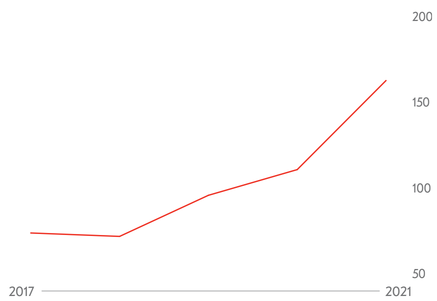
Coal

In China, domestic supply tightness and disruptions in coking coal imports drove prices to new record highs in 2021. The country's ban on coal imports from Australia impacted demand and changed trade flows, increasing price volatility. The premium hard coking coal price (CFR China) rose to a high of US$613/tonne in late October. However, after government intervention and improvements in supply, it tumbled and had almost caught up with the Australian benchmark in December. Hard coking coal (FOB Australia) averaged US$223/tonne in the reporting period, compared with US$124/tonne in 2020. The CFR China price averaged US$337/tonne, up 135% YoY.

According to the report of the CRU dated November 2021, global metallurgical coal consumption climbed by 4.7% year-on-year to over 1.213 billion tonnes. In China, consumption amounted to 826 million tonnes, 3.6% higher than in 2020. However, Chinese coking coal imports slumped by 34.2% to 48 million tonnes amid changing trade flows with Australia and greater domestic supply.

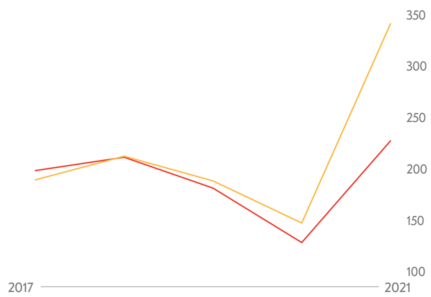
Global coking coal production climbed by 5.7% YoY to 1.204 billion tonnes in the reporting period. China continued to increase domestic metallurgical coal supplies, which rose by 6.3% to 779 million tonnes. In Australia, they amounted to 172 million tonnes, down 1.1%, amid supply issues at core assets.

Iron ore, Fe 62%, CFR China, US$/tonne



Source: CRU

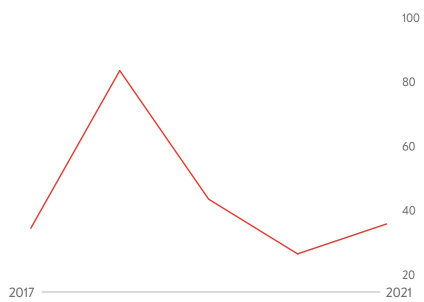
Coal, US$/tonne



HCC, spot FOB Australia
HCC, spot CFR China

Source: CRU

Vanadium price (LMB FeV mid), US$/kg



Source: Bloomberg

Vanadium

In 2021, the MB FeV benchmark averaged US$34.3/kgV, up 37% YoY. This was mainly driven by historically high rebar production in China, as well as restocking throughout the supply chain in the automotive industry. This and continued shipping delays pushed the price to US$40/kgV in H1 2021. However, the market softened in H2 2021 amid aggressive steel output cuts under China's policy to zero growth in 2021 and a crisis in the country's construction sector. The global shortage of semiconductors also affected car production in H2 2021 and limited demand for microalloyed automotive steel outside China.

Global vanadium demand reached an estimated 114,000 mtV in the reporting period, up 7% YoY. The steel sector was again the main driver of vanadium demand. Steel output recovered strongly in most regions outside China, as demand from key industries almost reached pre-pandemic levels. The market in China was supported by rapidly growing demand for vanadium-based energy storage. Overall, the trading environment is expected to be fairly balanced in the medium term, supported by further demand growth from the automotive and energy storage sectors.

Trends on core markets

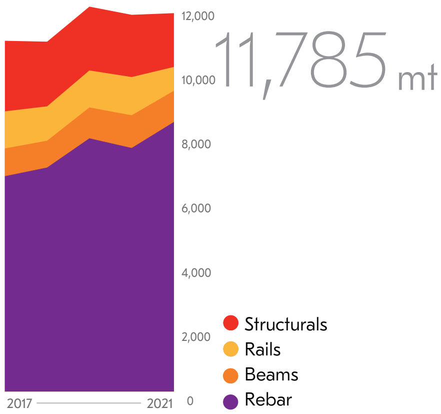
TRENDS ON CORE MARKETS

Steel Russia

In 2021, Russian steel consumption taking into account pipes and primary materials for pipes according to Metal Expert, totalled 57.0 million tonnes, up 3.3% YoY, amid better economic conditions. Total apparent consumption for long products increased by 2.0% to 16.8 million tonnes. In the railway segment trends were mixed. Russian rail market decreased by 37.7% in the year, but demand for wheels remained high. The construction sector recovered, with demand increasing by 10.7% for rebars, while it decreased by 10.5% for structural steel amid delay of some industrial and commercial construction projects in late 2021 due to high prices volatility. Domestic shipments of long products amounted to 16.1 million tonnes, a historical high. There was a significant improvement in the rebar segment. Exports of long products amounted to 4.4 million tonnes, compared with 3.9 million tonnes in 2020. This marked the continuation of a positive trend for a second year, despite the introduction of export duties on ferrous metals since 1 August 2021.

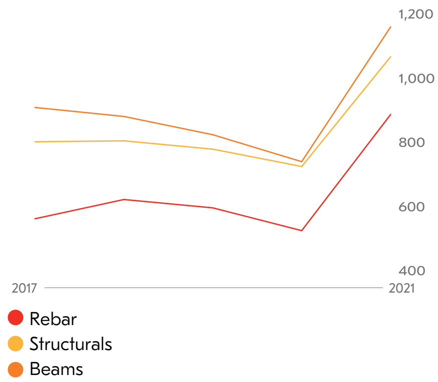
In the reporting period, crude steel production in Russia amounted to 76.0 million tonnes, up 6.1% YoY, according to the World Steel Association data. Russian steel prices fluctuated in accordance with global benchmarks. Average domestic prices for rebar were up by 71% YoY, for channels and angles up by 48% YoY and for beams up by 58% YoY.

Russian steel consumption by product type, million tonnes



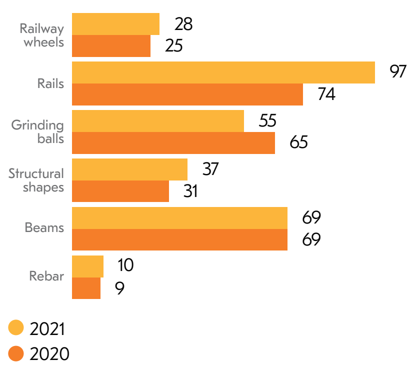
Source: Metal Expert

Russian steel prices, US$/t



Source: Metal Expert

EVRAZ market shares in Russia by key products, %



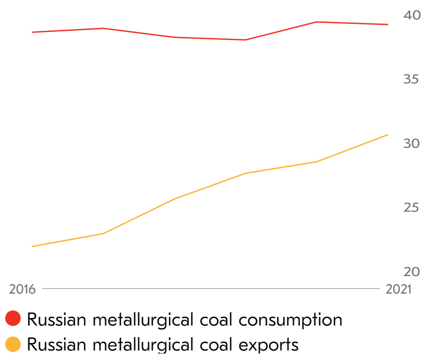
Source: Company estimates

Coal Russia

After a challenging 2020 year, domestic coal demand improved in 2021 as output recovered. Estimated Russian mining volumes increased to 103.4 million tonnes, up 14.7% YoY, while coking coal concentrate consumption reached around 38.9 million tonnes, as coke production rose amid the recovery following the first year of the pandemic. Coking coal exports climbed by 7.3% to 30.3 million tonnes, reaching a record high in August, with sales increasing most in Asian markets.

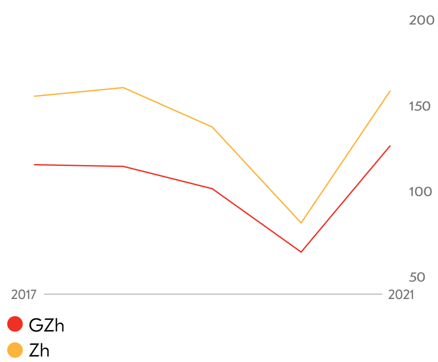
Russian prices of metallurgical coal followed international benchmarks during the reporting period. Prices started to rise more rapidly in Q2 2021. During the year, the FCA Kuzbass benchmark price averaged US$159/tonne for premium Zh-grade coking coal, up 99% year-on-year, and US$126/tonne for the semi-hard GZh-grade, up 103%.

Russian metallurgical coal consumption, million tonnes



Source: Metal Expert

Coal prices, US$/tonne



Source: Metal Expert

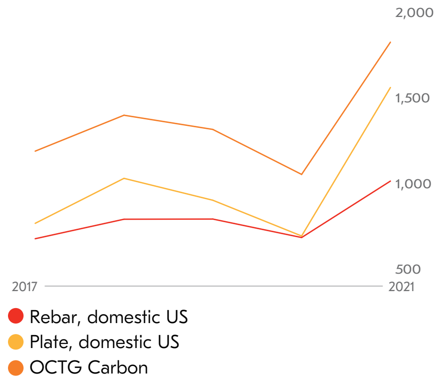
Steel North America

Through 2021, North American steel markets recovered from the impact of COVID-19, driven by improved demand and record-high steel prices. Estimated domestic steel production totalled 92.1 million tonnes, up 29% YoY, while annualised US steel imports of finished products totalled 31.1 million tonnes, up 61%. US steel mill utilisation ended the year at 81.1%, down from a two-year high of 85% in September 2021. In addition to rising raw material costs, tightness in domestic supply, strong demand and low service-centre inventories supported strong price increases: the averages for carbon plate and hot-rolled coil soared by 132% and 174% to US$1,536/tonne and US$1,734/tonne, respectively.

In the reporting period, US steel product consumption totalled an estimated 115.2 million tonnes, up 36% from 85.0 million tonnes in 2020. Total apparent demand for all long products rose by 41% YoY. Estimated North American rail demand amounted to around 900 thousand tonnes, up 1%, with growth in domestic production offsetting reduced import volumes. Estimated North American demand for rod and bar products reached around 11 million tonnes, up 5%. Strength in the non-residential construction sector and supply-side constraints created a favourable environment for EVRAZ North America's products. Wire rod prices averaged US$928/tonne, up 38%, while rebar prices averaged US$989/tonne up 44%.

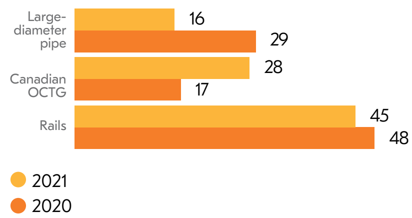
In 2021, North American OCTG shipments totalled 3.8 million tonnes, up 28% year-on-year. Line pipe shipments amounted to 1.5 million tonnes, down 37%, driven largely by a decline in major pipeline projects. ERW OCTG and line pipe prices averaged US$1,800/tonne and US$2,300/tonne, up 60% and 64%, respectively. Average seamless OCTG prices rose by 44% to US$1,980/tonne. Raw material cost increases, improved pipe demand and mill supply constraints supported strong price gains. In 2022, crude oil and gas prices look set to remain elevated, which will drive E&P spending, land rig deployment and OCTG and line pipe demand.

North America prices, US$/tonne



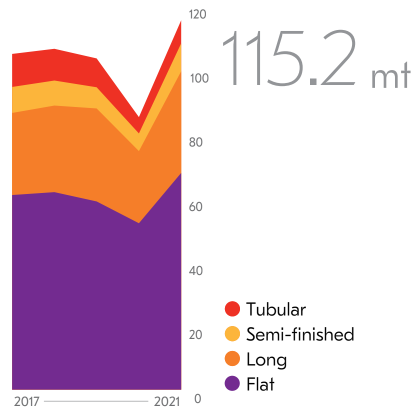
Source: CRU, Pipelogix

EVRAZ market shares in North America by key products, %



Source: Company estimates

US finished steel consumption, million tonnes



Source: Platts

STRATEGIC PRIORITIES

DEBT MANAGEMENT AND STABLE DIVIDENDS

EVRAZ remains focused on the medium-term debt management and stable dividend payout approach:

- Dividend payout according to the stated dividend policy: a minimum of US$300 million is annually provided provided that the net leverage ratio remains below 3.0x.
- Medium-term net debt level below US$4,000 million.
- Target average net debt/EBITDA below 2.0x throughout the cycle.

In 2021, the Group's net debt amounted to US$2,667 million.

In 2021, the Group generated solid free cash flow of US$2,257 million. Coupled with the net debt/EBITDA ratio below 2.0x, which enabled EVRAZ to return US$1,549 million to its shareholders in the form of dividends for a dividend yield of 13%.

Net debt (net debt/EBITDA), US$ million

	2017	2018	2019	2020	**2021**
Net debt	3,966	3,571	3,445	3,356	2,667
Net debt/EBITDA, x	1.5	0.9	1.3	1.5	0.5

Dividends, US$ million

	2017	2018	2019	2020	**2021**
Dividends	430	1,556	1,086	872	1,549
Yield	9%	17%	11%	14%	13%

PRUDENT CAPEX

In 2021, EVRAZ invested a total of US$920 million in CAPEX, of which US$517 million was spent on maintenance projects and US$403 million on development projects. Development CAPEX doubled year-on-year, mainly as a result of an increase in spending on key projects.

Annual CAPEX, US$ million

	2017	2018	2019	2020	**2021**
Maintenance	367	360	581	458	517
Development	236	167	181	199	403
TOTAL	603	527	762	657	920

Key projects

Long rail mill at EVRAZ Pueblo

Effect:
produce 630 ktpa of rails with a maximum length of 100 metres to maintain technical leadership and continue shifting to a higher-value product mix

Total CAPEX:
US$726 million

Rail and beam mill modernisation at EVRAZ NTMK

Effect:
make high value-added products (H-beams, sheet piles and HH rails) instead of semi-finished products

Total CAPEX:
US$305 million

Vanadium processing at EVRAZ Uzlovaya

Effect:
process an additional 8.6 mtpa of V-slag within EVRAZ, instead of tolling parties

Total CAPEX:
US$228 million

Tashtagol iron ore mine upgrade at EVRAZ ZSMK

Effect:
increase Tashtagolsky deposit's annual ore production through the partial switch to sublevel caving using mobile equipment

Total CAPEX:
US$147 million

Wheel rolling mill no. 2 at EVRAZ NTMK (Allegro)

Effect:
launch a new wheel production line with a capacity of 200 kt.
LLC Allegro, a 50/50% joint venture of EVRAZ and Rail Service Industrial Group, has been established to set up a railway wheel manufacturing facility.

Total CAPEX:
US$208 million

Integrated flat casting and rolling facility at EVRAZ ZSMK

Effect:
produce 2.5 mtpa of premium 0.8-16 mm flat products instead of slabs and billets

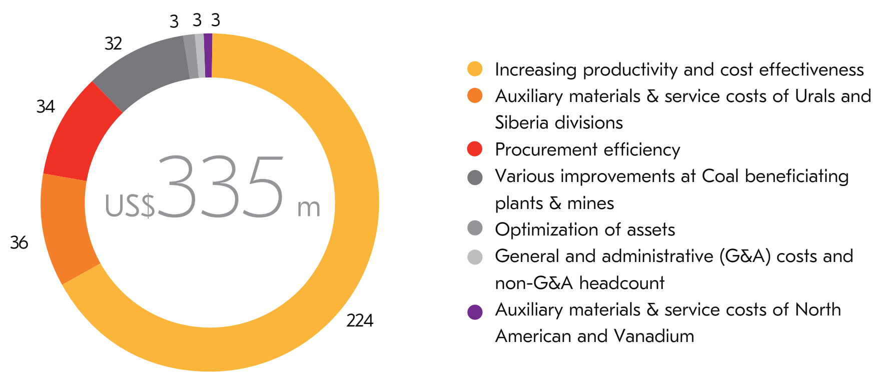
Total CAPEX:
US$767 million

RETENTION OF LOW-COST POSITION

Efficiency and cost-cutting remain a primary focus for the Group. EVRAZ is on pace to generate improvements with an annual EBITDA effect of 3% of the cost of goods sold.

In 2021, the EBITDA effect from cost-cutting initiatives totalled US$335 million

Breakdown of cost-cutting programme effect in 2021, US$ million



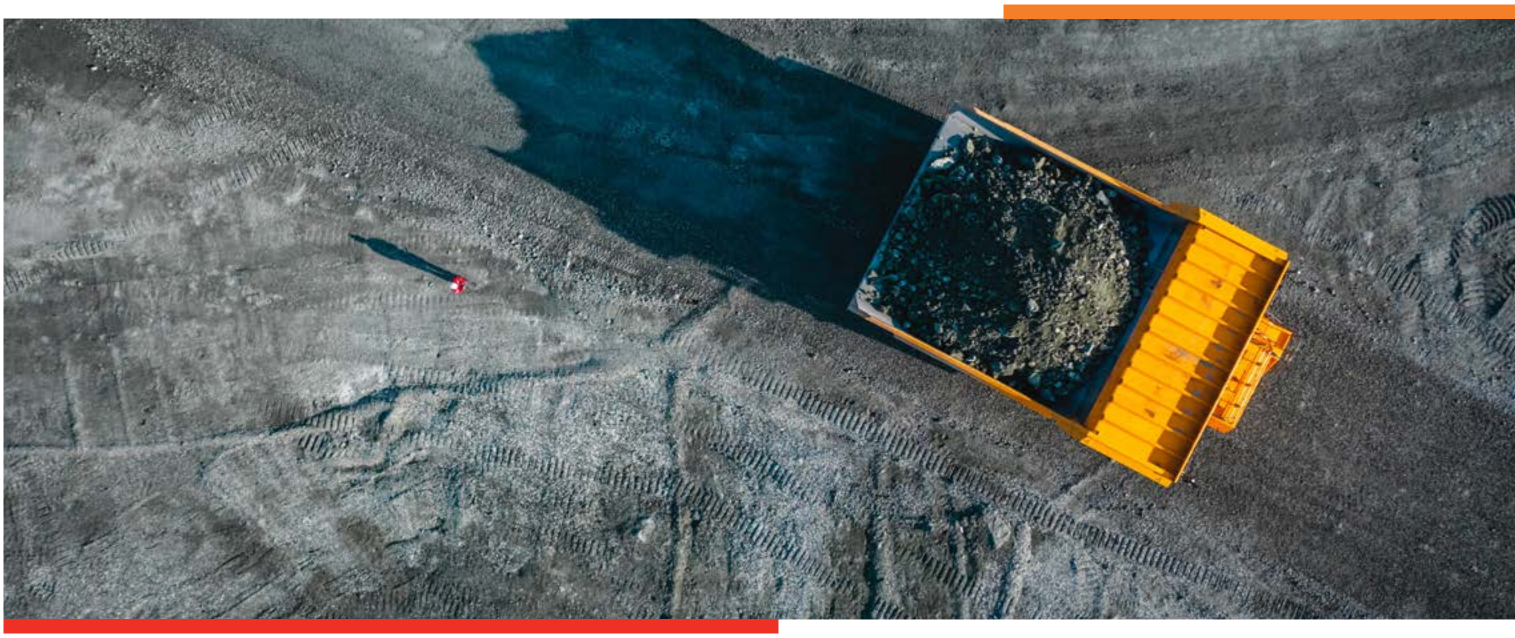
Steel segment

2021 key initiatives and results

- Increased blast furnace productivity and reduced overhaul days at EVRAZ NTMK.
- Record production of pig iron, steel, vanadium and wheels in new history of EVRAZ NTMK.
- Record value in terms of ore production at EVRAZ KGOK.
- Launched a sustainability analysis of EBS tools with online tracking.
- Started construction of a new vanadium production plant.
- Implemented various digital transformation projects, including
- predictive analytics, digital BOF efficiency management and ferroalloy
- consumption optimisation at EVRAZ NTMK.
- Improved the efficiency of expert systems at EVRAZ ZSMK.
- Implemented initiatives various costs reduction initiatives.
- Urals and Siberia divisions implemented different measures to reduce energy consumption.

2022 key initiatives

- Implement the automated rolling parameters control system of the wide beam shop and the converter shop.
- Improve the efficiency of expert systems and develop predictive and advanced analytics.
- Implement initiatives aimed at reducing the costs of manufactured products.
- Ensure the operational stability of production and maintain equipment at necessary levels.
- Implement the clean air and water protection programmes and construct a hazardous industrial waste storage facility.



Coal segment

Steel, North America segment

2021 key initiatives and results

Coal segment

- Resumed work at Razrez Raspadsky, which had halted operations from May to September 2020.
- Transferred operations at Esaulskaya to the new longwall no. 29.
- Continued implementing EBS transformation projects on schedule.
- Launched 54 digital transformation initiatives.

Steel, North America segment

- Enhanced the efficiency of EVRAZ Regina's steelmaking operations.
- Continued implementation of EBS at EVRAZ Pueblo steelmaking, rail and rod / bar operations.
- EVRAZ Pueblo's new long rail mill project continued according to schedule.
- Capital investments to modernise equipment and expand production capacity also progressed at EVRAZ Regina in Saskatchewan and EVRAZ Red Deer in Alberta.

2022 key initiatives

Coal segment

- Aim to achieve record raw coal production volumes despite the increasingly difficult technological conditions.
- Increase coal exports to Asia and boost the percentage of innovative coal wagons.
- Maintain steady production of GZh-grade coal throughout the year.
- Implement four major investment projects to develop current assets.

Steel, North America segment

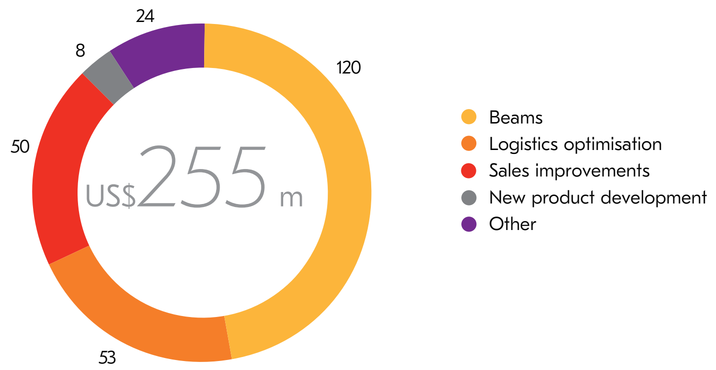
- Continue EVRAZ Pueblo's long rail mill project.
- Complete ongoing projects at EVRAZ Red Deer and EVRAZ Regina, as well as scheduled projects at EVRAZ Pueblo steelmaking operations.
- Continue EBS implementation across EVRAZ North America facilities.
- Focus on development and implementation of Maintenance Reliability Program, operational improvements and cost controls.
- Launch pilot digital transformation projects in North America focusing on automation and optimization of operations.

DEVELOPMENT OF PRODUCT PORTFOLIO AND CUSTOMER BASE

In 2021, EVRAZ worked to further improve customer service and develop new products as part of its strategic objective to remain the leading manufacturer of infrastructural steel. The Group remains focused on executing its development projects aimed at diversifying its product portfolio.

In 2021, the customer focus programme generated an EBITDA effect of US$255 million

Customer focus programme EBITDA effect in 2021, US$ million



Steel segment

2021 key initiatives and results

- Continued to develop the programme aimed at promoting demand for beams and structural products in construction and improving the availability of products to clients, including a project to sell pre-engineered beam-based steel building solutions via EVRAZ Steel Building for the medium-sized industrial, social and commercial segment.
- Launched the EVRAZ Steel Box project, which is targeted at selling small-sized buildings.
- Maintained full capacity at the hub launched in Nizhny Tagil in 2020 to improve the availability of beams for customers, continued to work at full capacity; the hub places a priority on orders for rare profiles.
- Continued to serve customers at the metal service centre launched in Noginsk in 2020, including small metal fabrication facilities that do not have their own automated CNC line and large plants that need to increase production without investing in the purchase of expensive equipment.
- Continued initiatives to digitalise sales channels, including the following key projects:
  - Steel Radar: an online resource that shows beam inventories in traders' warehouses and enables purchase orders to be placed. The resource has been redesigned in accordance with the best E-Commerce practices. 20-fold increase in traffic to the site as a result of the promotion programme.
  - EDI/EDO: EDI is a platform for placing orders and handling administrative tasks like amending documents and invoices, while EDO is a platform for exchanging legal documents. The document flow for EDI of EVRAZ TC increased from 52% to 89%.
  - EVRAZ Webshop: a single e-commerce platform for all types of customers. Achieved of 142% online sales goals. Significant changes in business processes and improvements to IT systems to serve retail customers.
- In the vanadium business, EVRAZ R&D Vanadium Centre has signed an agreement for scientific research on a metallurgical project with the Department of Engineering of the University of Perugia, Italy, targeting the production of lighter, high-performance structures for buildings and civil engineering with potential advantages such as an increase in usable space, material and cost savings, and a consequent reduction in environmental impact.
- EVRAZ and Russian Railways agreed to join efforts in reducing GHG emissions through manufacturing and operating rails made of steel with a low carbon footprint.
- Developed a new product, resistant rebar for the use in seismic areas.
- Launched the transformation process of EVRAZ Market to increase sales in the small wholesale segment and provide better service for all types of customers by changing the sales model and developing digital services and tools.
- Carried out an assessment of the economic effect of the new DT400IK rails. Operational tests completed.

Steel segment

2022 key initiatives

- Expand the range of steel solutions for the construction industry.
- Implement digital transformation projects for clients.
- Develop new rails of increased hardness and plasticity for curves.
- CRM implementation for wholesale customers.
- WebShop development.
- Expand consignment stocks project.
- Continue Improvements in claims handling service.
- Launch chatbot project of trading unit for the prompt collection of feedback and satisfaction level of the order or EVRAZ' services

Coal segment

2021 key initiatives and results

- EVRAZ Group and Raspadskaya entered into a new, long-term coal offtake agreement.
- Launched claims handling unit. Introduced standardized procedures for dealing with customer's requests.
- Signed long-term agreements with new customers in Europe and Russia.

2022 key initiatives

- Improve sales under long-term contracts to premium markets.

Steel, North America segment

2021 key initiatives and results

- Expanded leadership position in the North American rail market.
- Maintained strong market share in the Canadian OCTG market.
- Strengthened Quality organization and management systems across North American sites.
- Continued working on developing new production capabilities and capacity to keep strong competitive position in the markets served.
- In close cooperation with partners, continued cooperation on projects aimed to reduce environmental impact of operations (e.g. Big Horn solar plant to power EVRAZ Pueblo facility).

2022 key initiatives

- Maintain and increase our leading market position in the rail and tubular markets.
- Continue developing "green steel" products at EVRAZ Pueblo, the first EAF steel manufacturer powered by solar energy.
- Continue developing an ongoing dialogue with our customers, external experts, universities and research institutions to build a path forward to reaching ESG objectives.
- Increase vertical integration in EVRAZ North America to maintain and improve our competitive cost position.

IMPACT OF COVID-19

EVRAZ is closely monitoring the pandemic and its impact on employees, operations and the broader stakeholder base. The Group is committed to doing everything possible to protect the lives and health of its employees, as well as to minimise the effect on its enterprises and the communities in which it operates.

Impact on key markets and operations

COVID-19 has caused macroeconomic uncertainty and instability. At the same time, in 2021, demand for and prices of almost all of EVRAZ' products soared, resulting in a strong financial performance for the Group. For more details about the performance of key markets in 2021, see the "Market review" section.

As of 31 December 2021, there were 428 active COVID-19 cases among employees. Despite that, the majority of EVRAZ' businesses were relatively unaffected in the year, with no significant issues for production, supply or shipments.

Impact on liquidity, solvency and access to financing

In 2021, the pandemic had little effect on the Group's liquidity situation. Amid positive market trends, operations and sales generated robust operating cash flow. EVRAZ has proactively addressed its upcoming obligations and maintained a strong liquidity position. As of 31 December 2021, cash and cash equivalents stood at around US$1.4 billion, supported by operating cash flow and financing initiatives. For more details, see the "Financing and liquidity" section.

Measures to protect the wellbeing and safety of employees and communities

To prevent the spread of COVID-19, the Group has implemented a vaccination campaign. As of 31 December 2021, this covered 74% of employees in Russia and over 50% of employees in North America. To support medical professionals, EVRAZ has arranged regular donations of oxygen, medical supplies and personal protective equipment to regional hospitals.

In addition, the Group continues to implement the measures that it introduced in 2020 to prevent the spread of COVID-19. These include:

- reducing domestic business travel and overseas trips.
- enabling remote working, as well as providing additional personal protective equipment for employees who have to come to work, including eye protectors, respirators and gloves.
- using thermal imaging devices and pyrometers at facility entrances to monitor people's temperatures.
- changing approaches to all major corporate, sporting and entertainment events (online or offline), depending on the particular situation and imposed restrictions.
- increasing supplies of antiseptic and disinfectant products in communal areas, as well as regularly sanitising facilities and transport.
- organising campaigns to raise awareness among employees and contractors about behavioural guidelines, social distancing and personal protection.

In addition to caring for the physical health of employees and their families, EVRAZ is carefully assessing the possible mental impact of the preventative measures undertaken amid the pandemic. As of 31 December 2021, more than 1,500 of its employees were working remotely.

GOING CONCERN ASSESSMENT

The Group's financial position at 31 December 2021 including its cash flows, liquidity position and borrowing facilities are set out in these financial statements and the Financial Review section. The Group's net debt as at 31 December 2021 was $2,667 million (31 December 2020 and 2019: $3,356 million and $3,445 million, respectively) and its cash plus committed undrawn facilities were $2,050 million (31 December 2020 and 2019: $2,564 million and $1,870 million, respectively).

As disclosed in Note 30, macroeconomic uncertainty and instability have arisen due to the COVID 19 pandemic. However, the majority of the Group's businesses were relatively unaffected with no significant issues for production, supply or shipments. Moreover, during 2021 there was a very significant increase in demand for, and prices of, almost all of the Group's products leading to the Group's strong financial performance.

The management of EVRAZ plc has considered the Group's cash flow forecasts for the period to 30 June 2023, the going concern assessment period, forecasting both liquidity and covenant compliance. It initially evaluated two financial performance scenarios, being a base case and a pessimistic case reflecting a reduction in forecast prices to the lower end of market analysts' current forecasts. Both scenarios reflect the effect of the highly probable demerger of the coal business (Note 13), the scheduled repayment of debt, most significantly $750 million of US-denominated notes due in 2023 (Note 22), and the effect of the new excise tax on liquid steel and higher taxes on mineral extraction imposed by the government of the Russian Federation from 1 January 2022 (Note 30). Management has considered whether the effects of risks associated with climate change, including decarbonisation (Note 6), will impact the going concern period, concluding that they will not have any significant impact. Under both scenarios, the Group is forecast to maintain sufficient liquidity for the period to 30 June 2023 and to operate within its debt covenants. In the pessimistic case the amount of cash is assumed to be close to the minimum operating level in the first half of 2023. These scenarios do not however include actions at management's disposal to strengthen projected liquidity, including the deferral of uncommitted capital expenditure.

In order to further test the resilience of the going concern assessment to potential uncertainties, particularly with respect to the worsening situation relating to Ukraine and heightened risk of the economic sanctions, management performed a severe downside sensitivity. This assumed that capital expenditure was reduced to $500 million per annum and then determined the extent to which EBITDA could fall throughout the period, whilst maintaining an operating level of liquidity. Such a fall would reflect a highly material interruption to the Group's current business including reducing Russian export sales outside the CIS to nil throughout the going concern period combined with a further reduction in EBITDA as a result of other possible factors, including further international sanctions. The directors have also considered additional mitigating actions that would be available in such circumstances including further reductions in costs, capital expenditure and the deferral of dividends.

None of the scenarios modelled reflect any new financing beyond that currently committed. In managing the financing of the Group, management continues to monitor opportunities for future raising of finance, including as current notes mature.

The directors, having considered the scenarios above, conclude that the likelihood of a scenario that would eliminate liquidity or breach covenants is remote. Based on this analysis and other currently available facts and circumstances the directors and management have a reasonable expectation that the Company and the Group have adequate resources to continue as a going concern.

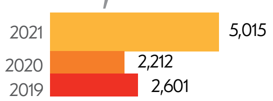
KEY PERFORMANCE INDICATORS

FINANCIAL

KPI

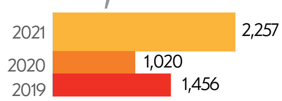
Total segment EBITDA,[1] US$ million

US$5,015m



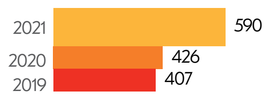
Free cash flow, US$ million

US$2,257m



Effect from efficiency improvement programme, US$ million (cost cutting + customer focus)

US$590m



Cash cost of slab, US$ per tonne

308US$/tonne

HOW DID WE PERFORM IN 2021?

The increase in total segment EBITDA was primarily attributable to higher steel, vanadium and coal product sales prices.

Free cash flow increased because of higher EBITDA and cash flow from operating activities.

The efficiency programme generated additional effect mostly through productivity growth, yield improvements and numerous savings projects. Customer focus initiatives generated additional effect as result of sales efforts in railway products as well as due to numerous improvements in logistics and procurement efficiency.

Cash cost of slab increased mainly due to higher raw material prices and change in raw materials yields and mix.

RELEVANCE TO STRATEGIC PRIORITIES

Total segment EBITDA:
- Retention of low cost position
- Development of product portfolio and customer base

Free cash flow:
- Debt management and stable dividend
- Prudent CAPEX
- Retention of low cost position
- Development of product portfolio and customer base

Effect from efficiency improvement programme:
- Debt management and stable dividend
- Prudent CAPEX

Cash cost of slab:
- Retention of low-cost position
- Development of product portfolio and customer base
- EVRAZ business system

Further details on page 290

Further details on page 290

Further details on pages 28-31

1. Total EBITDA includes that from continuing operations (US$3,692 million in 2021 and US$1,830 million in 2020) and discontinued operations (US$1,323 millon in 2021 and US$382 million in 2020).

EVRAZ performance is assessed against several key performance indicators (KPIs), which are linked to our strategic priorities.

NON-FINANCIAL

Cash cost of coal concentrate,
US$ per tonne

41 US$/tonne

Coking coal concentrate cash cost increased due to cost inflation and change in production mix.

Retention of low cost position

Development of product portfolio and customer base

Labour productivity,
steel, tonnes per person

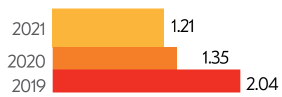
367

Labour productivity decreased as a result of lower production volumes coupled with a decline in the average number of employees at Steel and Steel, North America segments comparing to the previous year

Retention of low-cost position

LTIFR (excluding fatalities),
per 1 million hours

1.21



As part of its efforts to improve the safety culture, EVRAZ focused on the approach to engage employees in the process of identifying and mitigating risks. This and other initiatives helped to bring the lost-time injury frequency rate — a key health and safety metric — down to 1.21x. The Group surpassed its target level of 1.36x.

Sustainable development

Further details on page 292

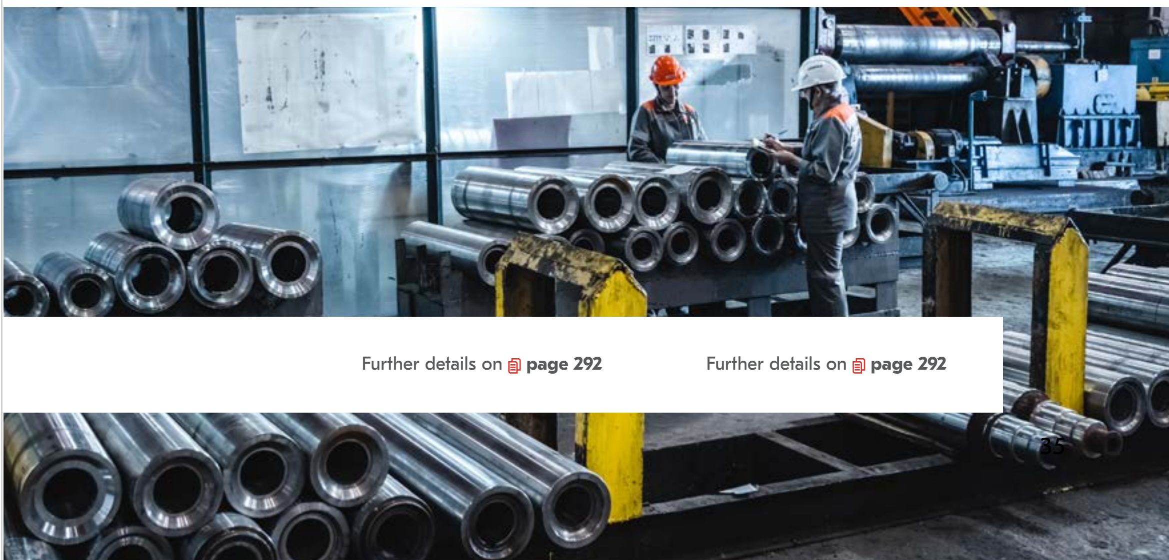
GHG intensity ratio,
tCO_2e per tonne of crude steel

1.90

Overall GHG emissions in the steel sector (the Steel and Steel North America segments) were lower than the 2020 level by nearly 3% year-on-year and therefore the specific intensity of GHG emissions declined as overall steel production remained almost flat YoY.

Sustainable development

Further details on page 292



FINANCIAL REVIEW

Management have concluded that the demerger of the coal business had become highly probable within one year and that Raspadskaya Group met all criteria to be classified as a disposal held for distribution to owners, as discussed in more detail in Note 2 and Note 13 of the EVRAZ consolidated financial statements, as at 31 December 2021. Consequently, in accordance with the requirements of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", it was accounted for as discontinued operations in the consolidated financial statements.

During 2021 the Coal business was an integral part of the Group and was managed on this basis. Due to this the analysis presented below is based on the data disclosed in the Note 3 "Segment information" of the Consolidated financial statements and follow the same logic as in all previous years.

The reconciliation of these results with the amounts presented in the consolidated statement of operations is provided in Note 13. It is limited to the presentation of the results of the coal business as discontinued operations.

Nikolay Ivanov
Chief Financial Officer

STATEMENT OF OPERATIONS

In 2021, EVRAZ' total segment revenues climbed by 45.2% YoY to US$14,159 million, compared with US$9,754 million in 2020. The increase was caused primarily by higher sales prices for semi-finished and construction products, as well as greater volumes for vanadium products. This increase was also attributable to higher average realised prices and third party sales for coal.

The Group's total segment EBITDA amounted to US$5,015 million during the period, compared with US$2,212 million in 2020, boosting the EBITDA margin from 22.7% to 35.4%. The increase in EBITDA was primarily attributable to higher steel, vanadium and coal product sales prices.

Total segment revenues and total segment EBITDA include the contribution of discontinued operations. Revenues and EBITDA from continuing operations are US$13,486 million (2020: US$9,452 million) and US$3,692million (2020: US$1,830 million) respectively.

Free cash flow soared by 121.3% YoY to US$2,257 million due to better operating results.

In 2021, the Steel segment's revenues (including intersegment sales) rose by 46.2% YoY to US$10,188 million, which constitutes 66.3% of the Group's total before eliminations. The increase was mainly attributable to higher revenues from steel and vanadium products, which climbed by 45.5% and 47.6% YoY, respectively. This was primarily because average sales prices advanced by 50.4% for steel products and by 38.8% for vanadium. The effect of higher prices on the Steel segment revenues were partly offset by lower sales volumes, which edged down from 12.3 million tonnes in 2020 to 11.6 million tonnes in 2021 following planned decrease in production volumes at Russian mills.

In 2021, revenues from the Steel, North America segment rose by 30.6% YoY to US$2,324 million, driven by a 33.6% increase in sales prices. The latter was offset by a 3.0% reduction in sales volumes, primarily in the semi-finished and tubular products, but compensated by improvements in sales of flat-rolled products.

The Coal segment's revenues increased by 55.8% YoY to US$2,321 million, mainly driven by an increase of 68.8% in coal product sales prices and a decrease of 13.0% in sales volumes of coking coal products.

In 2021, higher prices for semi-finished, construction and vanadium products almost doubled the Steel segment's EBITDA, despite an increase in cost of sales.

The Steel, North America segment's EBITDA increased because of higher revenues from sales of flat-rolled, construction and railway products.

The Coal segment's EBITDA rose YoY, due to higher average realised prices.

Total segment revenues, US$ million

SEGMENT	2021	2020	CHANGE	CHANGE, %
Steel	10,188	6,969	3,219	46.2
Steel, North America	2,324	1,779	545	30.6
Coal	2,321	1,490	831	55.8
Other operations	535	410	125	30.5
Eliminations	(1,209)	(894)	(315)	35.2
TOTAL	14,159	9,754	4,405	45.2

Total segment revenues by region, US$ million

REGION	2021	2020	CHANGE	CHANGE, %
Russia	5,521	3,722	1,799	48.3
Asia	3,684	2,949	735	24.9
Americas	3,016	1,915	1,101	57.5
Europe	946	461	485	n/a
CIS (excl. Russia)	934	584	350	59.9
Africa and rest of the world	58	123	(65)	(52.8)
TOTAL	14,159	9,754	4,405	45.2

Total segment EBITDA[1], US$ million

SEGMENT	2021	2020	CHANGE	CHANGE, %
Steel	3,609	1,930	1,679	86.9
Steel, North America	321	(28)	349	n/a
Coal	1,292	400	892	n/a
Other operations	19	15	4	26.6
Unallocated	(146)	(126)	(20)	15.9
Eliminations	(80)	21	(101)	n/a
TOTAL	5,015	2,212	2,803	n/a

The following table details the effect of the Group's cost-cutting initiatives:

Effect of Group's cost-cutting initiatives in 2021, US$ million

Increasing productivity and cost effectiveness	224
Improving auxiliary materials and service costs	71
Procurement efficiency	34
Other	6
TOTAL	335

1. For the definition of EBITDA, please refer to page 290

Revenues, cost of sales and gross profit by segment, US$ million

	2021	2020	CHANGE	CHANGE, %
Steel segment				
Revenues	10,188	6,969	3,219	46.2
Cost of sales	(6,070)	(4,596)	(1,474)	32.1
Gross profit	**4,118**	**2,373**	**1,745**	**73.5**
Steel, North America segment				
Revenues	2,324	1,779	545	30.6
Cost of sales	(1,835)	(1,604)	(231)	(14.4)
Gross profit	**489**	**175**	**314**	**n/a**
Coal segment				
Revenues	2,321	1,490	831	55.8
Cost of sales	(919)	(1,027)	108	(10.5)
Gross profit	**1,402**	**463**	**939**	**n/a**
Other operations – gross profit	**206**	**115**	**91**	**79.1**
Unallocated – gross profit	**(12)**	**(8)**	**(4)**	**50.0**
Eliminations – gross profit	**(183)**	**(76)**	**(107)**	**n/a**
TOTAL	6,020	3,042	2,978	97.9

Total segment gross profit, expenses and results, US$ million

	2021	2020	CHANGE	CHANGE, %
Gross profit	**6,020**	**3,042**	**2,978**	**97.9**
Selling and distribution costs	(907)	(840)	(67)	8.0
General and administrative expenses	(617)	(552)	(65)	11.8
Impairment of non-financial assets	(30)	(310)	280	(90.3)
Foreign-exchange gains/(losses), net	34	408	(374)	(91.7)
Social and social infrastructure maintenance expenses	(35)	(31)	(4)	12.9
Gains/(losses) on disposal of property, plant and equipment, net	(8)	(3)	(5)	n/a
Other operating income and expenses, net	(44)	(43)	(1)	2.3
Profit from operations	**4,413**	**1,671**	**2,742**	**n/a**
Interest expense, net	(227)	(322)	95	(29.5)
Share of profit/(losses) of joint ventures and associates	14	2	12	n/a
Gain/(loss) on financial assets and liabilities, net	(21)	(71)	50	(70.4)
Gain/(loss) on disposal groups classified as held for sale, net	2	1	1	100.0
Other non-operating gains/(losses), net	3	14	(11)	(78.6)
Profit before tax	**4,184**	**1,295**	**2,889**	**n/a**
Income tax expense	(1,077)	(437)	(640)	n/a
NET PROFIT	3,107	858	2,249	n/a

In 2021, selling and distribution expenses rose by 8.0% amid increased freight transportation costs related to higher shipment volumes and freight rates. General and administrative expenses climbed by 11.8%, mostly because of the implementation of projects aimed at increasing productivity (EVRAZ Business System transformation, legal and IT) and consulting services for these projects. This was partly offset by the effect that depreciation of the average ruble exchange rate had on costs.

In 2021, EVRAZ recognised a US$30 million impairment loss mainly in relation to certain functionally obsolete items of property, plant and equipment.

Foreign exchange gains amounted to US$34 million. They were mainly related to intragroup loans denominated in rubles and payable by Evraz Group S.A., whose functional currency is the US dollar, to the Russian subsidiaries, which have the ruble as their functional currency. The depreciation of the Russian ruble against the US dollar in 2021 led to foreign exchange gains being recognised on the income statements of non-Russian subsidiaries.

Net interest expense decreased to US$227 million in 2021, compared with US$322 million in 2020. This was mainly due to repayment of expensive debt and a lower indebtedness level during 2021. In the first quarter of 2021, the Group settled the 8.25% notes due 2021 (US$735 million principal) and 12.6% ruble-denominated bonds due 2021 (US$203 million principal at 31 December 2020). Later during 2021, the full amount of the 6.75% notes due 2022 (US$500 million principal) was repurchased early.

In the reporting period, the Group had an income tax expense of US$1,077 million, compared with US$437 million in 2020. The change mostly reflects the significant improvement in operating results.

Cash flow, US$ million

	2021	2020	CHANGE	CHANGE, %
Cash flows from operating activities before changes in working capital	4,000	1,593	2,407	151.1
Changes in working capital	(576)	335	(911)	n/a
Net cash flows from operating activities	**3,424**	**1,928**	**1,496**	**77.6**
Short-term deposits at banks, including interest	4	4	0	0.0
Purchases of property, plant and equipment and intangible assets	(910)	(647)	(263)	40.6
Proceeds from sale of disposal groups classified as held for sale, net of transaction costs	2	11	(9)	(81.8)
Other investing activities	(1)	8	(9)	n/a
Net cash flows used in investing activities	**(905)**	**(624)**	**(281)**	**45.0**
Net cash flows used in financing activities	**(2,707)**	**(1,107)**	**(1600)**	**n/a**
including dividends paid	(1,549)	(872)	(677)	77.6
Effect of foreign exchange rate changes on cash and cash equivalents	(12)	7	(19)	n/a
Net increase/(decrease) in cash and cash equivalents	**(200)**	**204**	**(404)**	**n/a**

Calculation of free cash flow[1], US$ million

	2021	2020	CHANGE	CHANGE, %
EBITDA	5,015	2,212	2,803	n/a
EBITDA excluding non-cash items[2]	**5,042**	**2,203**	**2,839**	**n/a**
Changes in working capital	(576)	335	(911)	n/a
Income tax accrued	(1,007)	(579)	(428)	73.9
Social and social infrastructure maintenance expenses	(35)	(31)	(4)	12.9
Net cash flows from operating activities	**3,424**	**1,928**	**1,496**	**77.6**
Interest and similar payments	(248)	(269)	21	(7.8)
Capital expenditures, including recorded in financing activities and non-cash transactions	(920)	(657)	(263)	40.0
Proceeds from sale of disposal groups classified as held for sale, net of transaction costs	2	11	(9)	(81.8)
Other cash flows from investing activities	(1)	7	(8)	n/a
FREE CASH FLOW	2,257	1,020	1,237	n/a

1. For the definition of free cash flow, please refer to page 253.
2. See Note 3 on pages 202 of the consolidated financial statement for additional information and reconciliation with IFRS financial statements.for additional information and reconciliation with IFRS financial statements.

CAPEX AND KEY PROJECTS

During the reporting period, EVRAZ' capital expenditures rose to US$920 million, compared with US$657 million in 2020, driven by higher development expenses. Capital expenditure projects during 2021, indicated in millions of US dollars, can be summarised as follows.

Development Projects, US$ million	
Steel segment	
Tashtagol iron ore mine upgrade at EVRAZ ZSMK mining site The project aim is to increase the annual iron ore production of the Tashtagolsky deposit with a partial switch to sub-level caving using mobile equipment.	33
Sobstvenno-Kachkanarsky deposit greenfield project The project aim is to maintain production of raw iron ore.	29
Rail and beam mill modernisation at EVRAZ NTMK The project aim is to increase production of beams and sheet piles.	14
Construction of Vanadium processing facility at EVRAZ Uzlovaya The strategic aims of the new unit are to increase cost efficiency in fully controlled and coordinated at all stages processing chain from slag to final product.	13
Transfer of direct coke oven gas for cleaning in capture shop no. 3 at EVRAZ NTMK The project aim is to decrease air emissions.	11
Reconstruction of pig-casting machines section for blast furnace at EVRAZ NTMK Technical re-equipment of the bottling section blast furnace machines.	9
Construction of uncompressed gas recovery turbines for blast furnace no. 7 at EVRAZ NTMK The project aim is to increase own electricity generation.	6
Steel, North America segment	
Long rail mill at EVRAZ Pueblo The project aim is to replace the existing rail facility and meet the needs of customers for long rail products.	146
Electric arc furnace (EAF) repowering at EVRAZ Regina The project aim is to increase EVRAZ Regina's prime coil and plate production and reduce electrode consumption.	7
Coal segment	
Acquisition of equipment at Alardinskaya mine The project aim is to reduce the time required for transition from longwall to longwall and to increase annual production volumes to 3.2mt.	17
Acquisition of equipment at Raspadskaya-Koksovaya mine Equipment for open pit mining.	12
Acquisition of equipment at Osinnikovskaya mine The project aim is to acquire equipment that fully complies with the mining and geological conditions to provide the projected monthly longwall load.	11
Other development projects	95
MAINTENANCE CAPEX	517
TOTAL	920

FINANCING AND LIQUIDITY

EVRAZ began 2021 with total debt of US$4,983 million

In January, the Group repaid at maturity US$735 million in outstanding principal of its Eurobonds due in 2021. In June and August, the Group completed several transactions to repurchase, in aggregate, US$65 million in outstanding principal of its Eurobonds due in 2022 and later in October completed a make-whole call for the remaining US$435 million in outstanding principal of these Eurobonds.

In March, the Group repaid, at maturity, RUB15,000 million (roughly US$201 million) in outstanding principal of its ruble-denominated bonds due in 2021.

In March, to compensate for the reduction in liquidity, EVRAZ drew US$750 million under the committed syndicated facility that it signed with a group of international banks in early 2020.

In February, EVRAZ signed a new credit facility with SberBank and borrowed US$67 million of the available funds.

In June, EVRAZ signed an amendment to its existing US$100 million credit facility with ING DiBa, extending its repayment schedule until 2026 and increasing its size to US$150 million. In July, EVRAZ utilised an additional US$50 million. In October, the Group agreed an amendment to this credit facility implementing sustainability-linked provisions, namely a pricing mechanism linked to the management score component of the Sustainalytics ESG rating.

In November, EVRAZ signed a new, committed US$350 million credit facility with Intesa with an availability period of six months from the signing date. The facility remained unutilised as at 31 December 2021.

In the process of preparing for a potential demerger of its Coal assets, the Group obtained necessary creditor approvals, including a Eurobond consent solicitation from the majority of holders of its Eurobonds due in 2022, 2023 and 2024. It also took steps to rebalance its debt between the Steel and Coal divisions and refinance certain outstanding loans.

Raspadskaya received a US$200 million long-term loan from Alfa Bank and a US$200 million long-term loan from SberBank.

Steelmaking subsidiaries of the Group repaid a total of around US$619 million of their outstanding bank debt of varying maturities during 2021.

As a result of these actions, as well as scheduled repayments of bank loans and leases in 2021, total debt fell by US$889 million to US$4,094 million as at 31 December 2021.

In 2021, EVRAZ paid three interim dividends to its shareholders: US$437 million (US$0.30 per share) in April, US$292 million (US$0.20 per share) in June, and US$802 million (US$0.55 per share) in September.

On 14 December 2021, EVRAZ announced an interim dividend to its shareholders of US$292 million (US$0.20 per share), payable in January 2022.

Net debt dropped by US$689 million to US$2,667 million, compared with US$3,356 million as at 31 December 2020.

Interest expense accrued on loans, bonds and notes amounted to US$186 million during the period, compared with US$291 million in 2020. The repayment of the Eurobonds due in 2021 and 2022 and ruble bonds due in 2021, all of which had high coupon rates, together with management's efforts to reduce total debt and refinance indebtedness on favourable terms, led to the significant reduction of interest expense compared with the previous year.

The higher EBITDA amid a strong market recovery and lower net debt resulted in a significant reduction in the Group's major leverage metric, the ratio of net debt to last twelve months (LTM) EBITDA, to 0.5 as at 31 December 2021, compared with 1.5 as at 31 December 2020.

As at 31 December 2021, various bilateral facilities with a total outstanding principal of around US$1,697 million contained financial maintenance covenants tested at the level of EVRAZ plc, including a maximum net leverage and a minimum EBITDA interest cover.

New debt facilities of Raspadskaya contain financial maintenance covenants tested on the consolidated financials of Raspadskaya, including a maximum net leverage and a minimum EBITDA interest cover.

As at 31 December 2021, EVRAZ and its subsidiaries were in full compliance with the financial covenants.

As at 31 December 2021, cash and cash equivalents amounted to US$1,427 million, while short-term loans and the current portion of long-term loans amounted to US$101 million. Cash balances and committed credit facilities available to the Group (US$623 million) comfortably cover upcoming maturities.

REVIEW OF OPERATIONS BY SEGMENT

(US$ MILLION)	STEEL		STEEL, NORTH AMERICA		COAL		OTHER	
	2021	2020	2021	2020	2021	2020	2021	2020
Revenues	10,188	6,969	2,324	1,779	2,321	1,490	535	410
EBITDA	3,609	1,930	321	(28)	1,292	400	19	15
EBITDA margin	35.4%	27.7%	13.8%	(1.6)%	55.7%	26.8%	3.6%	3.7%
CAPEX	468	401	216	92	228	154	8	10

Steel segment

Sales review

Steel segment revenues by product

	2021		2020		
	US$ MILLION	% OF TOTAL SEGMENT REVENUES	US$ MILLION	% OF TOTAL SEGMENT REVENUES	CHANGE, %
Steel products, external sales	8,842	86.8	6,079	87.2	45.5
Semi-finished products[1]	3,779	37.1	2,479	35.6	52.4
Construction products[2]	3,177	31.2	2,013	28.9	57.8
Railway products[3]	1,083	10.6	1,099	15.8	(1.5)
Flat-rolled products[4]	237	2.3	146	2.1	62.3
Other steel products[5]	566	5.6	342	4.9	65.5
Steel products, intersegment sales	28	0.3	37	0.5	(24.3)
Including sales to Steel, North America	8	0.1	26	0.4	(69.2)
Iron ore products	234	2.3	146	2.1	60.3
Vanadium products	515	5.1	349	5.0	47.6
Other revenues	569	5.6	358	5.1	58.9
TOTAL	10,188	100.0	6,969	100.0	46.2

1. Includes billets, slabs, pig iron, pipe blanks and other semi-finished products
2. Includes rebars, wire rods, wire, beams, channels and angles
3. Includes rails, wheels, tyres and other railway products
4. Includes commodity plate and other flat-rolled products
5. Includes rounds, grinding balls, mine uprights and strips, and tubular products

Sales volumes of Steel segment, thousand tonnes

	2021	2020	CHANGE, %
Steel products, external sales	11,597	12,197	(4.9)
Semi-finished products	5,541	6,039	(8.2)
Construction products	3,905	3,944	(1.0)
Railway products	1,192	1,299	(8.2)
Flat-rolled products	245	267	(8.2)
Other steel products	714	647	10.4
Steel products, intersegment sales	29	67	(56.7)
TOTAL STEEL PRODUCTS	11,626	12,264	(5.2)
Vanadium products (tonnes of pure vanadium)	20,341	18,696	8.8
Vanadium in slag	7,053	6,129	15.1
Vanadium in alloys and chemicals	13,288	12,567	5.7
Iron ore products (pellets)	1,430	1,732	(17.4)

Geographic breakdown of external steel product sales, US$ million

	2021	2020	CHANGE, %
Russia	4,263	2,962	43.9
Asia	2,627	2,200	19.4
CIS	682	490	39.2
Europe	596	221	n/a
Africa, Americas and rest of the world	674	206	n/a
TOTAL	8,842	6,079	45.5

In 2021, the Steel segment's revenues climbed by 46.2% YoY to US$10,188 million, compared with US$6,969 million in 2020. This was the result of higher sales prices, primarily for semi-finished products and construction products, as well as greater vanadium product volumes.

Revenues from external sales of semi-finished products rose by 52.4% YoY. This was driven by a 60.6% increase in average prices, which was partly offset by an 8.2% decline in sales volumes. The decrease was attributable to change in product mix and a reduction in the output following the introduction of the export duty in 2021. The primary factor was a surge of 90.0% in the average prices of slabs.

Revenues from sales of construction products to third parties jumped by 57.8% YoY amid an increase of 58.8% in average prices. This was caused mainly by higher sales prices for rebars on the Russian and CIS markets, greater beam sales prices, as well as higher sales prices for channels, primarily on the Russian market.

Revenues from external sales of railway products decreased because of reductions of 8.2% in sales volumes, which was partly offset by a 6.7% increase in sales prices. The drop in sales volumes was caused mostly by lower sales of rails amid reduced demand in Russia and the CIS.

External revenues from flat-rolled products surged by 62.3% YoY, driven by a 70.5% upswing in sales prices.

Revenues from external steel product sales in Russia climbed by 43.9% YoY, primarily because of higher prices and greater demand. The share of the Russian market in total external steel product sales decreased from 48.7% in 2020 to 48.2% in 2021. Asia's share of sales fell from 36.2% to 29.7% because of lower sales volumes for billets.

Steel segment revenues from sales of iron ore products, including intersegment sales, surged by 60.3%, driven by an 77.7% jump in sales prices and a 17.4% decline in sales volumes. The main decrease in sales volumes was caused by a shortage of iron ore, unplanned equipment downtimes and logistics restrictions.

During the reporting period, around 68.1% of EVRAZ' iron ore consumed in steelmaking came from its own operations, compared with 63.2% in 2020.

Steel segment revenues from sales of vanadium products, including intersegment sales, climbed by 47.6%, due primarily to a 38.8% increase in sales prices. Vanadium product prices followed market trends, including the London Metal Bulletin and Ryan's Notes benchmarks.

Steel segment cost of revenues

Steel segment cost of revenues

	2021		2020		
	US$ MILLION	% OF SEGMENT REVENUES	US$ MILLION	% OF SEGMENT REVENUES	CHANGE, %
Cost of revenues	6,070	59.7	4,596	65.9	32.1
Raw materials	3,150	30.9	2,025	29.1	55.5
Iron ore	776	7.6	503	7.2	54.3
Coking coal	1,218	12.0	769	11.0	58.4
Scrap	673	6.6	442	6.3	52.3
Other raw materials	483	4.7	311	4.5	55.3
Auxiliary materials	328	3.2	339	4.9	3.2
Services	266	2.6	241	3.5	10.4
Transportation	380	3.7	407	5.8	(6.6)
Staff costs	518	5.1	477	6.8	8.6
Depreciation	256	2.5	233	3.3	9.9
Energy	416	4.1	398	5.7	4.5
Other[1]	756	7.4	476	6.8	58.8

In 2021, the Steel segment's cost of revenues increased by 32.1% YoY. The main reasons for the growth in costs were as follows:

- The cost of raw materials rose by 55.5%, primarily because of the higher cost of coking coal (up 58.4%) and iron ore (54.3%) amid price increases. Scrap costs climbed by 52.3% because of higher prices for scrap, which was driven by global market trends.
- Service costs rose by 10.4%, primarily driven by higher costs for processing costs of vanadium in slag.
- Transportation costs dropped by 6.6%, primarily because of lower railway tariffs.
- Depreciation costs increased by 9.9%, mainly because of higher depreciation at EVRAZ NTMK after fixed assets were upgraded to improve their technical condition.
- Other costs jumped by 58.8%, largely because of increase in taxes due to export duty on metal products effective from 1 August 2021 and lower cost of goods for resale amid an increase in purchase prices in 2021 compared with 2020.

Steel segment gross profit

The Steel segment's gross profit surged by 73.5% YoY and amounted to US$4,118 million in the reporting period driven primarily by higher prices for semi-finished, construction and vanadium products. This was partly offset by the negative effect of higher costs.

1. Primarily includes goods for resale, intersegment unrealised profit and certain taxes, semi-finished products and allowances for inventories

Steel, North America segment

Sales review

Steel, North America segment revenues by product

	2021		2020		
	US$ MILLION	% OF TOTAL SEGMENT REVENUES	US$ MILLION	% OF TOTAL SEGMENT REVENUES	CHANGE, %
Steel products	2,227	95.8	1,684	94.7	32.2
Semi-finished products[2]	10	0.4	109	6.1	(90.8)
Construction products[3]	268	11.5	183	10.3	46.4
Railway products[4]	392	16.9	326	18.3	20.2
Flat-rolled products[5]	900	38.7	323	18.2	178.6
Tubular and other steel products6	657	28.3	743	41.8	(11.6)
Other revenues[7]	97	4.2	95	5.6	2.1
TOTAL	2,324	100.0	1,779	100.0	30.6

Sales volumes of Steel, North America segment, thousand tonnes

	2021	2020	CHANGE, %
Steel products			
Semi-finished products	-	144	(100.0)
Construction products	268	262	2.3
Railway products	383	404	(5.2)
Flat-rolled products	625	382	63.6
Tubular and other steel products	402	537	(25.1)
TOTAL	1,678	1,729	(2.9)

The Steel, North America segment's revenues from the sale of steel products climbed by 32.2% YoY amid a 35.3% surge in sales prices, offset by a 2.9% decrease in sales volumes. The reduction in volumes was mainly attributable to sales of tubular and semi finished products, which was partly compensated by increased sales of flat-rolled and construction products.

Revenues from semi-finished product sales dropped to almost zero following the fulfilment of a contract with a key customer in 2020.

Revenues from construction product sales rose by 46.4% YoY because of a 2.3% increase in volumes and a 44.1% improvement in prices. The upward trend was driven by greater market demand amid the economic recovery.

Railway product revenues increased by 20.2%, driven by a growth in sales prices of 25.4%. This was partly offset by a decrease in sales volumes of 5.2%.

Revenues from flat-rolled products soared by 178.6% amid a 63.6% jump in volumes. This was supported by rapid market improvement and a 115.0% increase in sales prices as a result of higher third-party demand in 2021 amid the rapid market recovery from the pandemic and limited supply.

Revenues from tubular and other steel product sales fell by 11.6% YoY due to a 25.1% drop in sales volumes, which was partly offset by an 13.5% uptick in sales prices. The reduction in volumes was caused by the idling of the spiral mills following the completion of 2020 orders.

2. Includes slabs
3. Includes beams and rebars
4. Includes rails and wheels
5. Includes commodity plate, specialty plate and other flat-rolled products
6. Includes large-diameter line pipes, ERW line pipes, seamless and welded OCTG and other steel products
7. Includes scrap and services

Steel, North America segment cost of revenues

Steel, North America segment cost of revenues

	2021		2020		
	US$ MILLION	% OF SEGMENT REVENUES	US$ MILLION	% OF SEGMENT REVENUES	CHANGE, %
Cost of revenues	1,835	79.0	1,604	90.1	14.4
Raw materials	888	38.2	454	25.5	95.6
Semi-finished products	137	5.9	238	13.4	(42.4)
Auxiliary materials	202	8.7	172	9.7	17.4
Services	135	5.8	145	8.2	(6.9)
Staff costs	240	10.3	240	13.5	-
Depreciation	89	3.8	100	5.6	(11.0)
Energy	119	5.1	90	5.1	32.2
Other[1]	25	1.1	165	9.3	(84.8)

In 2021, the Steel, North America segment's cost of revenues increased by 14.4% YoY. The main drivers were as follows:

- Raw material costs surged by 95.6%, which was primarily attributable to the higher cost of scrap metal and increased consumption due to transition to increased share of internal supply of semi-finished products.
- The cost of semi-finished products dropped by 42.4% driven by a reduction of externally purchased materials and transition to internal supply.
- Auxiliary material costs rose by 17.4% following a change in classification (lime and coke to auxiliary materials, which were previously included in other raw materials).
- Service costs fell by 6.9%, mainly driven by decline in coating services due to decreased pipe sales volumes.
- Energy costs rose by 32.2%, primarily because of higher natural gas prices.
- Other costs were down for the reporting period, mainly because of changes in balances of finished goods and work in progress compared with 2020 amid higher production and prices, which were driven by global market trends.

Steel, North America segment gross profit

The Steel, North America segment's gross profit totalled US$489 million in the reporting period, up from US$175 million in 2020. The increase was primarily driven by a significant growth in revenues amid favourable market conditions. It was partly offset by higher prices for raw materials, auxiliary materials and energy.

Coal segment

Sales review

Coal segment revenues by product

	2021		2020		
	US$ MILLION	% OF TOTAL SEGMENT REVENUES	US$ MILLION	% OF TOTAL SEGMENT REVENUES	CHANGE, %
External sales					
Coal products	1,531	65.9	929	62.4	64.8
Coking coal	95	4.1	74	4.9	28.4
Coal concentrate	1,436	61.9	853	57.3	68.3
Steam coal	-	-	2	0.2	(100)
Intersegment sales					
Coal products	762	32.8	536	35.9	42.2
Coking coal	184	7.9	101	6.8	82.2
Coal concentrate	578	24.9	435	29.2	32.9
Other segment revenues	*28*	*1.2*	*25*	*1.7*	*12.0*
TOTAL	2,321	100	1,490	100.0	55.8

1. Primarily includes transportation, goods for resale, certain taxes, changes in work in progress and fixed goods and allowances for inventories

Sales volumes of Coal segment, thousand tonnes

	2021	2020	CHANGE, %
External sales			
Coal products	10,608	12,336	(14.0)
Coking coal	686	2,233	(69.3)
Coal concentrate and other products	9,922	10,066	(1.4)
Steam coal		37	n/a
Intersegment sales			
Coal products	6,197	6,986	(11.3)
Coking coal	2,172	2,323	(6.5)
Coal concentrate	4,025	4,663	(13.7)
TOTAL, COAL PRODUCTS	16,805	19,322	(13.0)

In 2021, the Coal segment's overall revenues increased as sales prices rose in line with global market trends. As the global market recovered from the pandemic-related decline seen in 2020, demand for coal grew. Production restrictions observed since the second half of 2021 in key global producing regions also contributed to the strong increase in international prices.

Revenues from external sales of coal products increased amid a 78.8% upswing in prices. This was partly offset by an 14.0% decrease in sales volumes because of lower production of the GZh grade and a change in the product mix in favour of coking coal concentrate to meet customer needs. Revenues from external sales of coking coal and coking coal concentrate climbed by 28.4% and 68.3%, respectively, amid higher prices.

Revenues from internal sales of coal products surged by 42.2%, mainly because of a 53.5% jump in sales prices, which was partly offset by an 11.3% drop in sales volumes amid a shortage of premium K-grade coal.

In 2021, the Coal segment's sales to the Steel segment amounted to US$762 million (32.8% of total sales), compared with US$536 million (35.9%) in 2020.

During the reporting period, roughly 70.7% of EVRAZ' coking coal consumption in steelmaking came from the Group's own operations, compared with 78.0% in 2020.

Coal segment cost of revenues

Coal segment cost of revenues

	2021		2020		
	US$ MILLION	% OF SEGMENT REVENUES	US$ MILLION	% OF SEGMENT REVENUES	CHANGE, %
Cost of revenues	919	39.6	1,027	68.9	(10.5)
Auxiliary materials	141	6.1	110	7.4	28.2
Services	65	2.8	53	3.5	22.6
Transportation	286	12.3	294	19.7	(2.7)
Staff costs	226	9.7	200	13.4	13.0
Depreciation	164	7.1	163	10.9	0.6
Energy	46	2.0	43	2.9	7.0
Other1	(9)	(0.4)	164	11.0	(105.5)

The volume of total coal products sales decreased by 13% and caused decrease of cost of sales by 10.5% while cost of production increased due to increase of production as well as the following factors:

- The cost of auxiliary materials rose by 28.2% amid higher longwall move costs at the Alardinskaya, Osinnikovskaya, Erunakovskaya and Raspadskaya mines.
- Costs for services climbed by 22.6% due to the high growth of the prices of contractors services in Kuzbass region.
- Staff costs were up because of higher mining volumes accompanied with insourcing new equipment and resumption of work at Razrez Raspadsky.

Coal segment gross profit

In 2021, the Coal segment's gross profit amounted to US$1,402 million, up from US$463 million a year earlier, primarily because of the surge in sales prices.

1. Primarily includes goods for resale, certain taxes, changes in work in progress and finished goods, allowance for inventory, raw materials and intersegment unrealised profit

BUSINESS REVIEW

STEEL SEGMENT

EVRAZ is the leader in the long products and rail segments in Russia and is the world's largest producer of vanadium, with a global market share of 14%. The Steel segment's primary focus is producing steel in the CIS from nearby raw materials to serve regional infrastructure and construction sectors, while maintaining export flexibility. We are in the first quartile of the global crude steel cost curve.

Mining operations

EVRAZ KGOK, Russia

EVRAZ KGOK is the Group's core mining asset. It is located in Urals, 140 kilometres from the primary consumer of its products, EVRAZ NTMK. EVRAZ KGOK mines titanomagnetite iron ore, which contains vanadium, meaning that it can be used to produce high-strength grades of alloy steel. EVRAZ KGOK mines ore from three open pits and then processes it in its crushing, processing, sintering and pelletising plants. The final product, in the form of sinter and pellets, is shipped by railcar to consumers, including those abroad.

EVRAZ ZSMK mining operations[1], Russia

EVRAZ ZSMK include several mining and processing facilities in Siberia. Most of the iron ore that it produces is consumed internally by its steelmaking operations. It conducts underground mining, and its mining complex includes three mines, a limestone quarry, and a concentration and sinter plant.

Steelmaking operations

EVRAZ ZSMK, Russia

The largest steel producer in Siberia, EVRAZ ZSMK is located in the city of Novokuznetsk in Kemerovo region (Kuzbass). It has five coke oven batteries and three blast furnaces in operation. For steelmaking, it has two oxygen converter shops, which have five basic oxygen furnaces, and an electric arc furnace (EAF). EVRAZ ZSMK operates one eight-strand continuous casting machine, which produces square billets; a two-strand continuous slab casting machine; and one four-strand continuous casting machine, which makes semi-finished products for the rail mill. Rolling facilities include a blooming mill, one medium-section 450 mill, two small-section 250 mills, one rail and structural steel mill, one sectional mill and two ball-rolling mills. The steel mill has its own coal washing plant for coking coal and can also produce customised coking coal blends.

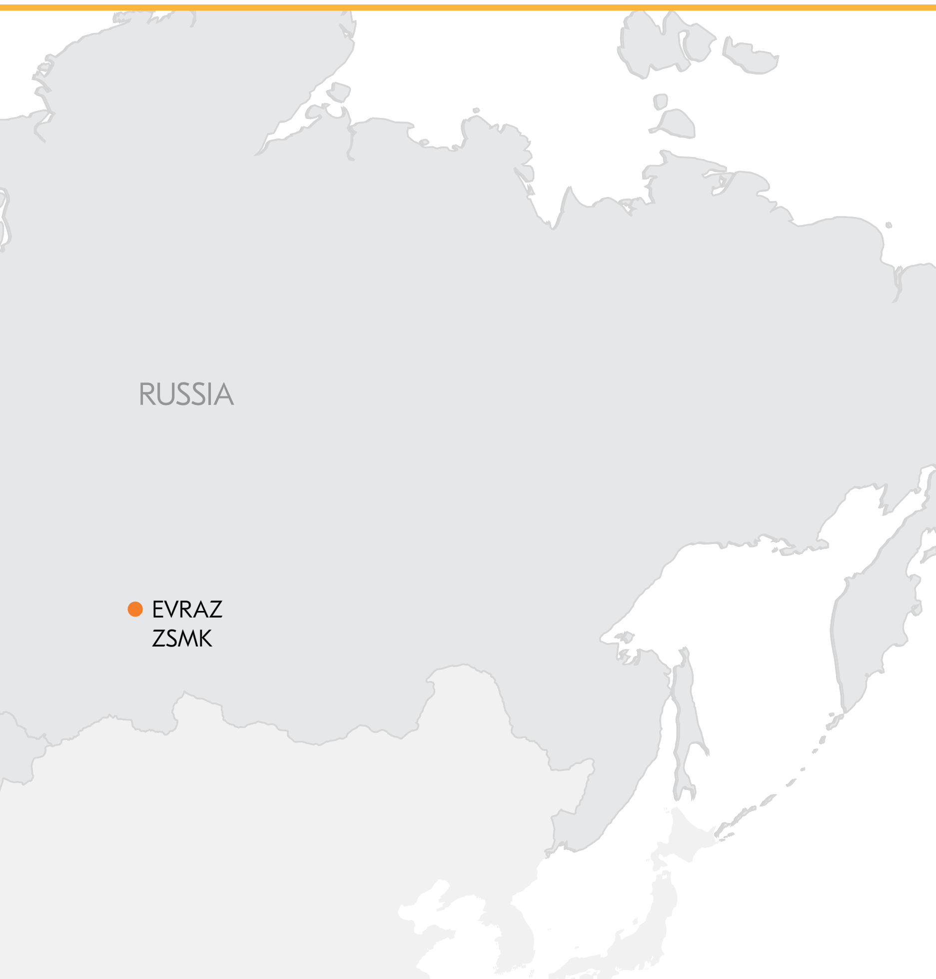
EVRAZ NTMK, Russia

EVRAZ NTMK is one of the largest integrated steel production plants in Russia and has a full processing cycle. It is located in the city of Nizhniy Tagil in the Ural region. It has coke and chemical production facilities, two blast furnaces, steelmaking units (one oxygen converter shop consisting of four LD converters), four continuous casters, seven rolling mills, and a heat and power generation plant.

EVRAZ Caspian Steel, Kazakhstan

EVRAZ Caspian Steel is located in Kostanay, Kazakhstan. It has a light-section rolling mill.

1. Former Evrazruda



Production highlights

Crude steel
11,690 kt

Iron ore products
14,399 kt

Steel products
10,763 kt

Vanadium slag
20,058 mtV

Sales highlights[2]

Finished products
6,056 kt

Iron ore products
1,430 kt

Semi-finished products
5,541 kt

Vanadium final products
13,288 mtV

Financial highlights

Revenues
US$10,188 m

EBITDA margin
35.4 %

EBITDA
US$3,609 m

CAPEX
US$468 m

Vanadium operations

EVRAZ Vanady Tula, Russia

EVRAZ Vanady Tula is the largest European producer of vanadium pentoxide, ferrovanadium-50 and ferrovanadium-80, which are alloy additions used to manufacture extra-high-strength steel for various applications and titanium alloys. It is located in Tula, 180 kilometres from Moscow. The site's production and scientific resources make it possible to process any vanadium-containing materials into a wide range of products. EVRAZ Vanady Tula uses low-cost, efficient technology to process vanadium slag from EVRAZ NTMK.

EVRAZ Nikom, Czech Republic

Located 30 kilometres from Prague, EVRAZ Nikom produces ferroalloys and corundum material. It converts the vanadium oxide produced by EVRAZ Vanady Tula into ferrovanadium, the major vanadium product used by the steel industry to increase strength and hardness.

Trading companies

EVRAZ Market

EVRAZ Market is a leading Russian provider of steel for infrastructure projects and a trader supplying rebar, profile, flat, tubular and rolled steel from major plants in the CIS. Its major presence in various regions of Russia is supported by a branch network that includes 48 subdivisions, and its branches are located in industrial centres across the country, as well as in Kazakhstan. Each subdivision's product range is tailored to local demand. In addition, it has a pool of 120 metal processing machines, which enables it to offer HVA products.

Trading Company EVRAZ

Trading Company EVRAZ is Russia's largest supplier of rolled steel and sells EVRAZ products domestically and in the CIS. It focuses on products for the construction, engineering, transportation (rails, wheels and specialist products), mining and pipe-making sectors.

EVRAZ East Metals

A Switzerland-based trading company, East Metals AG is EVRAZ' sole distribution channel outside the CIS. Its main exports include semi-finished steel products (slab and square billet), long finished products (rail, beam, wire rod and rebar), pig iron, coking coal, vanadium products and iron ore pellets. It has a wide network of agencies and representative offices (including in China, Hong Kong, Indonesia, Japan, the Philippines, South Korea, Taiwan, Thailand and Turkey), which ensures proximity to clients in key markets.

2. Sales to third parties only.

STEEL, NORTH AMERICA SEGMENT

EVRAZ is a leading North American producer of high-quality, engineered steel for rail, energy and industrial end-user markets. The segment is the largest producer of rail and large-diameter pipe (LDP) in North America. Its operations also lead in Western Canada's oil country tubular goods (OCTG) and small-diameter line pipe (SDP) markets, as well as in the US West Coast plate market.

Steelmaking and rolling — Canada

EVRAZ Regina

Located in Saskatchewan, EVRAZ Regina is the largest steelmaker in Western Canada. It operates two EAFs, a ladle furnace and a continuous variable-width slab caster, and a Steckel mill capable of rolling coil and plate with a width of up to 72 inches. EVRAZ Regina produces carbon steel slabs, flat-rolled discrete plate and coiled plate. Its tubular operations consist of a 24-inch Electric Resistance Welded (ERW) line pipe mill, a 2-inch ERW pipe mill (for OCTG welding), five helical submerged arc-welded (HSAW) mills and an ID/OD coating facility, which produces LDP for oil, natural gas and LNG transportation. EVRAZ Regina's tubular mills are important suppliers to the North American energy markets, serving leading energy producers and midstream operators in both Canada and the US.

EVRAZ Calgary

EVRAZ Calgary has an ERW pipe mill and heat treatment, API threading and finishing lines for OCTG casing with an external diameter of up to 9 5/8 inches. The site also operates ERW tubing finishing facilities comprising pipe upsetting, threading, testing and inspection. EVRAZ Calgary's products are primarily used in oil and gas exploration and production in Canada and the US.

EVRAZ Camrose

EVRAZ Camrose operates an ERW pipe mill and a finishing line, capable of producing SDP and carbon OCTG casing with an external diameter of up to 16 inches. Its products are primarily used in oil and natural gas drilling, transportation and distribution, as well as in the transportation of other substances such as carbon dioxide.

EVRAZ Red Deer

EVRAZ Red Deer has an ERW pipe mill producing OCTG casing and SDP with an outside diameter of up to 13 3/8 inches. The site includes a casing heat treatment line, API and premium threading lines, and separate OCTG casing and SDP finishing line.

EVRAZ Edmonton Coupling Machining

EVRAZ Edmonton Coupling Machining specialises in manufacturing API couplings with an outside diameter of up to 9 5/8 inches. Couplings produced at ECM are supplied to EVRAZ's Calgary and Red Deer OCTG casing and tubing operations.

1. Sales to third parties only

Production highlights

Crude steel
1,879 kt

Steel products
1,655 kt

Sales highlights[1]

Steel products
1,678 kt

Financial highlights

Revenues
US$2,324 m

EBITDA margin
13.8 %

EBITDA
US$ 321 m

CAPEX
US$ 216 m

Steelmaking and rolling — USA

EVRAZ Portland

EVRAZ Portland in Oregon has a Steckel rolling mill, a plate quench and tempering facility, and two HSAW pipe mills. The rolling facility is the only plate mill on the West Coast and has deep-water access to the Pacific Ocean, as well as access to Class I railways and trucking routes serving North America. Finished products include hot-rolled carbon and alloy steel plate, hot-rolled coil, heat-treated plate, shot-blasted and primed plate, temper-passed cut-to-length plate and plate coil.

EVRAZ Pueblo

EVRAZ Pueblo in Colorado has three rolling mills: a rail mill; a seamless pipe mill that produces OCTG products for use in oil and gas production; and a wire rod and coiled reinforcing bar mill. It also operates one EAF and a billet caster that supplies round billets to the hot rolling mills. In addition, EVRAZ Pueblo owns and operates the Colorado and Wyoming railway. This short-line route serves the Group's mills and connects the site to both the Burlington Northern Santa Fe and the Union Pacific railway lines, thereby reducing delivery costs to these customers.

Recycling

EVRAZ Recycling

EVRAZ Recycling is the largest metal scrap recycler in Western Canada, with 13 facilities across the prairies, as well as three facilities in the US, located in North Dakota and Colorado. EVRAZ Recycling buys, processes and sells a wide range of ferrous and nonferrous materials, while also offering a variety of metal recycling and other services, including auto wrecking yards that provide low-cost parts on a self-serve basis.

COAL SEGMENT

Raspadskaya is one of the leading coal producers in Russia in terms of both volume and cash costs. It also has a diverse product portfolio and diversified client base.

Mining and coal washing operations

Raspadskaya consolidates EVRAZ' Russian coal assets, which are located in the Kemerovo region and the Republic of Tuva (Russia).

Mezhdurechensk site

Raspadskaya has two operational underground coking coal mines and two open pits in Mezhdurechensk, including the Raspadskaya mine, Russia's largest. The site produces hard coking coal (K and OS grades), semi-hard coking coal (GZh grade) and semi-soft coking coal (GZhO grade). Its coal washing plant is one of the most modern in Russia. It has low maintenance costs and is designed to process high volumes with few employees.

Novokuznetsk site

Raspadskaya has five coking coal mines in Novokuznetsk. They produce hard and semi-hard coking coal (Zh, GZh and KS grades), which is processed into high-quality concentrate (classified as HCC grade internationally). Most of this comes from the Yerunakovskaya-8 mine. At the Novokuznetsk site, Raspadskaya has two coal washing plants, which produce customised coking coal blends and pulverised coal injection (PCI) coal. The Kuznetskaya washing plant produces high-quality HCC concentrate for the domestic market. The Abashevskaya washing plant produces a wide variety of products tailored to specific customers' needs.

Mezhegey

In the beginning of 2020, the decision was made to halt production at the Mezhegey mine. Subsequently, in December 2021 the decision was made to resume mining operations in 2022.

1. Sales to third parties only

Production highlights

Raw coking coal
23,272 kt

Coking coal concentrate
14,448 kt

Sales highlights[1]

Raw coking coal
686 kt

Coking coal concentrate
9,922 kt

Financial highlights

Revenues
US$2,321 m

EBITDA margin
55.7 %

EBITDA
US$1,292 m

CAPEX
US$228 m

SUSTAINABILITY

SUSTAINABILITY MANAGEMENT

ESG highlights, Steel segment

Lost-time injury frequency rate[1], X

0.74x

Read more on page 61

Key air emissions[1], kt

105.43 kt

Read more on page 68

GHG intensity ratio[1], tCO_2/tcs

1.90

Read more on page 62

Fatalities[1], number of people

6

Read more on page 61

Wastewater discharges[1], million m^3

74.32

Read more on page 69

Non-mining waste recycling or re-use rate[1], %

105.4

Read more on page 70

1. Data on this indicator does not include EVRAZ coal segment.

Our approach

At EVRAZ, we believe that sustainable development plays a vital role in our success. To maintain focus on this important area, we have made ESG one of the key bases of our business.

Steel is a crucial material in the transition towards a circular, low-carbon economy. We recognise our responsibility to produce it in a way that minimises the impact on the environment while responding to the needs of our stakeholders. We are looking at more than just our carbon footprint. We want to address all the ways in which we can improve on how we use the world's natural resources, maintain close ties with our employees, communities, and other stakeholders, and align our business with sustainable shareholder returns.

We aim to navigate sustainable development challenges in current and future operations and business processes across the Group by focusing on:

- **Combatting climate change: mitigating climate risks and reducing GHG emissions to contribute to urgent action against climate change impacts.**
- **Environmental protection: taking responsibility for preserving the natural environment in the regions of our presence.**
- **Employee wellbeing: providing safe working conditions, extensive learning and development opportunities, and competitive compensation packages.**
- **Diversity: promoting equal opportunities and zero tolerance of discrimination of any kind.**
- **Local community development: supporting the sustainable social and economic development of the regions in which we operate.**

Sustainability governance

In December 2021, the Board of Directors of EVRAZ established the Sustainability Committee – an expansion of the previous Health, Safety and Environment Committee – to drive the Group's sustainability agenda. Prior to that, in August 2021, we created a separate sustainability-focused body at the management level to supervise and monitor the performance of corporate functions in this area. Read more on pages 58-60 in the Health and safety, and environment section.

EVRAZ has internal corporate documents in place governing its activities in the area of sustainability and requires strict compliance throughout the business. We regularly review and update both the requirements and the documents themselves to ensure that they remain aligned with our sustainability agenda. The following are the most important documents for the Group:

- Code of Business Conduct.
- Supplier Code of Conduct.
- Health, Safety and Environmental Policy.
- Social Investments Guidelines.
- Anti-Corruption Policy.
- Hotline Policy.
- Policy on Main Procurement Principles.
- Human Rights Policy.
- Diversity and Inclusion Policy.
- Modern Slavery Statement.

Best practices and standards

EVRAZ strives to adhere to international standards across its operations. We have been a participant in the UN Global Compact initiative since 2020. Consistent with the Group's commitment to transparency, we make comprehensive ESG disclosures in our annual and sustainability reports and published our first climate change report in 2020. We align our reporting with the recommendations of international standards-setting organisations, such as the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB).

EVRAZ fully supports the UN Sustainable Development Goals (SDGs), which the UN General Assembly approved in 2015. We make substantial efforts to contribute to the achievement of all SDGs, including by providing quality employee benefits, promoting green technologies and encouraging the implementation of sustainability projects, among other initiatives. As part of our ESG agenda, we focus our efforts on contributing to the following six priority SDGs:

We ensure healthy lives and promote wellbeing for all.

Read more pages 58-70 in the Health, safety and environment section

Our core values include environmental protection, including water resource management and biodiversity loss prevention.

Read more pages 67-70 in the Environmental management section

We prioritise energy efficiency and combating climate change.

Read more pages 62-66 in the Climate change and GHG emissions section

We promote diversity and inclusion and do not tolerate discrimination in any form.

Read more pages 71-73 in the Our people section

We also strive to contribute to the achievement of the SDGs through our membership in key industry and business associations and our collaboration with various institutes. In 2021, EVRAZ was a member of the following organisations:

- Russian Managers Association.
- Russian Union of Industrialists and Entrepreneurs.
- Association of Industrialists of Mining and Metals Production Sector of Russia.
- World Steel Association.
- Russian Steel Association.
- Non-Commercial Partnership National Association for Subsoil Use Auditing.
- American Railway Engineering and Maintenance-of-Way Association.
- Consumer Council on Operations of OJSC Russian Railways.
- Steel Construction Development Association.
- Russian Union of Metal and Steel Suppliers.
- Canadian Chamber of Commerce.
- Saskatchewan Chamber of Commerce.
- Canadian Manufacturers and Exporters organisation.
- Canadian Steel Producers Association.
- American Iron and Steel Institute.
- Donors Forum.
- Association of American Railroads.

TCFD disclosure

Disclosure of information regarding climate change follows TCFD recommendations and is broken down according to several categories: governance, strategy, risk management, and metrics and targets. The Board of Directors oversees matters related to climate change, including by setting GHG emissions targets, as well as by assessing and managing transition and physical climate risks. Climate is also within the remit of the Sustainability Committee.

The climate-related disclosure is discussed in Task Force on Climate-related Financial Disclosures (TCFD) compliance statement.

see page XX

The Group determines relevant climate-related risks for the short, medium and long term in line with TCFD recommendations. Risks are categorized as transition or physical. EVRAZ has evaluated climate-related risks and ranked them by importance.

Read more **on pages 92-96**

In 2022, the Group intends to carry out a quantitative assessment of climate-related risks. These risks are integrated into the corporate risk management system, and EVRAZ has a strategy for mitigating them.

Read more **on pages 84-96** in the Principal risks section

The Group's Environmental Strategy 2030 names GHG emissions management as one of a key activity. EVRAZ sets GHG emissions targets within this strategy and discloses the methodologies used to calculate them to better comply with international requirements.

Read more **on pages 62-66** in the Climate change and GHG emissions section

Stakeholder engagement

We are closely engaged with our stakeholders and recognise their rising expectations, especially regarding decarbonising our operations in alignment with the Paris Agreement, adhering to sustainability standards across the supply chain, protecting the health and wellbeing of our employees and local communities, and promoting diversity.

The Group's key stakeholders are employees, investors and shareholders, customers, suppliers and contractors, local communities, regulatory bodies, the media and industry organisations. We strive to deliver value to all our stakeholders and improve engagement strategies regularly. Our stakeholder engagement includes a wide range of interactive tools and mechanisms. We rely on transparency and open communication when reaching out to our stakeholders and intend to do so in future.

Responsible supply chain management

Our approach to engaging suppliers is regulated by EVRAZ Policy on Main Procurement Principles and the Supplier Code of Conduct. We are dedicated to integrating sustainability concepts into not just our internal operations and processes, but also into those of the Group's broader network of partners. EVRAZ encourages potential partners to adhere to our sustainability values by developing standards for suppliers. To evaluate suppliers, we conduct field inspections and audits and collect feedback from supplier representatives. Our Procurement Commission verifies information included in forms filled by representatives regarding their commitment to a responsible approach to HSE issues throughout the assessment phase for prospective suppliers. Non-compliance with HSE requirements is one of the reasons EVRAZ would reject a partnership. The Group strives to establish favourable circumstances for the socio-economic growth of the regions in which it operates and collaborates actively with local suppliers.

Mid-term outlook

EVRAZ aims to continuously improve its sustainability management practices. Our nearest and mid-term plans include major projects in the following areas:

Health and safety

- Revising the operational model for safety management at our production to standardise and specify all the innovations implemented in the Company for 2020-2021.

Climate change and GHG emissions

- Calculation of Scope 3 GHG emissions.
- Carrying out a quantitative assessment of climate-related risks.
- Continuing to develop a climate strategy.
- Updating accounting and monitoring practices for energy consumption.
- Undertaking investments and operational measures aimed at improving energy efficiency, developing internal power generation capacity, using renewable energy sources and upgrading equipment.

Environmental management

- Continuing to implement waste management, water conservation and emissions reduction projects.
- Implementing our biodiversity roadmap.

Our people

- Revising our human resources strategy.
- Implementing a supportive learning structure for production managers aimed at developing new skills for external change management.
- Developing a long-term planning programme to forecast our needs as an employer and enhance the channels that we use to attract new workers.

Community relations

- Improving partnerships with local communities in a variety of ways, including upgrading urban infrastructure, financing sport events, and implementing educational and social projects.

HEALTH, SAFETY AND ENVIRONMENT

Our approach

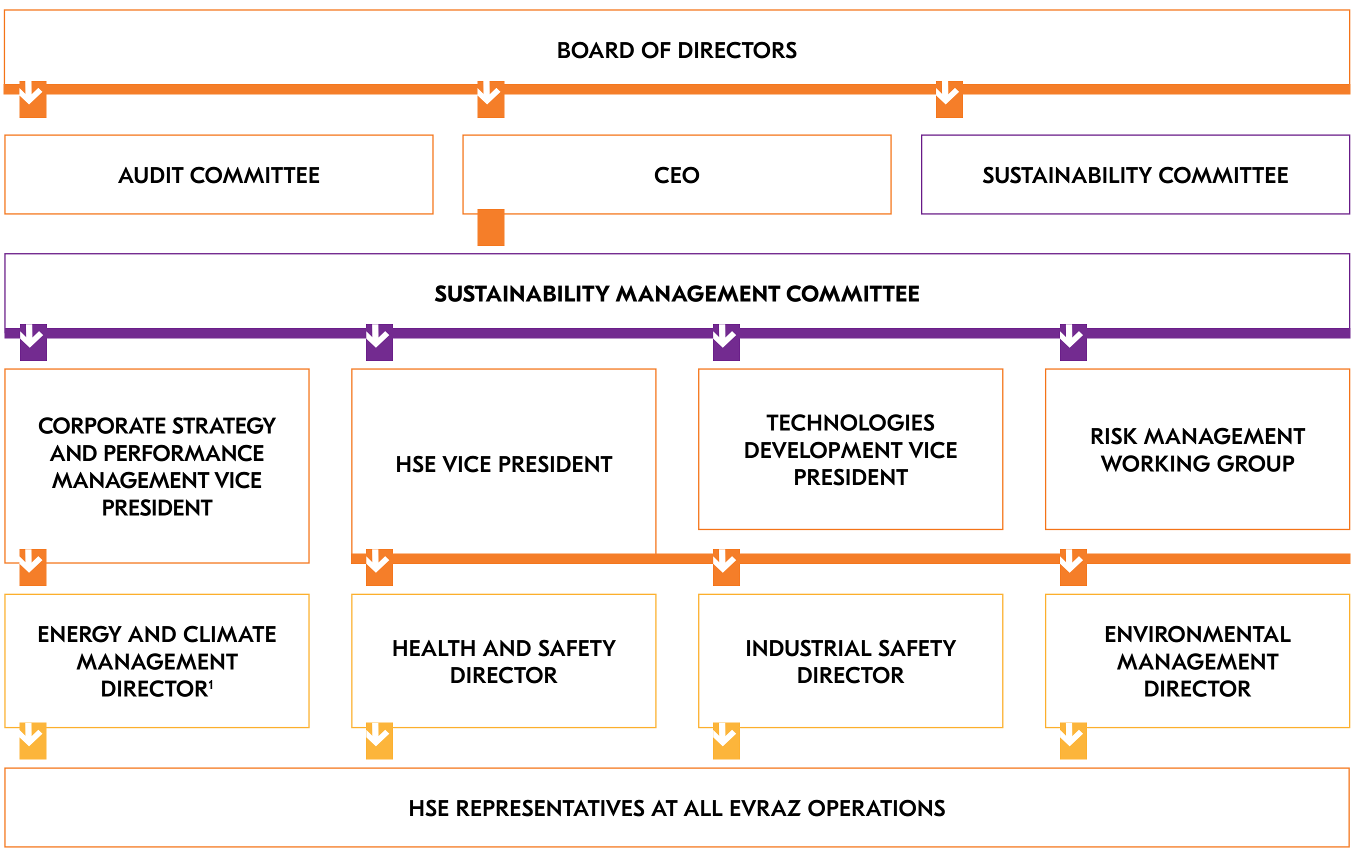
HSE management systems

Preserving the life and health of employees and protecting the environment during our daily operations is an absolute priority for EVRAZ. The Company operates HSE management systems to mitigate the associated risks in its operations.

The Group adheres to international best practices in HSE. While international certification of the HSE management systems is not a legal requirement, most EVRAZ facilities are certified as compliant with the requirements of the OHSAS 18001/ ISO 45001 occupational health and safety management and ISO 14001 environmental management standards. EVRAZ is currently aligning the occupational health and safety management system for relevant facilities to certify them under ISO 45001 as the validity period of OHSAS 18001 expires.

The Group recognises that the engagement of senior executives in the HSE management process is a crucial element in the plan to enhance the effectiveness and improve the functionality of its HSE management systems. HSE issues are considered at every corporate level,

HSE GOVERNANCE STRUCTURE



1. Appointed in January 2022

including our line and senior management. To bolster our HSE management systems and foster a safety culture, in 2021, EVRAZ established two governing bodies within its organisational structure.

In December 2021, the Board of Directors transformed HSE Committee into the Sustainability Committee. It plays a key role in managing HSE issues at the Board level and is responsible for setting the Company's strategy in this area.

In August 2021, EVRAZ established a Sustainability Management Committee at the executive level. The Group's corporate strategy and performance management vice president chairs the committee and the CEO and heads of business units regularly attend its meetings. The committee's tasks include driving improvements in the safety culture by setting and revising relevant goals and approving annual KPIs for line managers. At the level of the Group's enterprises, local HSE departments supervise HSE issues.

EVRAZ actively engages with industry associations on matters related to occupational health and industrial safety, such as the World Steel Association's Safety and Health Committee, as well as the HSE committees of Russian Steel (a Russia-based non-commercial partnership) and the Russian Union of Industrialists and Entrepreneurs. We evaluate and formulate proposals on various legislative initiatives and work to develop a common position among the associations' members.

HSE documents

The EVRAZ HSE Policy is the fundamental document regulating issues of environmental matters, including climate change, issues related to biodiversity, occupational health and safety and the involvement of contractors in safety processes. The policy formalises the basic principles that the Group has set for itself, as well as the commitments that have been made. The Company's policy is regularly reviewed, the last changes were made to it in 2021. EVRAZ strives to comply with all requirements of labour protection legislation and internal Company rules.

The Company operates in accordance with technical regulations, as well as the following documents governing labour protection:

- HSE Policy.
- Cardinal Safety Rules.
- Fundamental Environmental Requirements.
- Standard Incident Reporting Rules.

In 2021, the number of corporate HSE documents was revised and amended. Some changes were made to the Standard Incident Reporting Rules. The Cardinal Safety Rules were also updated and a new lockout, tagout (LOTO) procedure was added that prohibits working without applying safety locks.

Climate risk governance

Issues related to climate change are handled by the Board of Directors and are considered at regular Board and Sustainability Committee meetings.

At the executive level, the Sustainability Management Committee also considers issues related to climate change and decarbonisation.

RESPONSIBLE BODY	CLIMATE-RELATED RESPONSIBILITIES
Board of Directors (BoD)	• The BoD oversees the process of identifying and managing climate-related risks and opportunities and approves the Group's risk appetite. • The BoD's agenda includes matters related to climate change, such as governance, strategy, risk management and environmental targets. • The BoD meets 10-12 times a year to review and guide strategic decisions, budgeting, investment decisions, including climate-related issues and the Company's progress against sustainability targets such as emissions reduction.
Sustainability Committee (previously HSE Committee)	• The Sustainability Committee oversees group-level policies, processes and strategies designed to manage risks and opportunities related to health, safety, the environment, socio-economic issues, the supply chain and climate change. • The committee assists the BoD in monitoring the implementation of climate-related matters and determines the strategic actions needed to respond to particular market trends, as well as the acceptable level of risk exposure to climate change. • It meets at least four times a year at set times or as otherwise required. Members of the Sustainability Committee also makes a site-visits.
Audit Committee	• The Audit Committee oversees the Internal Audit Directorate and monitors the implementation of climate change measures in compliance with applicable policies, plans, procedures, laws and regulations. • It supports the BoD in monitoring risk exposure against risk appetite and reviews the effectiveness of the risk management system, as it relates to climate change.
Chief executive officer (CEO)	• The CEO has ultimate responsibility for risk management and ensures that the risk management system is well organised, covering climate-related issues. • The CEO leads the process of developing a decarbonisation pathway and monitors the achievement of group-level climate-related targets, which are then reported to the Sustainability Committee and BoD after the CEO's approval.
Sustainability Management Committee	• The Sustainability Management Committee oversees various issues related to climate change, including decarbonisation (involving the analysis of available technologies and options for their application), specific asset-oriented measures aimed at helping enterprises to achieve emissions goals, and analysis of automated emissions accounting systems. • The committee is composed of the CEO, corporate strategy and performance management vice president, HSE vice president, technologies development vice president, representatives of the Risk Management Working Group, and in some cases heads of departments and production divisions, who report key findings and results to inform the committee when it takes strategic decisions. • The committee monitors Company's sustainability performance and progress against climate-related targets and reports its findings to the CEO. • The committee meets at least once a month.
Corporate strategy and performance management (CSPM) vice president	• The CSPM vice president chairs the Sustainability Management Committee and is responsible for aligning its agenda with the Company's strategy, as well as sustainability and climate goals. CSPM vice president reports to the CEO.
HSE vice president	• The HSE vice president oversees health, safety and environmental issues arising in relation to physical and transitional climate risks. The HSE vice president reports to the CEO.
Technologies development vice president	• The technologies development vice president is responsible for the technology side of the carbon neutrality transition. Technological development vice president reports to the CEO.
Energy and climate management director	• The energy and climate management director represents the Company's interests in the field of climate regulation and is responsible for: – Participating in working groups under governmental bodies, industry associations, committees and commissions. – Monitoring climate regulation and decarbonisation initiatives. – Forming the Company's position concerning climate-related issues. – Implementing decarbonisation measures, developing an energy management system and increasing the energy efficiency of production. The director reports all findings to the Corporate strategy and performance management (CSPM) vice president.
Environmental management director	• Support for greenhouse gas inventory methodology, data collection, consolidation and reporting.
Risk Management Working Group	• The Risk Management Working Group consolidates all results and plays a key role in identifying, assessing and monitoring climate-related risks and mitigation measures within the Group.
HSE function and safety representatives for all EVRAZ operations	• The HSE function and safety representatives at the operational level implement and control activities in compliance with the Company's general strategy and the Climate Action Plan in day-to-day operations. • They report to the division directors and management.

Occupational health and safety

2021 HIGHLIGHTS

1.21x
Group LTIFR

8
fatal incidents

Safety culture and health and safety training

EVRAZ strives to foster a safety culture among its employees. This is made possible through ongoing occupational safety initiatives such as the Risk Management Project and the innovative Risk Hunting application. These programmes aim to encourage employees to take an increasing level of interest in their own safety. An assessment of the Risk Management Project performed in late 2021 revealed that most business unit heads consider the project an integral component of the HSE management systems. We are pleased to see our employees perceive risk management tools as a part of standard daily operations. We view this as an example of how all EVRAZ facilities are successfully implementing dynamic risk assessment measures.

We empower all employees to suspend any operation that poses a potential risk for people's health and safety. The Risk Management Project has helped to improve employee satisfaction by changing the management's perception of the right to refuse unsafe work as a risk for production process disruption. In 2021, we revised the approach to motivating safe behaviour by modifying both the criteria and process for bonus payment.

During the reporting period, EVRAZ trained its production personneland line managers under the Risk Management Project. In addition, employees of contracting organisations began to undergo risk management training with the help of specially developed internal programmes.

Performance in 2021

LTIFR

EVRAZ annually assesses working conditions in its production sites. The leading indicator that reflects the effectiveness of HSE management systems is the lost-time injury frequency rate (LTIFR).

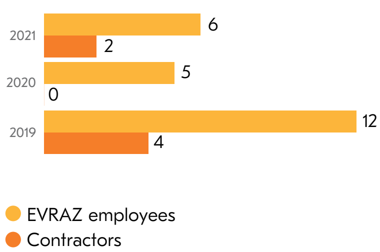
Lost-time injury frequency rate[1]

1.21

Fatalities

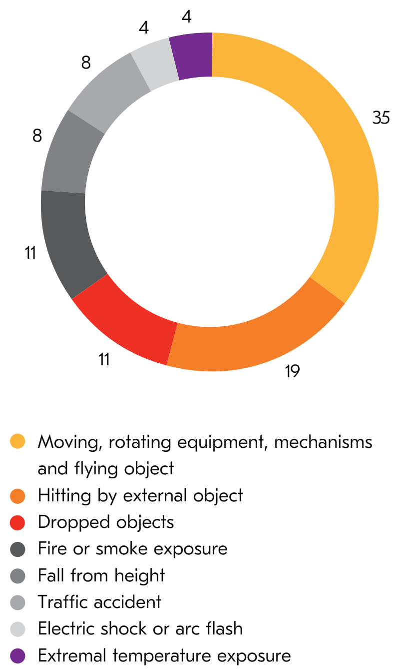
EVRAZ thoroughly investigates any fatal incidents that occur at its operations and makes every effort to prevent fatalities among its employees and contractors.

Work-related employee fatalities



All accidents in the Company are subject to a mandatory investigation. Prompt identification of critical factors and root causes of incidents helps to identify systemic shortcomings and develop the necessary measures to minimise dangerous factors more accurately. The Sustainability Management Committee is responsible for the implementation of such initiatives, both within the Group and in individual divisions. Each initiative implemented by the Sustainability Management Committee is regularly monitored and assessed to determine its effectiveness.

Main types of high-consequence work-related injuries and fatalities (including contractors), %



1. The values of the indicator have been recalculated to include contractors and are different from those presented in the Annual report 2020 and the Sustainability report 2020.

Climate change and GHG emissions

2021 HIGHLIGHTS

Total GHG emissions	GHG emission intensity	Total energy consumption	Energy intensity
42.13 $MtCO_2e$	1.90 tCO_2e/tcs	347.5[1] million GJ	23.0[1] GJ/tcs

Our approach

The Group is fully aware of the necessity of taking steps to mitigate its impact on climate change and takes continuous measures to reduce greenhouse gas emissions (GHGs). EVRAZ supports both global and national programmes and projects for combating climate change. Being a member of the World Steel Association, the Russian Steel and the UN Global Compact initiative, EVRAZ prioritises decarbonisation issues. GHG emissions management is included in the Environmental Strategy as one of the key activities and climate-related risk management is integrated into the corporate risk management system.

In its pursuit of decarbonisation, the Group focuses its efforts on maximising energy efficiency, using secondary and low carbon energy, and technical re-equipment. One crucial area is improving energy efficiency and enhancing energy management. EVRAZ has a uniform methodology for internal audits of the energy management system. Energy consumption and energy efficiency management of plants and production workshops is measured for compliance against criteria in special checklists developed according to ISO 50001.

EVRAZ follows TCFD requirements in describing risks and opportunities for the short, medium, and long term; management's role in assessing and managing climate related risks, where the Group's strategy may be affected by climate-related risks, GHG emissions targets and methodologies used to calculate them.

Read more **on pages 54-57** in the Sustainability management section, **on pages 58-70** in the Health, safety and environment section, and **pages 84-96** in the Principal risks section

GHG emissions

In 2021, the Group accomplished the upgrade of the CDP (Carbon Disclosure Project) climate change rating to level C. EVRAZ achieved the result due to the increase in the scope of information disclosure and the improvement in the quality of reporting, identification and assessment of climate-related risks.

All emissions are calculated, however targets are set on specific processes. EVRAZ intends to reduce specific Scope 1 and 2 GHG emissions from steelmaking[2] operations by 20% and reach 75%-utilisation of methane (CH4) emitted while degassing coal mines by 2030 compared to 2019. Our goal is to achieve the GHG intensity ratio of 1.55[3] tCO2e/tcs (tonnes of carbon dioxide equivalent per tonne of crude steel), which complies with the Paris Agreement (PA) pledges and is calculated based on the Transition Pathway Initiative (TPI) methodology for steel producers "Carbon performance assessment of steel makers: note on methodology". To meet the goal, EVRAZ is considering promising technologies.

Read more **on page 63** in the Decarbonisation pathway section

An important accomplishment for EVRAZ in reducing greenhouse gas emissions is evident in its efforts to utilise emitted methane to lessen its impact on the climate. The Group is implementing pilot projects on introducing installations for thermal utilisation of methane at the Raspadskaya Coal Company. It enables the transformation of methane into CO2 thus reducing GHG effect, since methane has a greater global warming potential and a higher impact related to the increase in average global temperatures. If the pilot projects are successful, the Group will scale them up. The Group evaluates the practicability of energy generation to improve the efficiency of methane using.

EVRAZ discloses data in tCO2e using IPCC global warming potentials for its calculations. The methodology for calculating Scope 1 and 2 GHG emissions complies with the requirements of the IPCC Guidelines for National greenhouse gas inventories and GHG Protocol Corporate Accounting and Reporting Standard. Scope 2 GHG emissions were measured using official data of Russian energy exchange. Evaluation of Scope 3 GHG emissions is in process and will be performed for all relevant categories.

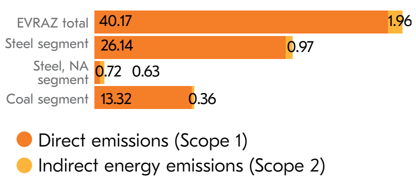
In the current year, GHG emissions have decreased by 3.1%. This was a result of lower steel production at EVRAZ ZSMK, decrease of methane emissions at some coal mines, modernisation of equipment and the success of the energy efficiency policy. In 2021, the steel segment accounted for the largest part of GHG emissions (68% from EVRAZ' total GHG emissions).

1. Or 96,555.5 million kWh and 6,402.8 kWh/tcs
2. All enterprises from the steelmaking segment in North America and Russia are involved in the process of achieving this goal.
3. Base year (2019) results were recalculated due to the updated values of global warming potentials from the IPCC's Fifth Assessment Report and Russia's new Scope 2 emission factors. In addition, the quality of primary data gathering in the Company has improved, which resulted in the decrease of base year GHG intensity to 1.94 tCO2e/tcs vs. previously reported 1.97 tCO2e/tcs. The goal (-20%) was recalculated accordingly and reduced to 1.55 tCO2e/tcs vs previously indicated 1.58 tCO2e/tcs.

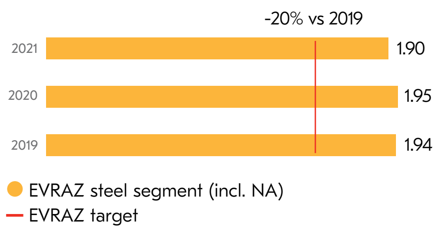
EVRAZ GHG emissions[4], 2019-2021, million t CO_2e

	2019	2020	2021
Direct (Scope 1)	40.76	41.21	40.17
Consisting of:			
CO_2	28.22	28.06	27.55
CH_4	12.48	13.09	12.57
N_2O	0.06	0.05	0.06
PFC and HFC	0.00002	0.00012	0.00003
SF_6	—	—	—
NF_3	—	—	—
Indirect (Scope 2)	2.38	2.27	1.96
Total GHG emissions	43.14[5]	43.48[5]	42.13

EVRAZ GHG emissions by segment in 2021, million tCO_2e



Scope 1 and 2 GHG intensity from steel production (Steel and Steel, North America segments)[6], tCO_2e/tcs



This year it was decided to disclose one more intensity figure that better reflects performance of the steel segment and takes into account volumes of pig iron produced by steel mills and sold to 3rd parties.

EVRAZ Carbon intensity of GHG emissions per t, tCO2e

	2019	2020	2021
Scope 1 carbon intensity			
per tonne of crude steel and sold pig iron	1.80	1.80	1.75
per tonne of crude steel	1.85	1.87	1.82
Scope 2 carbon intensity			
per tCO2e of crude steel and sold pig iron	0.09	0.08	0.07
per tonne of crude steel	0.09	0.08	0.08
Scope 1+2 carbon intensity			
per tonne of crude steel and sold pig iron	1.88	1.88	1.83
per tonne of crude steel	1.94	1.95	1.90

Decarbonisation pathway

To make our business strategy more resilient to the consequences of climate change and identified climate-related risks, we continuously assess how our business may improve to become more sustainable. At the end of 2021, our risk reassessment demonstrated that climate-related issues require greater attention at the Group level due to increasing regulatory changes and increased stakeholder attention. By addressing and analysing how climate change affects our Company, we can plan and design measures to mitigate the consequences of potential issues in the future. We believe that our decarbonisation pathway shall be cost-effective. Our short-term sustainability focus is based on substantial side effects yet does not compromise our ability to create long-term value.

We have started developing a decarbonisation pathway for the Group that will be integrated into our daily operations, strategic and financial planning, which will also help us to avoid climate-related risks and meet climate targets. Read more on pages 84-96 in Principal risks section. In the next 3-4 years, our priority will be to maximise energy efficiency and develop measures that will decrease the Group's volumes of greenhouse gas emissions in order to provide the market with reduced CO2 steel products.

4. Scope 1 data includes emissions in tonnes of carbon dioxide equivalent from the combustion of fuel and from other sources that are owned or controlled by the Company.
5. Results of 2019 were recalculated: Change of Scope 2 EFs for Russian mills (-1.91MtCO2e), data quality improvements (+0.26 MtCO2e), GWPs update acc. to AR5 (+1.43MtCO2e).
6. Tonnes of CO_2 equivalent (Scope 1 and 2 GHG emissions) divided by tonnes of crude steel. Only steelmaking enterprises are included into the calculation.

METHODOLOGY CHANGES

We have made several upgrades of our methodology in 2021:

- **Global Warming Potential values for 100-year time horizon are taken from the IPCC Fifth assessment report (AR5) instead of values from the Fourth assessment report (AR4) previously used.**
- **Scope 2 emission factors for entities in the Russian Federation are taken from the official source of Russian energy exchange (https://www.atsenergo.ru/results/co2) which, in our opinion, reflect more realistic energy balance of the country energy systems than previously used factors from the baseline study report "Development of the electricity carbon emission factors for Russia" by EBRD&Lahmeyer (https://www.ebrd.com/downloads/sector/eecc/Baseline_Study_Russia.pdf).**
- **Improvements in data quality which cover double-counting issues and more precise data on material flows.**

In the upcoming year we'll continue to improve our methodological approach in order to align it with best practices.

In line with the international and local climate agenda, and as an element of the transition to a low-carbon economy, EVRAZ is developing a roadmap with the following initiatives, as well as a preliminary decarbonisation plan for EVRAZ ZSMK and EVRAZ NTMK to be achieved by 2060.

2022-2025

- Monitor regulatory changes and launch the development of a decarbonisation strategy for the industry in consort with the state.
- Improve energy efficiency by 18% by 2025[1].
- Use waste as coal and coke substitutes.
- Use of low-carbon energy purchased.
- Develop renewable energy generation on site.

2025-2035

- Increase the share of scrap and EAF.
- Examine the possibility of DRI (direct reduced iron) usage.
- Consider using alternative energy.
- Consider upgrading production facilities.

After 2035

- Implement CCUS (Carbon capture and utilisation/storage technology.
- Use hydrogen in the BF-BOF route and DRI.
- Practice smart carbon usage.

OTHER ACTIVITIES COMPLETED IN 2021:

- **Conducted a CO2 price forecast.**
- **Launched the revision of the CO2 calculation methodology. The goal is to align internal methodology with best practices and future government requirements.**
- **Initiated a study of a DRI usage at EVRAZ NTMK including an analysis of vanadium extraction potential.**
- **Testworked Timir's metallurgical iron ore (with further analysis of DRI).**
- **Initiated research on carbon capture and storage technologies.**
- **Researched alternative energy possibilities. At this point, preliminary research indicates that using solar and wind energy at EVRAZ ZSMK and EVRAZ NTMK would not be efficient enough economically.**

1. With 2018 as baseline year.

Some of these measures should have an economic effect on the Group and foster technological advances in production:

- Implementing measures to increase energy efficiency and better utilise secondary energy resources.
- Recycling secondary waste stemming from our own production.
- Involvement in the coking charge of carbon-containing industrial and domestic waste.

EVRAZ is developing a detailed roadmap and estimated the potential decrease of tCO_2e/tcs intensity. Until 2030, decarbonisation initiatives will be mainly focused on energy efficiency, technological upgrade of equipment, and higher productivity while we continue to review the economic feasibility and decarbonisation potential of other technologies

EVRAZ has already launched several initiatives in order to comply with its decarbonisation goals. It has also started researching long-term possibilities. Below are some examples of climate-related initiatives integrated into the business strategy. These should help the Group mitigate climate risks, pursue opportunities, improve resilience and stimulate innovation within its operations:

- Energy efficiency.
- Circularity of resources.
- Climate-related KPI's.
- Internal carbon price.
- Sustainable Development Training for Employees.

Energy efficiency

In December 2021, the Group developed a schedule to implement initiatives and changes for 2022-2023.

- Energy efficiency measures.

Measures include increasing and capturing steam generation from the dry coke quenching plant to generate electricity, replacing an electric motor with a turbo drive at the Siberian Division and purchasing low-carbon energy for the Group.

- Electricity generation.

EVRAZ Pueblo plans to use a 240 MW solar power plant as its primary energy resource. In partnership with Lightsource BP and Xcel Energy, the project supports the Colorado Energy Plan, helping Xcel Energy provide 55% renewable energy by 2026.

Circularity of resources

EVRAZ recognises economic trends such as the EU's green deal climate policy and clear focus on resource efficiency. Such developments directly address the increasing cost and scarceness of materials in the future, as well as the lifecycle of constituent alloys within steels. The Group is working on developing technologies and procedures to prolong the lifecycle of raw materials.

- Secondary use of carbon-containing coking waste

The Group is set to determine by end of 2022 the possibilities of involving the charge for coking carbon-containing waste and determining the potential for reducing the carbon footprint by replacing coal with other components.

- Processing CO2 into products.

EVRAZ began identifying new products from CO2 processing, energy intensity, and application possibilities. In addition, EVRAZ will assess the feasibility of CO2 entrapment with subsequent disposal/utilisation and transfer to the Group's steelmaking facilities from hydrocarbons to methane-hydrogen fuels to reduce GHG emissions. The Group views hydrogen as a high-potential green energy source.

Climate-related KPIs

The Group is currently aligning its remuneration process with decarbonisation goals and targets. In 2022, we are planning to include climate-related and decarbonisation KPIs for the vice presidents of EVRAZ.

Internal carbon price

EVRAZ has set an internal carbon price to be able to more accurately budget and plan its operations within a continuously changing environment of climate regulation. The carbon price will be an additional metric during investment project assessments and mitigate regulatory risks. Currently, the methodology for establishing the metric is being revised. EVRAZ plans to disclose information upon this metric in future disclosures.

Regulatory changes

EVRAZ is assisting in developing a decarbonisation strategy for the steel industry in Russia by 2060. The project will involve all key steel producers within the Russian Steel Association.

In addition, EVRAZ interacts with government bodies to develop CO2 legislations in Russia, assist in setting up a defined system for reporting CO2 emissions in the country, and work to develop state support measures.

National targets

EVRAZ has considered Russia's national net zero target by 2060 while developing the decarbonisation pathway.

Energy management

All the Group's employees are involved in energy efficiency issues and practices. EVRAZ is constantly striving to improve the energy management system within the Group. One of the goals of the Group is to pass the certification procedures for compliance with the ISO 50001 requirements at the factories, and, in 2021, EVRAZ ZSMK and EVRAZ KGOK accomplished this goal. In 2021, the Group developed and approved a policy for the use of energy efficient transformers for EVRAZ. The goal of the policy is to improve activities to reduce the loss of energy resources. In 2021, a standard was developed containing requirements for the energy efficiency of the applied technical solutions when designing production facilities. The Group is aiming to organise the process of implementing the document by designers in 2022.

In 2021, the Group held many events to generate ideas in the field of improving the energy efficiency of production, such as "Energy Session" and "Growth Points. Decarbonisation". Also, EVRAZ provided educational events for employees, such as "Production energy efficiency" trainings on energy consumption and energy efficiency management and "Energy Transition 4.0" on the growing importance of climate change and environmental sustainability issues, changing public opinion and new government policies regarding climate and energy.

In 2021, EVRAZ implemented 280 energy efficiency activities, and consequently, it managed to make energy savings in the amount of 7.8 million GJ and US$43 million. Those activities include equipment modernisation, analytics advancements and improvements of the monitoring system. In 2021, we provided inter-shop metering for energy flows worth more than US$25 million and reduced unmetered inter-shop energy flows from 25% to 15%, which will increase the transparency of energy consumption at each stage and the ability to manage energy-intensive processes.

The installation of a gas top pressure recovery turbine at EVRAZ NTMK and the renovation of oxygen production at EVRAZ ZSMK were completed in 2021. This helped reduce energy intensity.

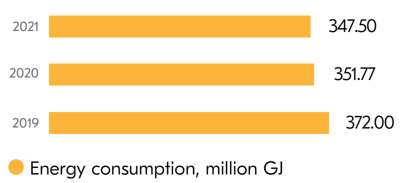
Over the past few years, EVRAZ has been reducing total energy consumption. Sound energy efficiency policy brings tangible results. The Group manages to consistently reduce energy intensity year on year. In 2021, total energy consumption decreased by 1.3%.

The divisions implement different measures to reduce energy consumption. In Urals Division equipment was modernised for additional power generation by switching on the right flow of the left discharge duct. Also, the Group has developed digital model of the thermal power plant and compressor station. The change in the specific yield of gross coke due to baking allowed saving a large amount of money and energy. The air heater was replaced with an additional stage of the water economiser on the steam boiler.

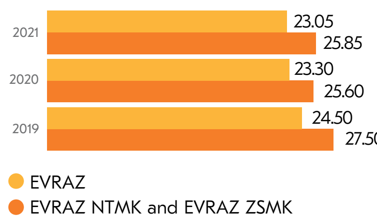
The Siberia Division increased the efficiency of vacuum filters due to the use of a dehumidifier. A notable event was also a change in the chemical composition of cast iron. EVRAZ started using lump shungite in blast furnace production. The content of MgO in blast furnace slag was lowered.

In the Coal division were implemented 5 projects in installation of frequency control systems and 19 projects in reduction energy consumption or installed capacity of equipment. The full operability of reactive power compensation devices at Erunakovskaya-VIII mine was restored.

EVRAZ total energy consumption[1], 2019–2021



Energy intensity of EVRAZ' steelmaking operations, 2019 - 2021, GJ/t[2,3,4]



CASE STUDY

RENEWAL OF THE THERMAL POWER PLANT AT EVRAZ NTMK

In 2021, the thermal power plant at EVRAZ NTMK was successfully modernised. Following the renewal, greenhouse gas emissions into the atmosphere decreased by 7.5 thousand tons per year. At the same time, the plant's own electricity generation increased by 1.5% per year. A boiler installation was upgraded, two smoke pumps with reduced energy consumption were installed on boiler No. 9. The consumption of resources by each smoke pump reduced by 23%. This significantly facilitated the increase in their performance efficiency. In addition, the consumption of blast furnace and coke oven gases as fuel for steam boilers increased.

1. The figure of total energy consumption comprises data on enterprises of the steelmaking segment (EVRAZ NTMK, EVRAZ ZSMK, EVRAZ Nikom, EVRAZ Caspian Steel, EVRAZ Inc. NA, EVRAZ Inc. NA Canada, EVRAZ Vanady Tula) and the mining and coal segment (EVRAZ Kachkanarsky Mining-and-Processing Integrated Works (EVRAZ KGOK), Raspadskaya Coal Company, Evrazruda).
2. The figure of energy intensity includes data on the Steel segment (EVRAZ ZSMK, EVRAZ NTMK) and Steel, North America segment (EVRAZ Portland, EVRAZ Pueblo, EVRAZ Regina, EVRAZ Camrose, EVRAZ Calgary, and EVRAZ Red Deer).
3. EVRAZ energy intensity in kWh: 6,387 in 2021, 6,472 in 2020 and 6,805 in 2019.
4. EVRAZ does not have any production facilities in the UK, only the office. Data for UK office as well as data for offices located in Russia and North America were not included in the graphs, since the volumes of consumed power are not material in terms of overall energy consumption within the Group.

Environmental management

2021 HIGHLIGHTS

2.9%
reduction of total air emissions

105%
non-mining waste recycling and reuse rate

Our approach

One of the Group's strategic goals is to ensure sustainable business activities. Our approach to environmental management is defined in the EVRAZ Business Strategy and HSE Policy. All of our enterprises use an environmental management system based on the plan-do-check-act model.

The Group strives to ensure compliance with all relevant environmental requirements. We strictly comply with the rules on registration, evaluation, authorisation and restriction of chemicals (REACH) for products supplied from or manufactured in the European Economic Area by the Group's assets.

When developing new projects and operations, we perform special environmental and social impact assessments that evaluate possible indirect and direct effects of our activities on the local environment and communities. We also develop plans to reduce these impacts and manage them through engagement with local stakeholders, including regional authorities, enterprises and host communities.

To maintain a high level of environmental awareness and competence among our employees, we provide training on waste management approaches, HSE practices and other relevant topics.

ENVIRONMENTAL STRATEGY

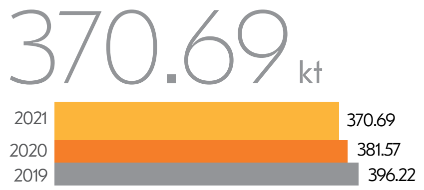
EVRAZ has developed an environmental strategy based on the sustainable business and environmental protection principles, which are integrated into all stages of our value chain. The following key indicators were achieved in 2021:

AREA	GOAL (2019-30)	2021 STATUS
Water	Zero wastewater discharges from steel production	63.5 million m^3
Waste	Utilise 95% of waste from metal production and general waste	105%
	Recycle 50% of mining waste	30.9%
Air emissions	Reduce total atmospheric emissions from steel production by 33%	2.9% reduction year-on-year
	Reduce dust emissions from coal mining by 1.5 times	10.8% increase due to higher production volumes

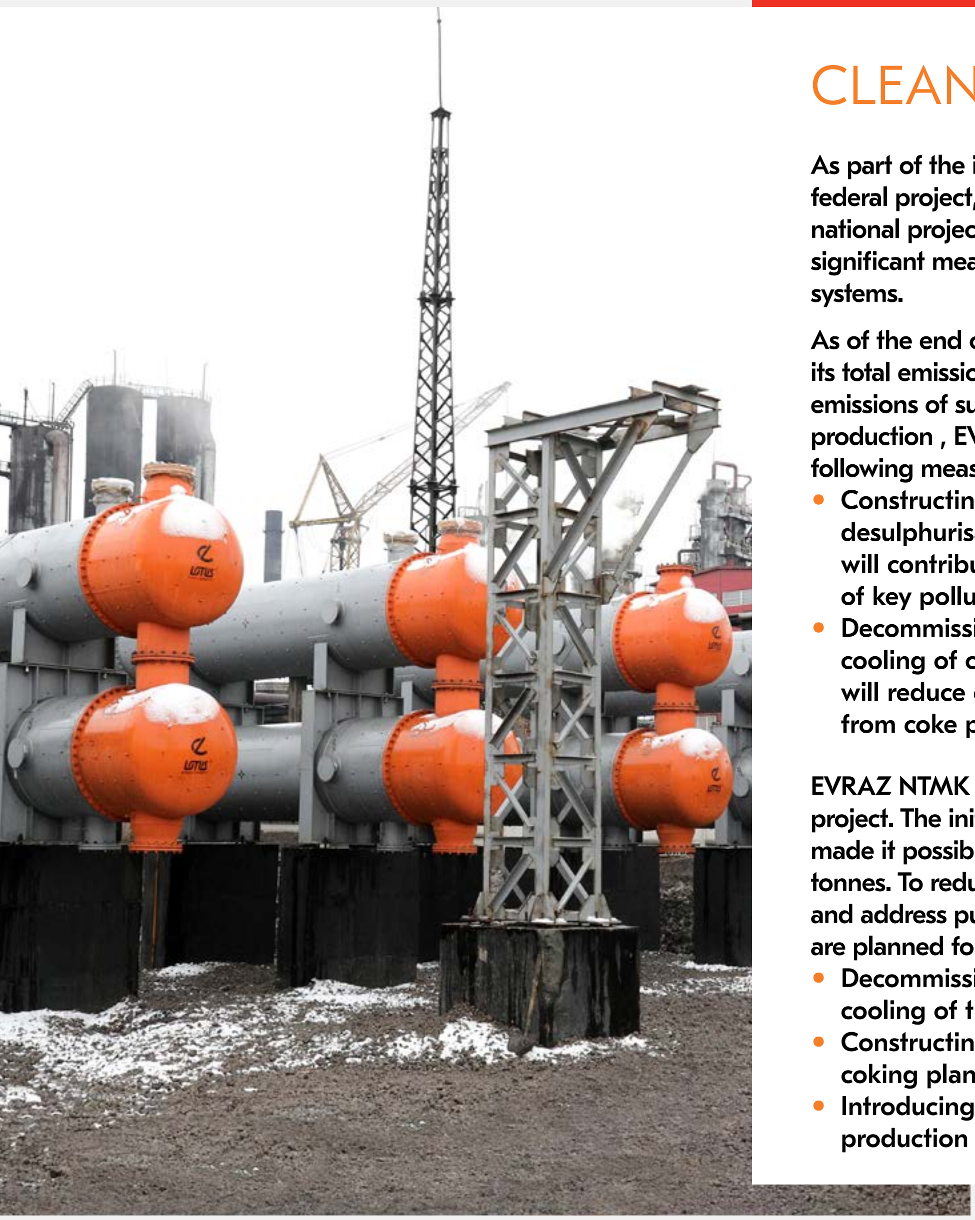
Lowering air emissions

EVRAZ uses best available technologies and regularly updates equipment to lower air emissions and reduce their potential impact on human health and the environment. The primary emissions resulting from our business activities include sulphur oxides (SOx), nitrogen oxides (NOx), volatile organic compounds (VOCs) and particulate matter (dust). In 2021, total key air emissions fell by 2,85% YoY.

EVRAZ total air emissions (including key emissions), 2019-21, kt



CASE STUDY



CLEAN AIR PROJECT

As part of the implementation of the Clean Air federal project, which forms part of the Ecology national project in Russia, EVRAZ undertakes significant measures to improve its gas treatment systems.

As of the end of 2021, EVRAZ ZSMK had decreased its total emissions by 16.9 thousand tonnes. To reduce emissions of sulphur dioxide (SO2) and specific coke production , EVRAZ ZSMK plans to implement the following measures in 2021-24:

- Constructing a modern facility for flue gas desulphurisation at the sintering plant, which will contribute to a 62% reduction in emissions of key pollutants for Novokuznetsk by 2024.
- Decommissioning the cooling tower for the final cooling of coke gas at the coking plant, which will reduce emissions in hazard classes 1 and 2 from coke production by 76%.

EVRAZ NTMK is also involved in the Clean Air project. The initiatives that it has implemented have made it possible to reduce emissions by 7.4 thousand tonnes. To reduce emissions of harmful pollutants and address public concerns, the following measures are planned for 2021-24:

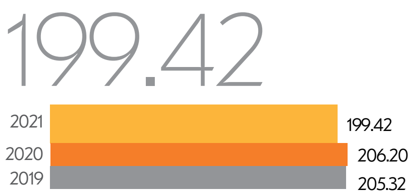
- Decommissioning the cooling tower for the final cooling of the coke gas at the coking plant.
- Constructing a new biochemical facility at the coking plant.
- Introducing new technology for pitch production (replacing old equipment).

Balancing water supply

The mining and steel industries require significant amounts of water. As a part of our climate risk assessment, we have recognised that circular water use within our facilities allows us to manage physical risks like water scarcity, droughts and the increasing frequency of extreme weather events.

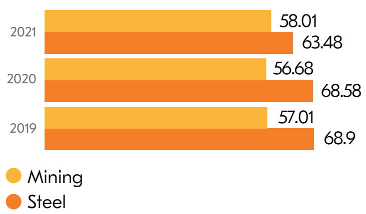
In 2021, total water consumption at the Group's facilities was 219.99 million m³, of which freshwater accounted for more than 90%. Total freshwater consumption for production purposes was 199.42 million m³, which is 6.77 million m³ less than in 2020.

EVRAZ freshwater intake for production needs, 2019-21, million m³



The total volume of water discharged in 2021 was 121.49 million m³, which is 3.77 million m3 less than in 2020.

Total water discharged, million m³



CASE STUDY

ZERO DISCHARGE

EVRAZ implements measures to mitigate water-related risks across its assets. In 2021, EVRAZ ZSMK completed the first stage of the circulating water supply system modernisation project.

The implementation of the second stage is planned for 2022 and will consist of the installation of filters. The project is expected to be completed in 2023. As a result, it will be possible to end the discharge of wastewater into Lake Uzkoe and to use treated water in production.

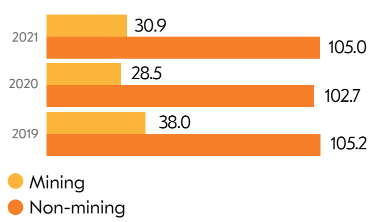
Waste stewardship

In its business activities, EVRAZ produces large volumes of general and metal production waste (not related to mineral extraction), as well as mining waste, such as overburden, tailings and barren rock. The Group uses the best available practices of waste management methods in this area to make rational use of natural resources and reduce waste generation.

The total amount of waste and by-products generated at our enterprises in 2021 equalled 195.7 million tonnes, including 8.6 million of non-mining waste.

EVRAZ strives to increase the amount of recycled and reused waste in accordance with its environmental strategy. In 2021, 66.8 million tonnes of waste (including mining waste) were recycled. Non-hazardous mining waste is used for land restoration and the construction of dams and roads. In the 2021, 57.8 million tonnes of waste of this kind were reused, accounting for 86.6% of the total amount of waste reused.

Mining and non-mining waste recycling and reuse rate, 2019-21, %



EVRAZ considers the safety of tailings storage facilities (TSFs) a priority, as their use poses significant environmental risks. The Group owns three metallurgical TSFs located at EVRAZ ZSMK and EVRAZ KGOK. The dam safety management system ensures compliance with the relevant legislation and covers all stages of TSF service life: design, construction, operation and closure. Safety is continually monitored, and our TSFs are regularly reviewed by both internal and external specialists and regulators.

Protecting biodiversity

We assess impacts on biological diversity at all stages of our production projects and acknowledge our responsibility to conserve biodiversity in general and local species and their habitats in particular. Our assets are not located in specially protected natural areas or areas of high biodiversity value.

The Group aims to ensure a rational and prudent approach to conserving biodiversity. We are also actively engaging with local communities on biodiversity issues.

In 2022, we plan to implement several measures, in accordance with the Biodiversity Roadmap:

- Introduce biodiversity screening and risk assessment procedures, as well as develop and monitor biodiversity-related indicators.
- Identify the main directions of biodiversity conservation and measures to reduce risks to biodiversity.
- Develop and adopt a policy/standards on biodiversity conservation.

Through implementing the roadmap, we expect to obtain an assessment of the current impact on biodiversity, determine the goals on biodiversity conservation, and find ways and actions to achieve them.

Rehabilitating disturbed land and landscaping

The Group takes its obligations to restore disturbed land during mining operations seriously. To achieve this, we undertake environmental activities and rehabilitation projects. In 2022, the plan is to assess disturbed land, update the financial model and evaluate the economic feasibility of reclaiming land.

Restoring aquatic biodiversity

EVRAZ regularly releases various species of fish into water bodies to compensate for its potential impact on bioresources. Our approach to conserving biodiversity involves a commitment to the maintaining the quality of aquatic ecosystems and existing biodiversity. In 2021, the Group took part in a programme to research taimen fish in the Khabarovsk region.

CASE STUDY

PROTECTING BIODIVERSITY

In 2021, the Group contributed to landscaping and biodiversity support through several measures.

- **EVRAZ KGOK planted 750,000 conifers in the forests of Sverdlovsk region.**
- **EVRAZ released more than 375,000 fish fry into the rivers of the Ob-Irtysh basin in Siberia.**

OUR PEOPLE

2021 HIGHLIGHTS

71,591
Employees at the end of the year

12.4%
Employee turnover rate

Our approach

At EVRAZ, people are our key asset. As such, we consider it vital to provide a positive and healthy working environment where our employees have the opportunity to realise their professional potential. Our programmes and initiatives are based on internal principles focusing on investing in people and maintaining health and safety. All of our human resources (HR) activities are governed by our Supplier Code of Conduct, Diversity and Inclusion Policy, Human Rights Policy and other internal documents.

In 2021, the Group's HR policy focused on the following areas:

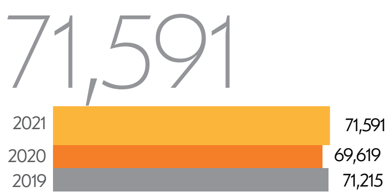
- Improving employee recruitment processes.
- Implementing corporate training programmes.
- Making remuneration more transparent by implementing a targeted pay system.
- Implementing initiatives for attracting and retaining employees.
- Automating processes and integrating IT systems.
- Regularly collecting feedback through various communication channels, including engagement survey.

Recruitment policy and remuneration system

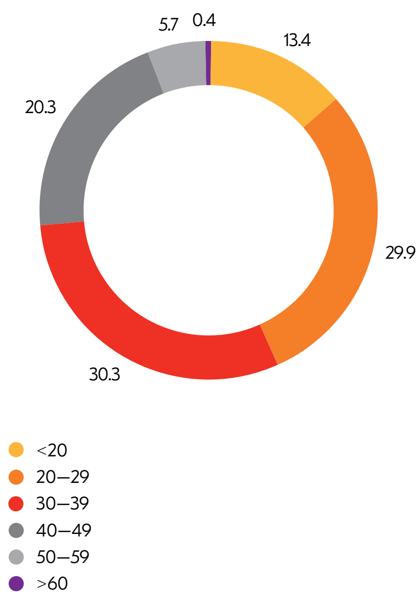
Recruitment policy and attracting people

Our goal is to ensure that our hiring process is consistent with the principles of equal opportunity and is entirely non-discriminatory. EVRAZ adheres to the laws of the countries in which it operates, including regulations governing labour protection, minimum wage levels, annual paid and parental leave, and collective bargaining agreements.

Number of employees, 31 December 2021, thousand people



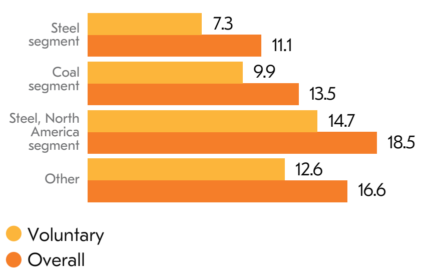
Breakdown of employees by age, 31 December 2021, %



To retain its reputation as one of the best employers in the regions where it operates, the Group participates in various employer contests and hackathons each year to demonstrate social responsibility and responsiveness. In addition, we have numerous student programmes. In the reporting period, over 2495 students completed an internship at EVRAZ, and some are now working at the Group.

EVRAZ is constantly improving its employee recruitment processes, and in 2021 we developed and introduced the Staff Attraction and Recruitment Standard, aimed at simplifying and stripping away the bureaucracy from the hiring processes.

Overall and voluntary employee turnover by segment, 2021, %



In 2021, staff turnover increased by 2.7% compared with 2020. Despite this, EVRAZ managed to achieve its recruitment targets in the reporting period.

Remuneration system

EVRAZ endeavours to reward its employees above and beyond the minimum wage requirements. We are also continuously improving our target pay system to ensure clarity and transparency. In 2021, it covered most of our enterprises except for coal assets (EVRAZ NTMK and EVRAZ ZSMK).

We strive to implement a set of rules and principles for the process of remuneration and establish fixed and variable pay depending on the level of performance across all Group entities. In 2021, we introduced an annual review of the remuneration system for each employee specifically in terms of the target pay system and updated the Regulation on Staff Remuneration and Motivation – the document describing remuneration systems concerning the annual review.

Human rights and diversity

EVRAZ complies with international human rights laws, policies and standards. Its Human Rights Policy aligns with the United Nations Guiding Principles on Business and Human Rights and strictly prohibits any form of slavery (known as modern slavery), such as child labour and forced labour, across all EVRAZ subsidiaries and their suppliers. In addition, we take the process of contracting with partners seriously. The Group policies require sections covering the prevention of corruption and human trafficking to be included in all contracts concluded with partners.

We perform due diligence throughout the lifecycle of our operations and regularly identify actual and potential risks regarding human rights violations, including those related to recruitment and working conditions. We are also monitored by trade unions and representatives from Russia's Presidential Council for Civil Society and Human Rights and other public organisations with the purpose of reducing the risks of legal violations. In addition, we remedy potential risks by using grievance mechanisms for affected stakeholders such as a 24/7 hotline and two separate confidential whistleblowing lines in Russia, Kazakhstan and North America.

Our managerial and operational functions are responsible for the implementing the Human Rights Policy and report to the Board of Directors. The policy's effectiveness and efficiency is monitored and reviewed regularly.

EVRAZ is committed to diversity, equality and inclusion. Our Diversity and Inclusion Policy expresses zero tolerance for any kind of discrimination. When selecting a candidate, we consider only their professional skills and qualities. We believe that building a diverse environment is vital for driving inclusion and improving productivity across the business.

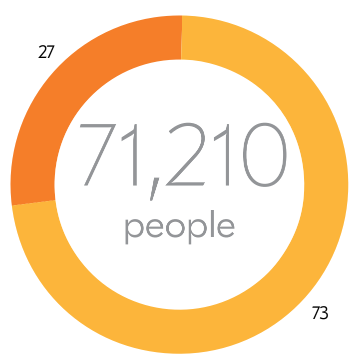
Learning and development

The Group has a multi-level system of HR management aimed at enhancing the professional and personal skills of its people and fostering collaboration with universities and other educational institutions.

In 2021, EVRAZ continued its Top 300 and Top 1,000 corporate management programmes, which focus on developing managerial and leadership skills and competencies. In the year, the Top 3,000 programme was launched at our Siberia and Urals divisions as an extension of existing ones. Employees in more junior positions were coached by graduates of the Top 300 and Top 1,000 programmes.

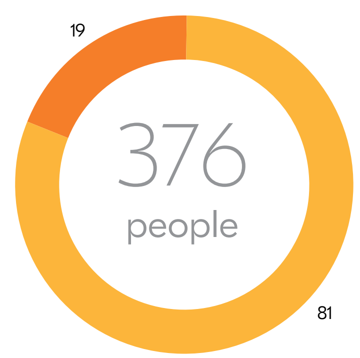
Diversity of employees and senior managers by gender, 2021,[1] %

Employees



Men
Women

Senior management



Men
Women

1. For 5 employees gender is stated as "not declared".

In addition, we resumed training courses for newcomers after a break related to COVID-19. Welcome training helps new employees to familiarise themselves with the Group and cultivates a sense of belonging.

Sustainable development training for employees

At present, sustainable development training is implemented under the New Leaders of EVRAZ (NLE) programme. In 2021, delivery was mostly online, and the practice was introduced of inviting representatives of companies that provide environmental technologies. The sessions considered issues including legislative changes, environmental strategy, environmental and climate risks, and environmental technologies (gas cleaning, water).

Employee interaction

Listening to feedback and maintaining transparent communication is vital for preserving a positive working climate and developing the business successfully. To identify and address issues, we aim to interact with our employees regularly through various communication channels, such as the corporate intranet and website, corporate publications, social networks, web conferences and hotlines. For example, we organised a Vaccination Awareness Day and an employee engagement survey in 2021. The share of employees who took part in the engagement survey was 70%.

In addition, EVRAZ developed a site called Idea Factory 2.0, where employees can report any work issues online and share ideas about improving production processes. After pilot testing was conducted, the site was rolled out to all entities.

To monitor and address any alleged violations or concerns at entities, the Group operates an anonymous 24/7 hotline. Employees and other stakeholders can use it to receive answers to questions, make suggestions and report alleged violations regarding corruption, bribery, human rights, alcohol or drug intoxication and so on.

In 2021, we received 1197 requests through the hotline. The most frequent issues are related to labour relations, including the quality of labour relations (879) and health and safety (165).

COVID-19: protecting our people

COVID-19 remained the overriding concern in 2021, and we undertook extensive measures to combat it. The main priority for us was the health and wellbeing of our employees and contractors, and we strictly followed the recommendations of the World Health Organization throughout the year.

The Group took all of the necessary precautionary measures, such as regularly sanitising premises, workplaces and vehicles, and monitoring the health status of employees and contractors. In addition, in January 2021, we opened a department for treating employees with COVID-19 at the Vladislav Tetyukhin Ural Clinical Treatment and Rehabilitation Centre.

EVRAZ makes every effort to prevent the spread of the disease among employees and contractors.

Interaction with trade unions

The Group signs collective bargaining agreements with trade unions with a view to building long-term mutually beneficial arrangements. In 2021, such agreements covered 87% of the workforce and Tariff Agreements. A large proportion of workers received benefits as members of trade unions.

The process of implementing a target pay system includes negotiations with trade unions regarding all changes to collective bargaining agreements. In the year, all such changes were in compliance with the law and principles of social partnership. As a result, there were no conflicts or collective labour disputes at Group facilities in Russia.

COMMUNITY RELATIONS

2021 HIGHLIGHTS

US$35 m
earmarked for social and social infrastructure maintenance expenses

US$217 th
awarded to winning projects of the annual "EVRAZ: City of Friends – City of Ideas" grant contest

Approach

EVRAZ aims to continuously contribute to the prosperity of its local communities. We stimulate economic growth in our regions of operation by employing people responsibly, contributing significant tax revenue and investing in social projects. The Group maintains numerous productive and stable relationships, both with local and federal authorities and with other stakeholders, including non-governmental organisations, the media, and business and cultural communities. We believe that the success of our local communities has an enormous impact on our business sustainability prospects. To this end, we make every effort to contribute to the growth and wellbeing of the cities and towns where we operate, guided by the fundamental principles of corporate social responsibility. In 2021, EVRAZ earmarked US$35 million for social and social infrastructure maintenance expenses.

The Group's Sponsorship and Charity Policy governs all aspects of its sponsorship and charity efforts. Guided by this, we strive to support low-income or physically challenged individuals. All applications are meticulously reviewed in terms of legitimacy and transparency of purpose, amount requested and reputation of the potential counterparty.

In addition, during the project selection process, the Group's charity funds in the Urals and Siberia take into account the EVRAZ Social Investments Guidelines.

Our major priorities include supporting families in need, orphanages and veterans; financing educational, sport and cultural projects; and subsidising healthcare activities and environmental protection programmes.

Key Projects of 2021

Charity and sponsorship projects

The Group has several major programmes that invest in local communities, including EVRAZ for Kids, EVRAZ for Cities and EVRAZ for Sports. In addition, we promote various other initiatives, such as the EVRAZ "City of Friends – City of Ideas" grant contest, as well as regular volunteer activities within the EVRAZ volunteers project.

In addition, EVRAZ supports various federal youth programmes by collaborating with academic institutions, purchasing essential school supplies and sports equipment, awarding scholarships, providing vocational guidance for students, offering training under the WorldSkills methodology, and organising study sessions for students and internships for graduates. Current projects include providing support to children with special needs and those in orphanages to improve their lives: for example, through rehabilitation programmes for children with cerebral palsy.

In 2021, key activities supported by the EVRAZ for Kids programme included:
- supporting the Live baby outreach rehabilitation project in the Sverdlovsk region, which organises rehabilitation classes at home;
- buying modern equipment for adaptive physical education, including the Stabilomer complex for children with disabilities in Nizhny Tagil;
- sponsoring the 18th All-Russian Open Field Olympiad for Young Geologists, which was held online for teams from Russia, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan and Belarus.

The Group's investments have significantly improved urban infrastructure in the cities and towns where it operates. We have supported the development of medical, educational and cultural infrastructures in our local communities, leading to a noticeable improvement in the quality of life there.

In 2021 activities as part of the EVRAZ for Cities programme included:
- Planting 300 trees in Novokuznetsk's Zavodskoi and Central districts as part of the region's 300th-anniversary celebrations.
- Allocating US$3.1 million for the construction of the Bessonenko City Infectious Diseases Clinic No. 8 in Novokuznetsk.

- providing medical equipment (five ventilators, 20 patient monitors, 19 functional beds, 160 thousand units of PPE) and X-ray diagnostic and portable complexes for hospitals in Nizhny Tagil.

EVRAZ encourages employees, their families and individuals of nearby communities to engage in sport as part of a healthy lifestyle. We invest in improvements to sport infrastructure, support amateur and professional teams and sponsor federal and regional sport activities.

In 2021, activities under the EVRAZ for Sports programme included:
- supporting the seventh High-Five! corporate race across the Urals and Siberia, which attracted around 2,000 adults and 700 children.

One major element of the Group's contribution to local communities is the annual "EVRAZ: City of Friends — City of Ideas" grant contest. It aims to provide activists with the resources and skills to implement various meaningful social and environmental projects, such as:
- the "Health at Home" programme, under which elderly and disabled residents of Novokuznetsk's Central district receive physiotherapy and rehabilitation at their homes.
- the "Ecology of Industrial Heritage With Good Hands and Modern Technology" grant project, which volunteers will implement at the Old Demidov Plant eco-industrial techno-park at Gornozavodskoy Ural in Nizhny Tagil.

The contest has been running since 2017 and takes place in Novokuznetsk, Mezhdurechensk, Nizhny Tagil and Kachkanar, as well as Tashtagol. In 2021, 197 applications were submitted in Siberia and 165 in the Urals. A total of56 projects were chosen, and EVRAZ awarded certificates to the winners amounting to US$217 thousand. Notably, 104,000 people voted for the projects and 140,000 people visited the "City of Friends — City of Ideas" website.

Community engagement

The Group regularly engages in regional and federal conferences and initiatives, as well as partners with and organises numerous cultural and social activities, including environmental protection and sport projects.

In 2021, EVRAZ took part in various regional events. These included the sixth cross-divisional risk management symposium for risk managers from the Urals, Siberia and Coal divisions; the Minute of Techno Flame contest of innovative ideas for students and undergraduates from top universities in the Urals; and the 59th EVRAZ "Your Challenge" Scientific and Technical Conference, to name but a few.

We also participated in the following events at the federal level:
- The Innoprom 2021 international expo, which took place in Yekaterinburg in July 2021.
- The WorldSkills Hi-Tech Championship 2021.
- The RAISE RANEPA All-Russian accelerator for social initiatives.
- The CompTech 2021 winter school.
- The St Petersburg International Economic Forum.
- The Community Forum organised by the Russian Civic Chamber.

Volunteering

The EVRAZ volunteers project has established a positive tradition of assisting vulnerable individuals and social entities, as well as organising sport and cultural activities in local communities. It operates and develops without any special policies and on an entirely voluntary basis.

For almost 70 years, the Group's employees have supported two orphanages: No. 95 and Island of Hope. In 2021, they continued to help orphans and taught them crucial skills such as how to run a household, cook and sew.

Other new projects

Focusing on environment in communications

In 2021, EVRAZ together with Forbes, launched the "Industry of the Future" initiative, showcasing our cutting-edge technologies and commitment to protecting the ecosystems in Siberia and the Urals.

Becoming a more valued employer

EVRAZ has risen in the rankings of top employers. In 2021, in a rating by HeadHunter, we were among Russia's top 50 employers, while in an evaluation of Russia's best employers by Forbes and KPMG, we placed in the Gold category. Notably, that rating took into account our ESG policies.

Creating a single corporate media ecosystem

The Group's unified online and offline media platform continued to grow in 2021. The main events included:
- Publishing "EVRAZ News" electronically, which allows employees to personalise their information stream.
- Updating the EVRAZ corporate app for employees by creating a new platform and adding functionality.
- Launching a Group Telegram channel, which helped to promote 2,000 official publications, increasing coverage to around 28 million subscribers, up four-fold from 2020.

ANTI-CORRUPTION AND ANTI-BRIBERY

OUR APPROACH

EVRAZ has always considered corruption and bribery as a major obstacle to economic and social development around the world. Principle 10 of the UN Global Compact states that "Businesses should work against corruption in all its forms, including extortion and bribery". In following it, EVRAZ strictly complies with the Law of the Russian Federation No. 273 "On Preventing Corruption", the UK Bribery Act, the US Foreign Corrupt Practices Act and other relevant local legal equivalents. EVRAZ considers consistent anti-corruption efforts an important integral part of its strategy, sees it as a priority and pays full attention to the development of anti-corruption compliance.

The Group has a developed system of well documented procedures that define the day-to-day routines of managers appointed to monitor compliance with applicable anti-corruption laws. Compliance specialists scrutinise all tender procedures, check potential and existing business partners, vet prospective new candidates and ensure that the principles set forth in the Anti-corruption Policy, Code of Conduct and other relevant internal regulations are followed conscientiously and fully. EVRAZ has been making consistent effort to develop its own platform for learning, dialogue and action to combat bribery and all unethical practices. The Group demonstrates to its employees, customers and suppliers that it has zero tolerance of bribery and corruption, including actions that impede business growth, escalate costs, undermine fair competition, pose serious legal and reputational risks, and distort development priorities.

Policies and regulations

In 2021, EVRAZ reviewed two key documents to complete its full set of policies, which define the norms of ethical and responsible behaviour for employees in particular circumstances. Updated in the previous two years, the policies were now joined by those on the Anti-corruption Control System and on Business Gifts and Entertainment. These further strengthened the position of compliance and defined roles of various levels of management in mitigating risks of corruption, bribery and fraud. All relevant policies are available on the corporate intranet and employees bear personal responsibility for full compliance with them.

All anti-corruption policies and procedures are integral throughout the Group. Together with online training courses, they encourage all employees to seek guidance from compliance managers if there are questions about the expected course of action in difficult situations. EVRAZ urges everyone to voice concerns about any known or suspected violations.

Today, managers responsible for monitoring compliance with applicable anti-corruption laws work at every asset. They ensure that all possible non-compliance with policies receive proper attention immediately; monitor charity payments and hospitality spending; and act on whistleblower allegations of possible violations. They then present their findings and recommendations to local top managers, the Group's compliance manager and specialists reporting to the vice president for compliance and asset protection. The latter reviews investigation results and liaises with senior management as necessary.

The Group's compliance manager coordinates anti-corruption compliance work on sites, develops EVRAZ' own training system, maintains the corresponding risk register, and consistently communicates progress of all ongoing efforts to the Audit Committee, always striving for continuous improvement.

Employees have access to a summary of relevant anti-corruption policies, as well as links to the full texts of top-level documents on the corporate intranet. Compliance managers discuss the essence of the adopted rules and procedures with management, employees and third parties. Newcomers are obliged to familiarise themselves with the Code of Conduct and the Anti-corruption Policy on their first day of work. They are also briefed about other relevant internal documents and procedures that pertain to the Group's anti-corruption efforts.

Risk analysis

At the end of each calendar year, compliance managers analyse potential anti-corruption risks across all assets. For this purpose, they consider every business process and redefine key risk areas as necessary. Each area is then evaluated to ensure that the existing controls and procedures mitigate the associated risks effectively.

The Group investigates carefully all signals suggesting potential violations of applicable law and internal anti-corruption policies.

KEY GROUP POLICIES TO REGULATE ANTI-CORRUPTION AND ANTI-MONEY LAUNDERING EFFORTS

CODE OF CONDUCT

Anti-corruption policy, Anti-corruption Compliance System

Rules on securities dealings

HOTLINE POLICY AND WHISTLE-BLOWING PROCEDURES

- Anti-corruption training policy
- Sponsorship and charity policy
- Gifts and business entertainment policy
- Candidates' background and criminal record check
- Conflict of interest policy
- Contractors/suppliers due diligence check

ANTI-CORRUPTION RISK MANAGEMENT CYCLE

Determine or update list of risks for all business processes
Oct
Input from legal, internal audit and security departments

Prepare comprehensive list of risks
Oct-Nov

Check events for signs of risk
Nov-Dec
Input from internal audit

Analyse and draft risk reports
Dec-Jan

Inform senior vice president for business support and interregional relations
Mar-Oct

Monitor how risks are being mitigated
Mar-Oct
Risk owners

Discuss results with risk owners and top managers
Top managers

Compliance officer presents reports to the Audit Committee

As the Group's business processes are stable and consistent from year to year, compliance managers typically examine the same following processes for signs of risk:

- Purchases of goods and services.
- Payments.
- Sales of goods, works and services.
- Business gifts, hospitality, entertainment and travel expenses.
- Charity and sponsorship.
- Conflicts of interests.
- Interaction with government authorities.
- Vetting contractors or customers.
- Contract approval.

EVRAZ knows the risks and prepares for them, striving to recognise opportunities to improve business processes.

In January 2022, the compliance managers involved in the abovementioned processes assessed the risks based on their own statistics from checking tenders, approving contracts, monitoring purchases, conducting inventory checks and so on. The compliance managers routinely meet with the managers responsible for each asset to inform them of known or newly revealed risks and threats, as well as to recommend further actions. The compliance managers then monitor any corrective measures undertaken to mitigate the risks discussed. If the necessary follow-up is lacking or inadequate, the matter is raised to the vice president for compliance and asset protection for action.

In February 2022, the Group compliance manager presented the analysis along with the updated anti-corruption compliance risk register to the Audit Committee. It revealed no significant violations of anti-corruption statutes or cases of non-compliance with EVRAZ policies. Nor did the risk register change significantly from the previous year. At the same time, one particular situation, where compliance was actively involved, showed that however much attention is paid to areas prone to risk, there is always a possibility of violations.

In March 2021, the company conducted an annual Conflict of Interest Survey in which managerial and other key employees must disclose any circumstances that may pose a possible conflict of interest. After every such survey the compliance and asset protection team investigates any positive responses to analyse and ensure no conflict exists.

Key developments in 2021

In 2021, the Group's compliance function initiated one investigation into signs of corrupt practices involving a state official. It was launched after it became known that an employee of Raspadskaya Coal Company LLC ("RCC") had been allegedly offering illegal monetisable services to a state official who was serving with the Russian Federal Environmental and Industrial Service. The said official responsible for overseeing coalmines operations is suspected of soliciting and accepting bribes from representatives of various coal companies in the Kemerovo region. The internal investigation revealed that one RCC director-level employee decided to establish a personal relationship with the suspect. For this, the employee, who had the necessary level of responsibility, provided to the public official the use of a company vehicle and a fuel card, both of which were paid for by RCC. This lasted for over two years and amounted to a benefit of approximately RUB1 million (equivalent to approximately £10,150). RCC (and employees other than the said director) had been unaware of the illegal arrangement until the Russian police started an investigation into extortion and other corrupt practices by the state official.

The RCC employee admitted his guilt and was demoted for violating internal key policies, but remains at RCC. He is fully cooperating with the police and has been questioned, but as a witness. An internal compliance check conducted immediately after the situation showed that there are no such or similar arrangements anywhere else in EVRAZ. Managers of RCC were all required to take an online course on the Anti-corruption Policy. Vice presidents once again held extensive discussions with managers in different Group companies about ethical principles and zero tolerance to corruption and bribery. Together with compliance managers, they explained the risks and the personal responsibility one would face should a violation of EVRAZ' strict requirements occur.

In addition, compliance managers' own leads regarding potential fraudulent schemes among unscrupulous managers and suppliers/providers also led to several investigations. In 2021, there were five cases of evidently fraudulent intent: lobbying for money and/or kickbacks. The employees involved were dismissed. Vendors were either banned or they agreed to compensate company losses. The compliance function considers ongoing preventive efforts, various existing controls, the constant tone from the top and employees' adherence to the anti-corruption requirements as fully adequate for the existing risks.

In 2021, the Group continued the transition to its own anti-corruption courses run from its internal Learning Management System. All employees are being gradually signed up for EVRAZ training modules to refresh knowledge of the Anti-corruption Policy and the Code of Conduct. The new approach is leading to the further development of a full-scale internal training programme on anti-corruption. In 2021, over 2,200 managers throughout the Group completed online anti-corruption and/or ethics training. In addition, vendors continued to learn the anti-corruption principles of EVRAZ while taking a specific standalone course launched in December 2020.

Today, almost 3,000 managers from contractor and would-be partner companies passed this special course, which also became an important condition for participating in EVRAZ tenders. This work will continue in 2022.

The key learning objectives of all internal courses remain to:

- Confirm the Group's position and ensure full compliance with applicable anti-corruption laws.
- Explain existing controls to manage the risk of bribery and corruption.
- Raise awareness about the damaging effects of bribery and corruption.
- Draw attention to red flags and warnings about possible illegal payments or other corrupt activities.

For additional information, see the EVRAZ Sustainability Report for 2021, which is to be published in May 2022

OUTLOOK FOR 2022

In 2022, more relevant policies (for example, on anti-corruption training and on compliance investigations) will be updated to reflect existing and best practice, as well as the changes implemented within the compliance system since its launch. The policies related to the functioning of the Group hotline and on the rules and principles of dealing with government officials are also set to be renewed.

The lesson learned at RCC will now result in regular checks of how Group property is used. Such a practice will become a routine task of compliance managers across EVRAZ.

The Group compliance function plans to develop new training modules and tests to make anti-corruption courses more specific and relevant to life at EVRAZ. In addition, compliance is set to extend its educational reach and is working on a series of publications for the internal electronic newspaper. These articles will refer to various aspects of anti-corruption activity, provide more guidance on correct behaviour in challenging situations and help to develop a Group-wide platform for learning and dialogue.

SUSTAINABLE R&D

In 2021, EVRAZ R&D centres stepped up work to support the Group's activities by utilising their global network of experts to create innovative steel products that better benefit customers.

Today, simply producing better products is not enough. To meet customer needs, the entire product life cycle needs to be taken into account. For example, using the electric arc furnace process with ferrous steel scrap as a raw material, EVRAZ produces rails with a substantially lower CO2 footprint compared with traditional steelmaking at integrated mills, as this requires less steel to extend product life under harsh conditions and enhance material performance.

Product development using virtual design has become increasingly important. Using data-driven AI models and digital twins, EVRAZ can improve production parameters more quickly, thereby accelerating product development.

Processes with a lower carbon footprint and accelerated deployment of product innovations contribute to greater sustainability.

EVRAZ R&D centres

VANALYTICA© FOR ACCELERATED PRODUCT DEVELOPMENT

In the last 18 months, the EVRAZ VanadiumR&D group developed a software-driven consulting approach called Vanalytica© to support its customers and their needs. EVRAZ is partnering with a Cambridge-based start-up that is active in AI alongside a leading technology provider, which designs digital twins of existing production lines. State-of-the-art process models are being used to demonstrate the best ways to produce advanced steel grades that are cost effective and highly competitive. The team is focusing on accelerating product development through virtual process design, utilising the customer's domain data in a secure and effective manner, while ensuring data privacy.

The digital twin approach creates an initial digital model of a mill. A huge library of empirical and proven metallurgical models is used to simulate the entire process of reheating, rolling and cooling and to predict material properties like grain size, strength and elongation.

AI offers a faster and more generic approach in this regard. This fast and disruptive method uses physical process data acquired in the rolling mill and properties from lab investigations. Combining AI with domain knowledge leads to surprisingly high R^2 values that describe the confidence level of reality against the prediction of the model used.

EVRAZ North America

Heavy gauge line pipe: line pipe designs in North America aim to produce high-strength steel for large-diameter and thick-walled pipes due to their economic advantages. Safety and integrity are of utmost importance, particularly in cold operating environments, so toughness is also a critical property. With this in mind, previous investments in EVRAZ Regina's steelmaking, rolling and pipe-making facilities offer a unique opportunity to be a market leader in these steel grades. To unlock this potential, the EVRAZ R&D team and Regina facility conducted a series of mill trials to develop an X80 product line with up to 0.75"wall thickness to enhance its toughness capabilities. Through data-driven decision-making, pilot-scale and mill trials, a combination of the alloy design and processing schedule provided both a high level of toughness and significant cost savings compared with initial estimates. This success led to EVRAZ securing an order from Coastal GasLink for 230,000 tonnes of this heavy gauge X80 product and over US$9 million in alloy cost savings, a landmark achievement for the heavy gauge programme and for EVRAZ.

The EVRAZ R&D team continues to diligently investigate new ways to improve the low temperature toughness of the heavy-gauge X70 and X80 grades. Modern data analytics, including the use of machine learning, is providing new insights into previous trials and production data.. Collaboration with leading academic partners, such as the University of British Columbia and McMaster University, has provided a greater understanding of these complex steel properties. Pilot-scale experiments through a partnership with CanmetMATERIALS, a Canadian government lab, offer a cost-effective method to study the alloys and process the possible changes. The combined efforts of all these research bodies and mill trials have boosted the resilience of EVRAZ high-strength and heavy gauge line pipes, ensuring that the Group is capable of meeting customers' needs in the future.

EVRAZ NORTH AMERICA'S INITIATIVES ON ALTERNATIVE ENERGY PRODUCT DEVELOPMENT

As global efforts aim to achieve net zero emissions by 2050, the hydrogen- and other alternative energy-based economy is expected to grow rapidly. As one of the largest line pipe manufacturers in North America, EVRAZ NA is developing the expertise and products that will be needed in the near future, positioning itself as an industry leader.

EVRAZ NA is exploring new market opportunities, including hydrogen and CO2 pipelines as well as geothermal connections. The main objective is to develop technical capabilities to produce and qualify these products while also leading the industry through various collaborations and contributions to standards, codes and industry guidelines. As part of these efforts, R&D is working with industry partners, establishing collaboration local government research labs and academic research groups in both Canada and the US.

EVRAZ Vanadium R&D centre (East Metals AG, Zug)

The EVRAZ Vanadium R&D centre teamed up with EVRAZ Pueblo's R&D team to develop a new high-strength wire steel grade. The driving force for developing the new wire is to produce new power transmission lines with longer spans between towers that ensure minimum sagging. The Vanalytica© approach was applied using AI. Within a short period, a new grade was developed based on several thousand data sets of pearlitic wire rod production. Research and qualification is ongoing and will support electric infrastructure investments by sustainably reducing the carbon footprint of the entire installation.

As part of long-term cooperation with the steel institute of RWTH Aachen University of Technology, EVRAZ is joining several publicly funded projects on infrastructural steel, heat treatment and the circular economy.

In addition, the EVRAZ Vanadium R&D centre has expanded its network through cooperation with the University of Perugia and the Italian Welding Institute. Leading Italian steel companies will support the project for further study.

NEW GENERATION: SUPER-TOUGH DT400IK RAIL NEARS COMPLETION

EVRAZ, together with Russian Railways, has completed operational testing of the new DT400IK rail. These rails which are made of hypereutectoid steel, have greater durability and are designed for operation on tracks with freight capacity per year of 80 mgt or more on sharp curves.

The tests were carried out on curves with a radius of 320 m or less and freight capacity per year of around 160 mgt. This combination represents some of the most severe operating conditions of Russian Railways, and the DT400IK rails showed a 15.8% reduction in wear compared with the basic DT350 rails. Although these results are not unexpected for rail wear,being confirmed by data from North American railways, EVRAZ will continue to develop new rails with improved wear resistance and a contact-fatigue life of 25–30% in 2022-23.

EVRAZ ZSMK

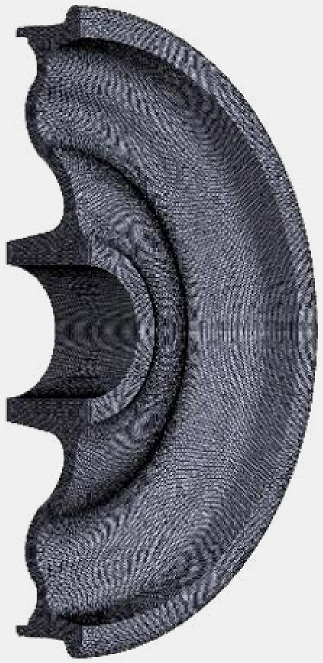
EVRAZ has decided to establish a state-of-the-art R&D centre at EVRAZ ZSMK to research, improve and develop new rail products. The centre will be equipped with new testing facilities to conduct research using electron microscopy, dilatometry, tribometry, physical and mathematical modelling of rolling processes and rail heat treatment. EVRAZ seeks to achieve global leadership in the development of new rails and to expand its product range. In addition, EVRAZ ZSMK rails are produced through the electric arc furnace method using ferrous steel scrap as raw material, which results in the rails having a lower carbon footprint.

EVRAZ fully threaded bar

In 2021, EVRAZ developed a new product: the fully threaded bar. Its main advantage is the ability to connect bars at any point, reducing connection time and providing benefits for the construction industry. During its development, the Group had to work under strict Russian code requirements concerning connections of fully threaded bars. EVRAZ worked with the R&D centre in North America to incorporate experiences from OCGT pipe connections and to transfer this behaviour to re-bars. Based on FEM modelling, thread parameters were modified to comply with Russian codes. The connection costs were also optimised. The R&D centre is continuously studying the behaviour of the re-bar connections through internal tests..

EVRAZ NTMK

A new R&D centre is being built at EVRAZ NTMK. The main goal is to support product-related research and new product development, since EVRAZ NTMK has the most broad product portfolio within the EVRAZ Group. High-quality beams, rails, wheels, grinding balls, merchant bars and other long products are being produced for the Russian market and export.



EVRAZ ECO WHEEL LOWERS OPERATING COSTS

The new European wheel for ŠKODA passenger cars was developed to achieve a low stress level and increased strength. The EV006 wheel features increased operational reliability compared with the current Ba429 prototype. The disc's special design ensures the wheel has greater wear resistance, which reduces customers' operating costs and provides a positive contribution to sustainability.

Further R&D was carried out to modify the wheel material in combination with improved heat treatment modes for North American Class C+ freight cars. The increased wear resistance level improves the wheel life cycle amid its special alloy design and geometry due to hardness > 341HB, again in an effort to reduce customers' operating costs.

Generating new ideas for the use of beams

One R&D project aims to study the composite behaviour of a precast concrete floor together with a hot rolled steel section structure under bending loads. The test results could help to create a composite structure of precast reinforced concrete slabs joined with hot-rolled steel profiles and be followed by the development of composite structure construction codes.

In 2021, the Group launched another R&D project with its partner Central Scientific Research Institute for Building Structures (CNIISK) to investigate how the initial residual stress distribution in EVRAZ hot-rolled beams affect the buckling reduction factor curve for elements subjected to compression. Residual stress in beams was also the subject of research conducted jointly with Austria's Materials Center Leoben (MCL) in 2021. The simulation process and model will help the production line find a way to control stress distribution and tolerance following levelling process.

EVRAZ Tula

EVRAZ Vanady Tula's R&D centre is primarily focused on decreasing vanadium losses in by-products. A brand new pilot plant has been built to support the transition from pure lab experiments to a full-scale production unit. The work performed in 2021 produced promising results. In 2022, the Group plans to finalise pilot plant tests and begin implementing the vanadium recycling facility project.

Another key goal is to support the VRB market with proper quality vanadium feed. In 2021, the Tula R&D centre completed work on high-purity oxide production technology. The centre proved that it is able to efficiently produce battery grade vanadium oxides. In 2022, the Tula R&D centre will focus on electrolyte production.

DIGITAL TRANSFORMATION

EVRAZ DIGITAL TRANSFORMATION PATH

2017-18	2019	2020	2021 Results	2022-23 plans
• Pilot projects and proof of concept. • Outcome analysis.	• Broad discussion of digital transformation approach, objectives and outcomes. • Decision to systematically employ digital tools on a large scale throughout enterprises and business units.	• Decision to make digital transformation a strategic priority of EVRAZ. • Launch of major digital transformation projects. • 68 projects. • Implemented with an annual effect of US$17 million.	176 projects implemented with an economic effect on 2021 EBITDA of US$65 m and an annual run-rate effect of US$150 m	Implementation of new digital transformation projects with an annual run-rate effect of >US$100 m

DIGITAL TRANSFORMATION IN 2021: KEY FACTS

- **An ambitious programme of digital projects was successfully completed and the economic effect target was achieved.**
- **More than 80% of the effect in production came from improving technical drivers.**
- **Digital technologies are making a substantial contribution to improving production safety.**
- **A 'conveyor belt' of digital products was put into operation.**
- **A data-based management approach was consistently introduced at all levels of the Group.**
- **A portfolio of digital initiatives for 2022 was created.**

PLANS FOR 2022

- **Maintain the implementation speed for digital projects and the economic effect achieved.**
- **Focus more on working with a 'funnel' of digital transformation ideas.**
- **Become one of the world's digital transformation leaders (a 'beacon company', based on World Economic Forum terminology).**

RISKS AND RISK MANAGEMENT

RISK MANAGEMENT

Our approach

As a major international mining and steelmaking group, EVRAZ faces inherent business risks that have the potential to impact its operations. Identifying and mitigating risks is one of the most important aspects of the Group's strategy and daily activities. The basic risk management processes that EVRAZ follows are outlined below.

TOP-DOWN APPROACH

Oversight, identification, assessment and management of risks at the corporate level.

CEO

Has ultimate responsibility for risk management, ensuring that it is in place and effectively functioning.

Board of Directors

- Has an oversight role.
- Ensures that risk management processes are in place, adequate and effective.
- Approves the risk appetite in accordance with the risk management methodology adopted by EVRAZ.

Risk Management Group

Identifies, assesses and monitors Group-wide risks and mitigation actions.

Audit Committee

- Supports the board in monitoring risk exposure against risk appetite.
- Reviews the effectiveness of risk management and internal control systems.

Internal audit

Supports the Audit Committee in reviewing the effectiveness of risk management and internal control systems.

Effective risk management

The risk management process aims to identify, evaluate and manage potential and actual threats to the Group's ability to achieve its objectives

BOTTOM-UP APPROACH

Identification, assessment and management of risks at regional and site levels and across functions.

Site levels

- Identification, assessment and mitigation of risks.
- Promoting risk awareness and safety culture.

Regional business unit management teams

- Adopt regional risk appetite.
- Support the Risk Management Group in reviewing and monitoring effectiveness of risk management.
- Identify, assess and manage risks at the regional level.
- Monitor the risk management process and effectiveness of internal control.

For more information, read risk management and internal control section of the corporate governance report **on pages 122-123**

Risks assessment in 2021

Identifying and assessing risks, as well as developing measures to mitigate them and monitoring their implementation, are ongoing challenges for both management and the internal audit function.

In 2021, management continued to actively manage the risks that the Group faces. In late 2021, EVRAZ conducted a detailed analysis and reassessment of both existing and potential new risks as well as their impact and probability. As it pays increased attention to the risks of sustainable development and climate change, the Group has integrated risk assessment into the process of drafting a long-term development strategy and has added a new risk – Decarbonisation – to the list of principal risks (see page 92 for details). Given the importance of managing such risks, the Board's HSE Committee has been renamed the Sustainability Committee given the expanded range of issues and responsibilities under its purview.

For more details, visit the Group's website at the following link: https://www.evraz.com/en/company/governance/policies/#tabs-reference

In addition, starting from 2021, EVRAZ has created a permanent Sustainability Management Committee at the level of the Group's management. The committee is headed by the CEO and its tasks include considering and assessing all risks associated with climate change and sustainable development that could impact the Group's activities (see more details on governance at page 59).

The market recovery that began in late 2020 continued into 2021. This led to higher demand for EVRAZ's products, but also increased such risks as the cost of materials, equipment and services that the Group purchases. The government's introduction of additional duties for steel companies also showed that the risks of regulatory actions are growing. While remaining acutely aware of the high volatility and uncertainty on markets due to the ongoing COVID-19 pandemic, management is paying increased attention to risk management in these areas.

Management is closely monitoring risks that could negatively impact the Group's operations and financial position as the COVID-19 pandemic continues. EVRAZ has developed a system of measures that aim to both reduce the incidence of illness, as well as promptly identify and isolate sick employees. To reduce the risk of illness, many office staff now work remotely. In addition, EVRAZ has altered many of its internal processes to improve its efficiency in this new environment. Over the past two years, the Group has shown that it is in control of the situation and is dealing with it quickly and efficiently.

A detailed analysis of their impact and probability of negative consequences for the Group led to a recalibration in the assessment of certain risks. The Audit Committee carefully reviewed this assessment on behalf of the Board.

The assessment also included other risks that were not recognised as principal, for example, HR and employee risks (including the risks of a lack of skills, the failure of succession planning and diminished productivity due to labour unrest or poor job satisfaction), taxation and compliance risks (including anti-corruption and antibribery matters), social and community risks, risks related to respect for human rights and other risks. While the impact and probability analysis suggests that such risks could affect operations to some extent, management believes they are being adequately managed and does not deem them to be capable of seriously affecting the Group's performance, future prospects or reputation.

Despite growing risks in logistics, the Group's supply system works efficiently and delivers all the necessary materials and equipment on time. To reduce risks associated with product delivery to customers, including coal to ports, EVRAZ actively uses railcars that can handle increased loads and long-haul trains.

To enhance its focus and control over Environmental, Social and Governance risks, EVRAZ published its new Environmental Strategy in 2021 with emissions reduction targets set for 2030, including GHG emissions. In addition, EVRAZ updated its qualitative assessment of specific climate change risks. This will provide more transparency on how the Group addresses related risks.

For more details, see pages 92-96

Key developments in 2021 and outlook for 2022

In 2021, EVRAZ continued to roll out the health and safety risk management tools that it has developed. A significant level of employee engagement in the process and heightened focus on safety were among the key aspects that contributed to a reduction in injury rates. While focusing on employee safety, the Group continues to work on improving its processes in this area and developing a risk culture throughout all stages of production.

EVRAZ also assessed the risks of changes in international and national legislations associated with the introduction of carbon emission taxes and is taking the necessary steps to reduce emissions[1]. To this end, possible taxes on CO2 emissions are taken into account when evaluating new and ongoing investment projects. The use of energy-efficient equipment and an environmental impact assessment have also become part of the evaluation process when considering investment projects.

In addition, an ongoing programme to improve project management practices involves revisions to the risk management approach, regular updates to the investment project risk register and appropriate employee training. These

1. EVRAZ is set to incorporate TCFD principles into the Group's risk management processes.

measures are intended to ensure more predictable results when implementing investment projects.

After a computer virus impacted its assets in North America in spring 2020, the Group strengthened its IT security and accelerated work in the area. The EVRAZ Information Security Operations Centre also proved its ability to quickly process information about potential information security threats and act promptly to eliminate them.

Environmental risk has always been a focal point for management and is recognised as a principal risk for EVRAZ. The Group mitigates environmental risk by implementing air emission reduction programmes at all plants, participating in developing greenhouse gas emission regulations in Russia, implementing energy efficiency projects and, as a result, reducing greenhouse gas emissions.

The COVID-19 pandemic did not have a material impact on the risk management processes in place at EVRAZ in 2021. Overall, the Group's financial and operating results indicate that it implemented effective measures to overcome the uncertainty seen during the period.

Whilst there have not been direct impacts on the Group to date, the Board continues to monitor the situation in Ukraine and the response of international governments. The Directors have considered additional scenarios for the purposes of its going concern assessment (see page 189) and the viability statement (see page 97).

Emerging risks

In addition to principal risks, management pays particular attention to threats that could become significant over a certain time, known as emerging risks. The Group defines these as events that could meaningfully impact EVRAZ' activities and results, but have a lower likelihood of materialising in the next three to five years. They include:

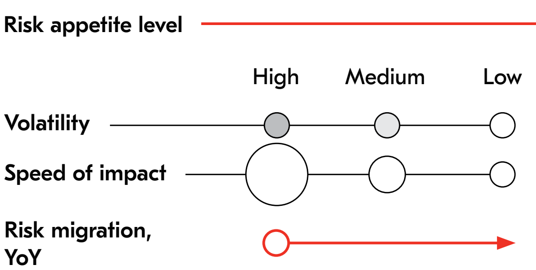
- Climate-related issues.
- Liabilities incurred due to environmental impairments.
- Geopolitical instability.
- Changes in technology.
- Societal issues.
- Demographic imbalance.

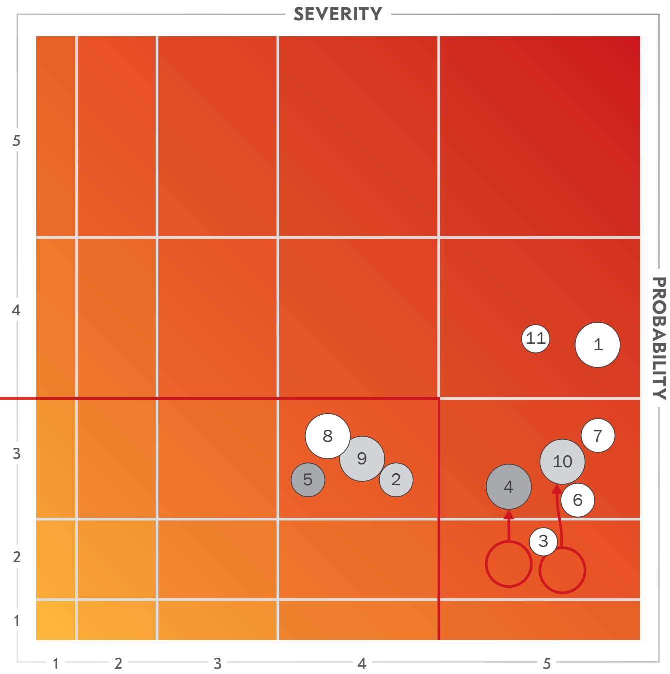
Emerging risks may be transferred to the class of current risks depending on their circumstances and materialisation. Management works continuously to monitor and manage emerging risks and devise mitigation measures.

The major part of the Group is based in the Russian Federation and is consequently exposed to the economic and political effects of the policies adopted by the Russian government. Worsening situation related to Ukraine has further increased the economic uncertainty and the risk of the imposition of sanctions. These conditions and future policy changes could affect the operations of the Group and the realisation and settlement of its assets and liabilities.

PRINCIPAL RISKS AND UNCERTAINTIES HEAT MAP IN 2021

1. Global economic factors, industry conditions and cyclicality
2. Product competition
3. Cost effectiveness
4. Potential regulatory actions by Governments, incl. trade, antimonopoly, anti-dumping regulation, sanctions regimes, and other laws and regulations
5. Functional currency devaluation
6. HSE: environmental
7. HSE: health, safety
8. Business interruption
9. Digital effectiveness, effective, efficient and continued IT service
10. Capital projects and expenditure
11. Decarbonisation (New risk)





EVRAZ

Principal risks and uncertainties

Our basis

- Sustainable development
- EVRAZ Business System

Strategic priorities

- Debt management and stable dividends
- Prudent CAPEX
- Retention of low-cost position
- Development of product portfolio and customer base

Direction of risk change

- No changes
- Decreased
- Increased

RISK	DESCRIPTION AND IMPACT	RISK OWNER(S)	MITIGATING/RISK MANAGEMENT ACTIONS IN 2021	THE TREND OF RISK EXPOSURE
1. **Global economic factors, industry conditions, industry cyclicality**	EVRAZ' operations are dependent on the global macroeconomic environment, as well as economic and industry conditions, for example, global supply and demand balance for steel, iron ore and coking coal, which affect both product prices and volumes across all markets. The Group's operations involve substantial fixed costs, and global economic and industry conditions can impact its operational performance. New capacity and lower demand amid the economic recession put significant pressure on prices.	CEO, VP of strategy and performance management	This is an external risk that is largely beyond the Group's control; however, it is partly mitigated by exploring new market opportunities, focusing on expanding the share of value-added products, further downscaling inefficient assets, suspending production in low-growth regions, reducing and managing the cost base with the goal of being among the sector's lowest-cost producers, and improving the balance sheet/gearing.	No changes
2. **Product competition**	EVRAZ faces excessive supply on the global market and greater competition, mostly in the steel products market, primarily due to competitors' activity and the commissioning of new facilities. Other risks include low demand for construction products and increasing competition in this segment. Competition is rising in the rail product segment. The Group also has to deal with excessive supply of slabs on the global market and intensified competition.	VP of sales, VPs of business units	EVRAZ mitigates this risk by expanding its product portfolio and penetrating new geographic and product markets. It is continuously developing and improving its loyalty and customer focus programmes and initiatives. The Group is also implementing quality improvement initiatives and strives to increase the share of value-added products.	No changes

RISK	DESCRIPTION AND IMPACT	RISK OWNER(S)	MITIGATING/RISK MANAGEMENT ACTIONS IN 2021	THE TREND OF RISK EXPOSURE
3. **Cost effectiveness: cost position vs competitors** EBS	Most product groups in the steel industry are highly cost competitive and this is particularly relevant to the Group's key markets in Russia and North America. The majority of the Group's steel production remains cost and price sensitive. EVRAZ is increasingly moving its products to semi-finished commodities, which requires less customer service and is more cost driven. Steelmaking is a high capital cost industry and the impact of lower plant utilisation increases the underlying cost per tonne of crude and rolled steel, reducing any profit margin. Digital transformation is having a significant impact in the sector as companies seek to use new technologies to support efforts to improve productivity and margin across the value chain. The failure to employ and use digital transformation to solve the most urgent business problems could lead to the diminished flexibility of operations and cost advantage. Mining production is a high capital cost industry. Inefficiency in mining costs contributes to higher production costs both for mining and steel products.	VPs of business units	For both the mining and steelmaking operations, EVRAZ is implementing cost reduction projects to increase asset competitiveness. The Group's focused investment policy aims to reduce and manage the cost base. EVRAZ also seeks to mitigate this risk through the control of its Russian steel distribution network, the development of high value-added products and the implementation of EVRAZ Business System transformation projects that focus on increasing efficiency and effectiveness. In addition, the Group's digital projects help to reduce risks associated with primary equipment and improve effectiveness.	–
4. **Potential regulatory actions by governments, including trade, antimonopoly, anti-dumping regulation, sanctions and other laws and regulations**	Governments could adopt new laws and regulations or otherwise impact the Group's operations. This could limit EVRAZ' ability to obtain financing on international markets or sell its products (for example, restriction of trade, export or import quotas, pricing control or capital flow restrictions). EVRAZ may also be adversely affected by government sanctions that are imposed on Russian businesses or otherwise reduce its ability to conduct business with counterparties. Introduction of duties and tariffs on steel products in North America.	CEO, CFO, VP of legal, VP of sales, VPs of business units	EVRAZ and its executive teams are members of various national industry bodies. As a result, they contribute to the development of such bodies and, when appropriate, participate in relevant discussions with political and regulatory authorities. The Group seeks to monitor potential legislative changes before their introduction at the point when new laws are being drafted: • identification of key stakeholders among government authorities; • monitoring of the legislative agenda planned by key stakeholders; • proactive approach to building regulatory rules (acting as metals and mining experts). Further development of control over antimonopoly and anti-dumping regulation: • issuing and monitoring of the Group's trade policies; • preventing anti-dumping policies among competitors/customers — Introduction of an IT tool with a dashboard for antimonopoly risk management. Ongoing liaison with both US and Canadian governments and the American and Canadian steel associations and ongoing engagement with the Canadian government to monitor and implement anti-dumping measures.	↑

RISK	DESCRIPTION AND IMPACT	RISK OWNER(S)	MITIGATING/RISK MANAGEMENT ACTIONS IN 2021	THE TREND OF RISK EXPOSURE
			Development and enhancement of internal controls in order to introduce preventive measures to monitor risks associated with duties and other negative measures against the Group. Pricing on products subject to anti-dumping duties is tightly monitored and controlled in order to ensure duties are reduced or eliminated. Taxation control function monitors planned changes to tax laws, analyses their impact on EVRAZ's operations and reports them to the Company's management on a quarterly basis. EVRAZ and its executive teams are members of various national industry bodies and, as a result, contribute to and participate in relevant discussions with political and tax authorities.	
5. Functional currency devaluation	The devaluation of functional currencies leads to foreign exchange losses (included in the consolidated statement of operations) on US dollar borrowings, as well as exchange losses on intercompany loans between entities with different functional currencies. In times of severe devaluation, while the Group's EBITDA and cash generating capacity may increase (at least in the medium term) because a large proportion of sales are priced in dollars, its profit and retained earnings may decrease significantly.	CFO	This is an external risk which is largely beyond the Group's control, however management is reducing the risk through proper disclosure and monitoring.	
6. **HSE: Environmental**	Steel production involves an inherent risk of environmental impacts and incidents due to such diverse issues as water usage, the quality of water discharged, air emissions, metallurgical waste recycling, and community discontent. Consequently, EVRAZ faces risks, including regulatory fines, penalties and adverse impacts on its reputation or, in extreme cases, the revocation of plant environmental licenses, thereby curtailing operations for an indefinite period. Globally, there has been an increase in regulatory scrutiny and pressure as well as the expectations of investors and customers. This will require more investment in the medium to long-term. Mining production involves an inherent risk of environmental impacts and incidents, mostly due to tailings management, water quality and the less significant risk of air emissions. Operations are subject to a wide range of HSE laws, regulations and standards, which, if breached, may result in fines, penalties, the suspension of production or other sanctions.	Sustainability Committee under the Board of Directors and management level	EVRAZ monitors its environmental risk matrix on a regular basis, and it develops and implements mitigation measures in response to these risks. Risk assessment is regularly reviewed within the Sustainability Committee's agenda. Senior management also devotes greater attention to the monthly monitoring of environmental risk trends and factors. EVRAZ has developed an environmental strategy until 2030 and updated its list of projects in accordance with the strategy to achieve its strategic goals regarding emissions and waste. The strategy is being implemented through dedicated programmes in each division. Most of the Group's operations are certified in accordance with ISO 14001, and work is ongoing to bring the remaining plants into compliance with this international standard. EVRAZ is currently compliant with REACH requirements. It is obtaining integrated environmental permits for compliance with the new regulation. For its North American operations, EVRAZ is formulating a strategic 3-5 year plan to be competitive in reducing greenhouse gasses and its carbon footprint through utility and energy utilisation, including through such projects as Big Horn renewable energy at the Pueblo facility. EVRAZ is also involved in drafting GHG emissions regulation in Russia.	

RISK	DESCRIPTION AND IMPACT	RISK OWNER(S)	MITIGATING/RISK MANAGEMENT ACTIONS IN 2021	THE TREND OF RISK EXPOSURE
7. HSE: Health, safety	Safety risks are inherent to steelmaking and mining operations. Employees face a range of risks, including the potential dangers of fire, explosions and electrocution. Additional risks specific to individual mines include methane levels, rock falls caused by geological conditions and accidents involving equipment and/or vehicles. Operations are subject to a wide range of HSE laws, regulations and standards, which, if breached, may result in fines, penalties and adverse impacts on the Group's reputation or, in extreme cases, the revocation of mining operational licenses, thereby curtailing operations for an indefinite period. In addition, there is a risk of employees being infected with COVID-19, which could lead to the mass quarantine of workers.	Sustainability Committee under the Board of Directors and management level	To mitigate these risks, EVRAZ is taking the following actions: • Review of the Lockout Tagout (LOTO) procedure as the main cause of fatalities in 2021 - and further development and implementation of the occupational safety risk management programme. • Transformation of the Health & Safety operational model with the implementation of roles and responsibilities, reviewing training processes as well as monitoring and continuing improvements. • Further development/update of health and safety tools (behaviour safety observations, contractual safety, etc.) based on a regular analysis of major causes of incidents. • Introduction and development of safety audits. • Consideration of the implementation of proactive KPIs and indicators. In addition, EVRAZ is utilising the EBS roll-out in order to further prompt employees to identify improvements and/or safety concerns and to increase visibility and enable the Group to prioritise, execute and communicate safety improvements and abatement measures. It is also driving the utilisation of a risk matrix in the incident management system through safety initiatives, taking it down to the front line in order for supervisors to implement higher levels of safety controls and risk reduction measures and working to change the safety culture through the Leadership Development Programme. In the coal segment, EVRAZ is implementing the following programmes with a focus on the safety of its operations: • Further execution of the five-year degassing programme. • Mine collapse prevention programme. • Prevention of spontaneous coal combustion in working spaces (performance control). • Dust and explosion safety of mines.	–

RISK	DESCRIPTION AND IMPACT	RISK OWNER(S)	MITIGATING/RISK MANAGEMENT ACTIONS IN 2021	THE TREND OF RISK EXPOSURE
8. **Business interruption**	Prolonged outages or production delays, especially in coal mining, could have a material adverse effect on the Group's operating performance, production, financial condition and future prospects. In addition, any long-term business interruption may result in a loss of customers and competitive advantage, as well as damage to the Group's reputation.	VPs of business units	The Group has defined and established disaster recovery procedures that are subject to regular review. Business interruptions in mining mainly relate to production safety. Measures to mitigate these risks include methane monitoring and degassing systems, timely mining equipment maintenance, as well as employee safety training. Implementation of quick actions that reduce risks on the main equipment at mines (digital projects). Creation of the equipment maintenance and repair (TORO) system, including certain digital projects and its circulation at mines. EVRAZ performs detailed incident cause analyses to develop and implement preventive actions. Records of minor interruptions are reviewed to identify any other significant underlying issues. The repairs and maintenance process continues to undergo transformation in Siberia and the Urals.	
9. **Digital effectiveness and effective, efficient and uninterrupted IT service**	The failure to proactively use IT capabilities to increase the efficiency of business operations may result in the loss of competitive advantage and margins. Increased digital transformation and the convergence of IT and operational technology also makes companies more vulnerable to continued rogue activity in the sector. IT and information security risks have the potential to cause prolonged production delays or shutdowns.	VPs of business units, VP of IT and IT Architecture Committee	Digital transformation is a part of the Group's IT strategy. EVRAZ continuously assesses and monitors information security risks, and it takes mitigation measures based on external assessments by an independent advisor. The Group conducts regular continuity testing for the most critically important IT systems. Other mitigating actions includes: • Further improvement of IT processes with a focus on fast and efficient project implementation. • Building and improving IT competences in high-demand areas: data science, back- and front-end programming, design and information security. • Realisation of the IT security improvement programme.	

RISK	DESCRIPTION AND IMPACT	RISK OWNER(S)	MITIGATING/RISK MANAGEMENT ACTIONS IN 2021	THE TREND OF RISK EXPOSURE
10. **Capital projects and expenditures** EBS	The Group's development plans largely rely on capital projects and depend on their economic viability, efficiency and effective execution, as well as the availability and cost of capital to finance capital expenditures. Economic issues outside of those factored into the Group's business plans, including regulatory approvals, may also impact anticipated free cash flow and cause certain components of the planned capital expenditures to be re-phased, deferred or abandoned with a consequential impact on the Group's planned future performance. In addition, the profitability of new projects may be impacted by higher than expected operating and life of mine costs due to variables such as lower than expected coal and iron ore quality, coal seam economics, as well as technical processing and engineering factors. An ambitious corporate investment programme may cause a shortage of qualified project staff.	CFO, Strategy Committee, Investment Committee, VPs of business units	EVRAZ reviews all proposed capital projects on a risk return basis. The current list of projects has been reviewed and updated. Each project is presented for approval against the Group's risk matrix to assess its potential downside and any possible mitigating actions. EVRAZ has created a list of typical project risks and a database of lessons learned. Project delivery is closely monitored against project plans, which allows for high-level action to manage project investment for both timely delivery and planned project expenditures. New mine development and the definition of feasibility plans are reviewed and signed off by independent mining engineers. The Group regularly revisits key assumptions for its main investment projects and performs scenario analyses, which may result in the suspension and/or postponement of certain projects. EVRAZ also uses financial modelling to define the strategy of each individual asset and the enterprise in general for the purpose of long-term FCF forecasting, including investment projects. The project management system's transformation is ongoing. A pilot project is being conducted at one mine on a long-term detailed planning of LOM (life of mine) using a 3D model and restrictions on air, gas and sinking.	
11. **Decarbonisation** See page pages 92-96 for more details.	Russia and the markets to which EVRAZ exports steel could impose different systems of carbon emissions control. These systems could vary, but will most likely include selling CO2 emissions per tonne of production, which will be gradually reduced to zero in 2050-60.	Sustainability Committee under the Board of Directors and management level	Assessing, verifying, and monitoring Scope 1, 2, and 3 GHG emissions on a yearly basis. Reducing GHG emissions. Setting an internal carbon price for assessment of new investment projects. Following the decarbonisation initiatives roadmap. Assessing the financial impacts of decarbonisation on EVRAZ in 2022	New risk

Climate change risks

The identification, determination of significance and probability of climate-related risk is scored and fully aligned with the Group's unified process of managing risks. This framework encompasses all business processes and day-to-day activities. The method used to categorise risks as either principal or non-principal is also applied to managing climate-related risks. All risks are reassessed annually to ensure that they are appropriately documented and that timely risk management procedures have been developed throughout the Group and at operational levels based on the Group's risk management approach.

For more details, see pages 84-86, 122-123

EVRAZ has been assessing climate-related risks and opportunities based on the recommendations and terms of the Task Force on Climate-related Financial Disclosures (TCFD) since 2020. In late 2021, the Group conducted a qualitative risk reassessment, which resulted in climate-related risks being integrated into its principal risks in the form of decarbonisation risk, as well as its overall score being elevated (for more details, see page 85). We consider climate-related risks up to 2050 due to the unpredictability of social and economic aspects related to climate change and the uncertainty of changes in the business strategy past 2050. However, transitional climate-related risks, such as carbon price, the Carbon Border Adjustment Mechanism (CBAM), and other regulatory risks, are already moving into the short-term risk category amid increased scrutiny from stakeholders.

Changes in regulation, including in climate regulation, being kept under review and monitored closely. In addition, in 2022, we are planning to incorporate climate-related risks into financial sustainability models and conduct a quantitative analysis to assess how climate risks will affect our financial stability and performance.[1]

Climate-related risk identification and assessment process:

- EVRAZ determines climate risk materiality according to the Group approach, which includes a five-point scale of the impact and a five-point scale of the likelihood of the risks. The risk impact/likelihood scale goes from 1 (Insignificant/Rare) to 5 (Major/Almost certain). The final risk score varies from one to 25 and reflects the overall risk rating.
- The assessment process includes identifying risks in relation to all major divisions of the Company (Urals, Siberia, North America, Coal and Vanadium).
- Our risk identification process is in line with three climate scenarios: low-carbon development, Paris-compliant and business-as-usual. These align with SSP1-2.6, SSP2-4.5 and SSP5-8.5, and focus on time horizons that are llong (2050), medium (2030) and short (2025).
- The Group uses SSP2-4.5 (2.0°C) as the primary scenario for strategic planning, assessing risk materiality, and evaluating impacts and opportunities. We consider SSP2-4.5 the most likely scenario for the industry and have aligned the Company's decarbonisation pathway accordingly.
- Each risk is analysed based on information from various sources, such as the Intergovernmental Panel on Climate Change (IPCC) and International Energy Agency (IEA) scenarios, World Steel Association, International Council on Mining and Metals (ICMM), national reports and peer-reviewed scientific articles.

All risks, including climate-related risks, are closely monitored and taken into account when planning the Group's strategy. To mitigate the consequences, EVRAZ has developed a list of initiatives that will assist in lowering the risk scores and consequently reducing its impact on the climate. For more details about our increased resilience plans and decarbonisation pathway, see page 63. In case our assessment detects a risk of any sort, we consider mitigating it no matter the strength of impact or its financial consequences. EVRAZ compares the financial potential losses against the risk mitigation cost. If a significant change affects the risk assessment results, EVRAZ is set to adjust its strategy accordingly.

Transition risks

Transitional risks are currently being managed by assessing new regulations related to our operations in various countries, publicly disclosing climate-related risks and opportunities following the TCFD recommendations, and tracking the development of new steel production technologies.

Materiality

Very high   High   Medium   Low

EVRAZ considers SSP2-4.5 (2.0°C) as the primary scenario for assessing risk materiality.

Direction of risk change

No changes   Decreased   Increased

Time horizons

Short   Medium   Long-term

All risks have been evaluated against short (2025), medium (2030), and long-term (2050) time horizons.

RISK	DESCRIPTION	CONSEQUENCES	RISK MANAGEMENT INITIATIVES	THE TREND OF RISK EXPOSURE
Carbon price 1.5°C: Very high **2.0°C**: Very high 4.5°C: High Short	Includes the introduction of carbon pricing and emission charges, and the introduction of taxes on greenhouse gas emissions.	When additional fees are introduced related to direct GHG emissions, the Group's annual variable costs may rise. Accordingly, the price for end consumers might increase, which could cause a decrease in the Group's sales.	Regularly assessing, verifying, and monitoring Scope 1, 2, and 3 GHG emissions. Setting an internal carbon price. Developing decarbonisation initiatives and reducing GHG emissions.	Increased

1. A quantitative risk assessment will allow us to understand better the financial impact of climate-related issues on the Company. We plan to include the effects of climate scenarios in the analysis and describe the processes used to determine which risks and opportunities have arisen. Results will be published in the 2023 disclosure.

RISK	DESCRIPTION	CONSEQUENCES	RISK MANAGEMENT INITIATIVES	THE TREND OF RISK EXPOSURE
CBAM 1.5°C **2.0°C** 4.5°C	The introduction of cross-border carbon regulation law (CBAM). EU importers will be required to compensate for CO2 emissions arising from production processes by purchasing CBAM certificates. Other countries might also implement such initiatives in the future.	The price for consumers in the EU, US and China might increase (both due to the direct cost of purchasing CBAM certificates and preparing and verifying quarterly carbon reports). Accordingly, the Group's sales in the EU and other countries that introduce the CBAM may decrease.	Regularly assessing, verifying, and monitoring Scope 1, 2, and 3 GHG emissions.. Regularly monitoring international regulatory changes. Setting an internal carbon price. Developing decarbonisation initiatives and reducing GHG emissions.	
Other regulatory risks 1.5°C **2.0°C** 4.5°C	The risk of increased government demands includes changes in national regulations, regulations to meet the Paris Agreement objectives and climate change-related disclosures. This risk is also associated with the Group's non-compliance with the new listing rules and insufficient disclosure of climate-related information according to TCFD recommendations.	An inadvertent violation of new carbon regulation in the context of emerging legislation decreases the speed of decision-making on adopting changes and coordinating the Group's activities.	Regularly monitoring regulatory changes in regions of presence. Reducing GHG emissions. Disclosing climate-related information according to TCFD recommendations.	
Reputational risks 1.5°C **2.0°C** 4.5°C	Reputational risk includes the risk of a change in investor attitudes, which is associated with a loss of interest in the event of insufficient public information about the following: • The impact of climate change on the Group's activities and the measures that the Group is taking in response. • Levels of GHG emissions, carbon intensity of production and other climate-related metrics and goals.	If investors' expectations regarding the Group's ESG initiatives continue to rise, EVRAZ will have to make additional efforts to comply with the new requirements. Otherwise, investors might ask for higher yields.	Interacting with investors on climate change and other themes related to sustainable development. Disclosing climate-related information on the development and progress of the Group's decarbonisation initiatives. Disclosing the Group's climate-related and other non-financial data in accordance with international rating agencies.	
Technology risks 1.5°C **2.0°C** 4.5°C	Technology risk is associated with a tendency for a demand for metallurgical products to shift towards less carbon-intensive products.	Clients are likely to favour products with a lower carbon footprint. The Group may either have to incur additional costs to maintain a competitive level of carbon intensity (for example, for carbon capture) or survive a drop in demand.	Monitoring and analysing potential technological trends and opportunities for EVRAZ; Increasing investments in R&D projects. Developing decarbonisation initiatives and reducing GHG emissions.	
Market risks 1.5°C **2.0°C** 4.5°C	This risk is associated with the trend of a technical modernisation towards less carbon-intensive products, as well as a decrease in demand for raw materials for production processes. Market risk also includes an increase in the cost of electricity and heat in Russia.	• A decrease in profits is possible due to the reduction in demand for products with a high carbon footprint when compared with competitors. • With an increase in the cost of electricity used, the cost of production might increase.	Seeking opportunities in new markets related to the transition to a low-carbon economy, as well as climate change adaptation and mitigation. Striving to implement new technologies to introduce decarbonisation and resource- and energy-efficiency projects.	

Physical risks

The categories of physical risks listed below have been designated as ones that require regular monitoring. Extreme weather, which is expected to become more frequent in the future, will receive the most attention. Our supply chain is the second primary focus, with consideration given to anticipated disruptions and delays in transportation supplies due to extreme weather events such as storms, hurricanes, road erosion, power outages, and smoke from forest fires.

Materiality

Very high | High | Medium | Low

EVRAZ considers SSP2-4.5 (2.0°C) as the primary scenario for assessing risk materiality.

Direction of risk change

No changes | Decreased | Increased

Time horizons

Short | Medium | Long-term

All risks have been evaluated against short (2025), medium (2030), and long-term (2050) time horizons.

RISK	DESCRIPTION	CONSEQUENCES	RISK MANAGEMENT INITIATIVES	THE TREND OF RISK EXPOSURE
Changes in air temperature 1.5°C **2.0°C** 4.5°C	With an increase in the number of extreme weather events in regions of operation due to temperature fluctuations, an increase in days with extreme heat (temperatures above + 30°C) and heat waves (prolonged periods with high temperatures) is expected.	Overheating and breakdown of equipment, which can also lead to emergencies and the suspension of operational activities; the deterioration of health and increased injury of employees; premature wear of buildings and equipment.	Monitoring the condition of our equipment, as well as conducting timely repairs.	
Change in average annual precipitation 1.5°C **2.0°C** 4.5°C	There is a trend towards an increasing number of dangerous rain showers. The risk of increased intensity of spring floods is due to the melting of snow accumulated during the winter season, which leads to more pronounced peaks during spring floods.	Premature wear and tear of buildings and structures; erosion of the road surface; destruction to infrastructure; the breakthrough of hydraulic structures and the flooding of buildings, structures, and mines.	Monitoring the condition of our facilities, as well as conducting timely repairs.	
Droughts and fire hazards 1.5°C **2.0°C** 4.5°C	An increase in average annual temperatures and a change in precipitation norms could increase the danger of fires in natural ecosystems (fire hazard).	Damage to the Group's property (increased repair and maintenance costs), smoke pollution of production facilities, injury to employees, potential disruption of operational activities (such as an interruption of the mining process).	Considering climate risks when making investment decisions. Continuing projects for water recycling and closed-loop water treatment technologies.	
Dangerous meteorological phenomena — strong winds, floods and storms 1.5°C **2.0°C** 4.5°C	The impact of hazardous events is determined by the materiality of damage and destruction to the Group's various assets and the impact of such events on local communities.	Damage to the Group's property (increased repair and maintenance costs), power outages, injuries to employees, penalties due to delays in exports shipped by sea, loss or damage to products transported by sea and the flooding of warehouses.	Considering climate risks when making investment decisions. Monitoring the Group's own supply chain operations.	

OPPORTUNITIES:

Climate change represents a challenge for EVRAZ. However, rapid and proactive actions will enable the Group to leverage the opportunities that arise from this global transition. Below are some of the actions that we are taking and opportunities identified.

Resource efficiency
- Enhanced use of scrap metal.
- Improved efficiency of water resources management (closed-loop water systems).
- Increased use of internally produced coke oven gas and reduced consumption of natural gas.

Resilience
- Using scenario analyses in planning our medium- and long-term strategy.
- Introducing climate-related risk assessments into corporate management processes.
- Collaborating and participating in partnership programmes for the development of low-carbon solutions and and exchanging best practices through the World Steel Association and Russian Steel.

Energy sources
- Improving the energy efficiency of existing processes.
- On-site generation of renewable energy.
- Gradually transitioning to less carbon intensive and more efficient energy resources.
- Gradually increasing of renewable energy in the Group's energy mix.
- Using hydrogen.

Markets and products
- Identifying opportunities in new markets and new products related to the low-carbon economy transition and climate change adaptation and mitigation.
- Producing carbon-free steel.

VIABILITY STATEMENT

As a global steel and mining group, EVRAZ is exposed to a range of risks and inherent uncertainties that are explained more fully in this section. The Group's principal risks and its approach to managing them, together with the latest financial forecasts and five-year strategic plan, have formed the basis of this long-term viability assessment. EVRAZ believes that a five-year period is optimal for the viability analysis, as it corresponds to the period used in the Group's strategic planning and therefore reflects the information available to management regarding the future performance of the business. Visibility of performance and risks beyond the strategic planning cycle is limited, and scenarios beyond this five year period have not been analysed for the purposes of the viability statement. The Group modelled the impact of expected carbon taxes upon the business but other emerging climate change risks are not anticipated to pose a material threat to the business over the period of the viability assessment and were not modelled at this time.

In accordance with provision 31 of the UK Corporate Governance Code 2018, the Board has assessed the Group's prospects over the period of the current strategic plan to December 2026 and considers it possible to form a reasonable expectation of the Group's viability over this five-year period. The assessment included consideration of the stress-testing detailed below, with particular attention paid to the forecast cash position and compliance with financial maintenance covenants in each scenario, as well as the mitigation plan developed by the management.

The assessment was underpinned by scenarios that encompass a wide spectrum of potential events. These scenarios are designed to explore the Group's resilience to the significant risks set out on pages 84-92 and combinations of correlated risks. Some risks are outside the Group's control and the potential implications are difficult to predict in the current environment and considered remote.

The key scenarios tested can be summarised as:

- Base scenario:
  - The key assumptions as disclosed in Note 6 to the financial statements under Impairment of assets on pages 211-214.
  - The scenario reflects the effect of the highly probable demerger of the coal business (Note 13) and the effect of the new excise tax on liquid steel and higher taxes on mineral extraction imposed by the government of the Russian Federation from 1 January 2022 (Note 30).
  - Future pricing of steel and raw materials is within the range of the external analyst forecasts set out in Note 6.
  - Annual steel volumes are assumed to vary from -1.6% to 11.9%, compared with the 2021 level over the five-year period to December 2026.
- Global economic decline:
  - Steel and raw material prices and exchange rates during 2022 and future periods are at the lower end of the external analyst forecast set out in Note 6.
  - Sales volumes are assumed to decrease by 3.0% in comparison with the base scenario.
- Increased conversion costs in the CIS.
- Increased CAPEX.
- Potential changes in HSE requirements and standards.
- Appreciation of local operating currencies.
- Cybersecurity failure resulting in production delays or shutdowns at a major operation.
- Introduction of new tariffs and duties
- Business interruption, leading to lost production.
- Introduction of carbon taxes.
- Combinations of correlated risks/ scenarios.

In order to further test the resilience of the viability assessment to potential uncertainties, particularly with respect to worsening situation relating to Ukraine and heightened risk of the economic sanctions, management also performed a further scenario to reflect a severe downside sensitivity, reflecting a material and sustained interruption to the Group's business. This scenario assumes a material reduction in EBITDA throughout the viability assessment period, reducing Russian export sales outside the CIS to nil combined with a significant further reduction in EBITDA as a result of other possible factors, including further international sanctions. This scenario reflects a reduction in capital expenditure to US$500 million per annum. This also assumes the Group raises additional financing in 2023 followed by more significant financing in 2024. The Directors have also considered additional mitigating actions that would be available were such a scenario to occur including further reductions in costs, capital expenditure and the deferral of dividends.

The scenarios are designed to be severe but plausible. They take full account of the potential actions available to mitigate the occurrence and impact of the risk, and the likely effectiveness of such action. The process makes certain assumptions about the normal level of capital recycling likely to occur and considers whether additional financing facilities will be required and available in each scenario. EVRAZ considers this assessment of its prospects based on stress-testing to be reasonable, given the risks and inherent uncertainties facing the business.

The directors confirm that their assessment of the principal risks facing the Group is robust. Based on this robust assessment and the stress-testing of the Group's prospects across several risk-related scenarios the directors have a reasonable expectation that EVRAZ will be able to continue in operation and meet its liabilities as they fall due over the five-year period to December 2026.

In making this statement, the directors have made a key assumption that funding or refinancing, by way of capital markets, bank debt and asset financing, continues to be available.

STATEMENT IN ACCORDANCE WITH S172 OF THE COMPANIES ACT

The EVRAZ Board has considered in detail the Company's business model outlined on pages 14-15 of this report, which identifies, and explains why it identifies, the Company's stakeholders as:

- Shareholders and investors.
- Employees.
- Customers.
- Suppliers and contractors.
- Local communities.
- Government and regulatory authorities.
- Media.
- Industry organisations.

The Board recognises the benefit of clear and precise engagement with the Group's stakeholders. Value is generated through the Group's core activities as outlined in the discussion of its business model on pages 14-15.

Throughout 2021, the Board continued to consider the impact of the COVID-19 pandemic on all stakeholders.

The Group's dividend policy anticipates dividend payments to shareholders of US$300 million per annum, provided that the Group's net debt/EBITDA ratio remains below 3x. In addition, the Board may consider further distributions of free cash flow available after implementing its investment programme to support the business. The Board reviewed and considered that, despite the impact of COVID-19 on the operational results of the Group and the economy, the underlying strength of the business was sufficient to continue paying dividends relating to the 2021 financial year.

The Group has an active IR programme to enable shareholders to engage with the Company and the Board, both on business issues and on any governance concerns that they might have.

For the investment community, a capital markets day is held each year, and it covers both the current performance and future plans of the Company, as well as governance issues. Due to the pandemic, an in-person event was not possible in 2021, but a virtual meeting was well attended, and an in-person meeting is planned for 2022.

All shareholders are normally welcome in person at the AGM, where all directors are available to discuss any issues that they might wish to raise. In 2021, while not all Board members could attend because of COVID-19 restrictions, the meeting proceeded for UK shareholders.

During the year, supported by the CFO, the CEO held conference calls and briefed analysts and institutional investors fully after the publication of the Group's half-year and full-year results, and after the announcement of the coal demerger. Additionally, supported by the director for investor relations, the CFO held a series of online meetings with institutional investors.

Engagement with employees remains key, and the Board closely monitors the results of the annual engagement survey, which indicate satisfactory levels of improvement. Two independent non-executive directors have taken responsibility for engaging with employees in the businesses in North America and Russia, respectively, and they do so by attending key staff briefing events and town hall meetings. Throughout the year, senior management attend the Group's Board meetings to present the annual budget for their respective business units and key investment projects that require the Board to approve significant capital expenditure.

All presentations made to the Board consider both the benefit to shareholders of proposals and the impact on other key stakeholders. The Remuneration Committee receives detailed presentations from the Vice President of HR, which outlines remuneration and incentive plans at each level across the whole business. A whistleblowing arrangement is in place that allows staff to raise issues in confidence, and responses to them are routinely monitored by the Audit Committee, which escalates key issues with the Board.

Since 2011, the Board has had in place a Health, Safety and Environment Committee to help it to monitor the Group's performance in the area and management initiatives to improve this. In addition, it considers the planned actions necessary to reduce the Group's impact on the environment, including the reduction of greenhouse gas emissions. During 2021, the HSE Committee considered its terms of reference and workload, and made suggestions to the Board about how it could best monitor the Company's ESG performance. These were adopted, and the plan of work will be introduced across 2022 and reported on in that year's report. To reflect the committee's wider role, the decision was taken to rename it as the Sustainability Committee.

The Board considers the interests of all stakeholders by taking a long-term view of how the business needs to develop in its markets (see principal decisions taken by the Board **on pages 115-118**). The Board evaluates technological developments to ensure that its assets remain competitive and makes the necessary financing requirements to implement strategic projects available over the medium to long term. When development plans for projects are in their early stages, management engages key customers to ensure that the products manufactured meet their specific requirements.

All suppliers are treated in line with agreed contract terms, and when new opportunities become available, the Group has transparent tendering procedures to ensure that new contracts are awarded on a fair basis. The full range of EVRAZ stakeholder engagement is detailed **on pages 124-125**.

These actions assist the directors in performing their duties under S172 of the Companies Act 2006, and the analysis will confirm to the Board that management consider the impact of business plans on all stakeholders when developing initiatives for Board approval.

NON-FINANCIAL REPORTING

EVRAZ aims to comply with the non-financial reporting requirements contained in sections 414CA and 414CB of the Companies Act 2006. The table below outlines to stakeholders the Group's position, principal policies, main risks and KPIs on key non-financial areas.

REQUIREMENT	GROUP APPROACH AND POLICIES	DOCUMENTS	RELATED KPIS	RELATED PRINCIPAL RISKS
Environment Further information: Environment, **see pages 67-70**	Steel and mining production carry a high risk of environmental impact and incidents related to its production processes. EVRAZ pays the utmost attention to environmental matters to prevent or minimise any adverse impact.	Environmental strategy EVRAZ HSE Policy Code of Business Conduct	EVRAZ has adopted 2030 environmental targets: **see pages 67-70**	HSE: Environment, **see page 89** Decarbonisation, **see page 92**
Employees Further information: Our People, see pages 71-73; Health and Safety, **see page 61**	EVRAZ strictly complies with national labour laws and best practices of business ethics concerning employee management. Discrimination related to a person's race, ethnic origin, gender, religion, political views, nationality, age, sexual orientation, etc, is totally unacceptable throughout the Group, as well as at its subcontractors and suppliers. Due to industry-specific issues, EVRAZ employees and contractors face safety and health risks. Providing a safe work environment is one of the Group's main core values.	EVRAZ HSE Policy Code of Business Conduct Diversity and inclusion policy Human rights policy EVRAZ Supplier Code of Conduct	LTIFR (per 1 million hours) Labour productivity, steel (tonnes per person)	HSE: Health and Safety, **see page 90**
Social policy Further information: Community Relations, **see pages 74-75**	EVRAZ strives to make a meaningful contribution to local economies and to support communities wherever it operates. The Group supports infrastructure, sport, educational and cultural programmes with the aim of improving the quality of life in local communities.	Charitable Donation and Sponsorship Policy	Fulfilment of the Group's social obligations towards its employees, which were fixed in the collective agreements. Interaction with local communities in the regions of the Group's presence during the implementation of various CSR related projects.	Global economic factors, industry conditions and cyclicality, and business interruption; **see pages 87, 91**

REQUIREMENT	GROUP APPROACH AND POLICIES	DOCUMENTS	RELATED KPIS	RELATED PRINCIPAL RISKS
Respect for human rights Further information: Our people, see page 72	EVRAZ' commitments are based on internationally recognised standards and respect for all human rights. Child labour, bonded labour, human trafficking and other forms of slavery are strictly prohibited at all Group subsidiaries and their suppliers. EVRAZ rules also prohibit abusive, harassing, discriminatory, degrading or aggressive speech or conduct.	Code of Business Conduct Modern Slavery Transparency Statement Human rights policy Diversity and Inclusion Policy EVRAZ Supplier Code of Conduct	Zero tolerance to violation	None of EVRAZ' current principal risks relates to aspects of human rights
Anti-corruption and anti-bribery Further information: Anti-corruption and Anti-bribery, see pages 76-78 For a short summary of relevant anti-corruption policies, see pages 294–295	In accordance with the Group's policies and procedures, compliance managers scrutinise tender procedures, check potential and existing business partners, vet prospective new candidates, and ensure that the principles set forth in the EVRAZ Anti-corruption Policy and Code of Business Conduct are adhered to throughout its operations.	Code of Business Conduct EVRAZ Anti-Corruption Policy: • Anti-corruption training policy. • Sponsorship and charity policy. • Gifts and business entertainment policy. • Candidate background and criminal record checks. • Conflict of interest policy. • Contractor/supplier due diligence checks. EVRAZ Rules on Securities Dealings	Zero tolerance to violation	None of EVRAZ' current principal risks relate to aspects of anti-corruption

For EVRAZ' business model, relationships and products, **see pages 6-99**

For the Group's related risks and how they are managed, see the Principal Risks section **on pages 84-96**

EVRAZ' Strategic Report, as set out **on pages 6-101** inclusive, has been reviewed and was approved by the Board of Directors on 24 February 2022.

By the order of the Board

Aleksey Ivanov
Chief Executive Officer
EVRAZ plc
24 February 2022

RESPONSIBLE ACTION

FOR A BETTER FUTURE


SIBLE
ONS

BOARD OF DIRECTORS

DIRECTORS

Alexander Abramov
Non-Executive Chairman

Appointment
Alexander Abramov has been a Board member since April 2005. He was CEO and chairman of Evraz Group S.A. until 1 January 2006, and continued to serve as Chairman until 1 May 2006. Mr Abramov was a non-executive director from May 2006 until his re-appointment as chairman of the Board on 1 December 2008. He was appointed as Chairman of EVRAZ plc on 14 October 2011.

Committee Membership
Mr Abramov is a member of the Nominations Committee.

Skills And Experience
Mr Abramov graduated from the Moscow Institute of Physics and Technology with a first-class honours degree in 1982, and he holds a PhD in Physics and Mathematics. He founded EvrazMetall in 1992.

Other Appointments
Mr Abramov is a Bureau member of the Russian Union of Industrialists and Entrepreneurs (an independent nongovernmental organisation), and a member of the board of Skolkovo Institute for Science and Technology.

Alexander Frolov
Non-Executive Director

Appointment
Alexander Frolov has been a Board member since April 2005. He was chairman of the Board of Evraz Group S.A. from May 2006 until December 2008, and he was appointed as CEO in January 2007. Mr Frolov was CEO of EVRAZ plc from 14 October 2011 until 31 August 2021.

Committee Membership
Mr Frolov is a member of the Sustainability Committee and the Nominations Committee.

Skills And Experience
Mr Frolov graduated from the Moscow Institute of Physics and Technology with a first-class honours degree in 1987 and received a PhD in Physics and Mathematics in 1991. Prior to working at EVRAZ, he was a research fellow at the I.V. Kurchatov Institute of Atomic Energy. He joined EvrazMetall in 1994 and served as its chief financial officer from 2002 to 2004, then as senior executive vice president of Evraz Group S.A. from 2004 to April 2006.

Other Appointments
Mr Frolov is currently chairman of PJSC Raspadskaya.

Aleksey Ivanov
Executive Director, Chief Executive Officer

Appointment
Mr Ivanov was appointed to the Board of EVRAZ plc on 1 February 2022.

Committee membership
Mr Ivanov is a member of the Sustainability Committee.

Skills and experience
Mr Ivanov was appointed as CEO in September 2021. Prior to that, he served as senior vice president of business development and commerce since November 2015. He also held the positions of vice president, head of the Steel Division (2011-15) and head of the Siberia Division (2009-11). He previously served as the senior deputy CFO responsible for financial control and treasury functions (2008-09) and director of financial control (2002-09). From 1998 to 2002, Mr Ivanov held various positions at Liggett-Ducat, where his responsibilities included production, controlling and logistics. He also served as head of the Credit Department at Inkombank (1997-98).
Mr Ivanov graduated from INSEAD in 2002. He holds a degree in Finance from the Financial Academy of the Government of the Russian Federation and has been a member of the Chartered Institute of Management Accountants since 2004. In 2008, Mr Ivanov received a diploma in Human Resources from the Australian Professional Association.

Other Appointments
none.

Eugene Shvidler
Non-Executive Director

Appointment
Eugene Shvidler has been a Board member of Evraz Group S.A. since August 2006. He was appointed to the Board of EVRAZ plc on 14 October 2011.

Committee Membership
Mr Shvidler is a member of the Nominations Committee.

Skills And Experience
Mr Shvidler served as president of Sibneft from 1998 to 2005, having previously been senior vice president from 1995. He holds an MSc and an MBA.

Other Appointments
Mr Shvidler currently serves a chairman of Millhouse.

Eugene Tenenbaum
Non-Executive Director

Appointment
Eugene Tenenbaum has been a Board member of Evraz Group S.A. since August 2006. He was appointed to the Board of EVRAZ plc on 14 October 2011.

Committee Membership
None

Skills And Experience
Mr Tenenbaum served as head of corporate finance for Sibneft in Moscow from 1998 through 2001. He worked as director for corporate finance at Salomon Brothers from 1994 until 1998. Prior to that, he spent five years in corporate finance with KPMG in Toronto, Moscow and London, including three years (1990-93) as national director at KPMG International in Moscow. Mr Tenenbaum was an auditor an in the business advisory group at Price Waterhouse in Toronto from 1987 until 1989. He is a chartered accountant.

Other Appointments
Mr Tenenbaum serves on the board of Chelsea FC Plc.

Key to committee membership

N Nominations Committee
S Sustainability Committee
A Audit Committee
R Remuneration Committee

INDEPENDENT DIRECTORS

Sir Michael Peat

Senior Independent Non-Executive Director

Appointment

Sir Michael Peat was appointed to the Board of EVRAZ plc on 14 October 2011. It is expected that Sir Michael will be retiring from the Board on 31 March 2022 following the completion of the demerger of the coal business.

Committee Membership

None

Skills And Experience

Skills and experience: Sir Michael is a qualified chartered accountant with over 40 years' experience. He served as principal private secretary to HRH the Prince of Wales from 2002 until 2011. Prior to this, he spent nine years as the Royal Household's director of finance and property services and then treasurer to the Queen and keeper of the privy purse. Sir Michael was at KPMG from 1972 and became a partner in 1985. He left KPMG in 1993 to devote himself to his public roles. He holds an MA and MBA and is a fellow of the Institute of Chartered Accountants in England and Wales. He was the 2018 recipient of the Institute of Chartered Accountants Outstanding Achievement Award.

Other Appointments

Sir Michael is non-executive chairman of CQS Management Limited and non-executive chairman of GEMS MENASA Holdings Limited.

Maria Gordon

Independent Non-Executive Director

New appointment

Appointment

Ms Gordon has been appointed as an Independent non-executive director since 1 February 2022.

Committee Membership

Ms Gordon is a member of the Audit Committee and Sustainability Committee.

Skills And Experience

Ms Gordon has over two-decade-long experience in equity and debt capital markets. She was Executive Vice President and EME Strategy at PIMCO from 2010 to 2014. Prior to that, from 1998 to 2010 she had been a Managing Director, Head of Emerging Markets Strategy at Goldman Sachs Asset Management. Ms Gordon holds a Bachelor's degree in Political Science from the University of Wisconsin and a Master's degree in law and diplomacy from The Fletcher School of Law and Diplomacy at Tufts University.

Other Appointments

Ms Gordon's current board appointments include NED positions at PJSC Detsky Mir, PJSC Polyus, TCS Group Holding PLC, PJSC Moscow Exchange MICEX-RTS and PJSC Alrosa.

Karl Gruber

Independent Non-Executive Director

Appointment

Karl Gruber has been a Board member of Evraz Group S.A. since May 2010. He was appointed to the Board of EVRAZ plc on 14 October 2011. It is expected that Mr Gruber will be retiring from the Board on 31 March 2022 following the completion of the demerger of the coal business.

Committee Membership

None.

Skills And Experience

Mr Gruber has extensive experience in the international metallurgical mill business and holds a diploma in Mechanical Engineering. He has held various management positions, including eight years as a member of the management board of VOEST-Alpine Industrieanlagenbau (VAI), first an executive vice president of VAI and then as vice chairman of the management board of Siemens VAI. He also chaired the boards of Metals Technologies (MT) Germany and MT Italy. Furthermore, he has executed various consultancy projects for the steel industry and served as CEO and chairman of the management board of LISEC Group.

Other Appointments

None

Key to committee membership

N Nominations Committee · S Sustainability Committee · A Audit Committee · R Remuneration Committee

Deborah Gudgeon

Independent Non-Executive Director

Appointment

Deborah Gudgeon has been a Board member of EVRAZ plc since May 2015.

Committee Membership

Ms Gudgeon serves as chair of the Audit Committee and is a member of the Remuneration Committee, Nominations Committee, and Sustainability Committee. It is expected that Ms Gudgeon will become Senior Independent Director following the retirement of Sir Michael Peat.

Skills And Experience

Ms Gudgeon is a qualified chartered accountant with 30 years' experience. She started her career with Coopers and Lybrand, and in 1987 became a senior accountant for Salomon Brothers International. From 1987 to 1995, Ms Gudgeon served as a finance executive at Lonrho PLC and was appointed as a member of the Finance Committee in March 1993. From 1995 to 1998, she served as a director for Halstead Services Limited, and, from 1998 to 2003, she served as a director of Deloitte, specialising in corporate finance. From 2003 to 2009, Ms Gudgeon served as a founding director of the Special Situations Advisory team for BDO LLP, providing integrated advice on corporate finance, restructuring, debt and performance improvement. From 2011 to 2017, Ms Gudgeon served as managing director of Gazelle Corporate Finance Limited.

Other Appointments

Ms Gudgeon is currently a senior adviser at Penfida Limited and a non-executive director of Petra Diamonds Limited.

Alexander Izosimov

Independent Non-Executive Director

Appointment

Alexander Izosimov was appointed to the Board of EVRAZ plc on 28 February 2012.

Committee Membership

Mr Izosimov is chairman of the Remuneration Committee and the Nominations Committee. He is also a member of the Audit Committee.

Skills And Experience

Mr Izosimov has extensive managerial and board experience. He was CEO of M.Video-Eldorado Group, from 2020 to 2022. From 2003 to 2011, he was president and CEO of VimpelCom, a leading emerging market telecommunications operator. From 1996 to 2003, he worked at Mars Inc, where he held various managerial positions, including regional president for CIS, Central Europe and Nordics, and was a member of the executive board. Prior to Mars Inc, Mr Izosimov was a consultant with McKinsey and Co (Stockholm, London, 1991-96) and was involved in numerous projects in the transportation, mining, manufacturing and oil businesses. Until recently, Until recently, Mr Izosimov served on the boards of MTG AB, Dynasty Foundation, LM Ericsson AB and Transcom SA and Hövding. He also previously served as director of Baltika Breweries, the Sladko confectionery company and the Teleopti AB IT company. He also served as a director and chairman of the GSMA (global association of mobile operators) and was a director of the ICC (International Chamber of Commerce) Board. He holds an MBA from INSEAD.

Other Appointments

Mr Izosimov is an independent non-executive director of the PJSC Moscow Exchange.

Stephen Odell

Independent Non-Executive Director

New appointment

Appointment

Stephen Odell was appointed to the Board of EVRAZ plc on 15 June 2021.

Committee Membership

Mr Odell is a member of the Audit Committee, Remuneration Committee and the Nominations Committee.

Skills And Experience

Mr Odell has extensive international automotive and large industrial company experience gathered over a 38-year history. He retired from Ford Motor company as a Global Executive Vice President in 2018. As an Executive Vice President, he was responsible for Global Sales, Marketing and Service operations for Ford and prior to that, President of Ford of Europe, Middle East and Africa. Other prior experience includes CEO of Volvo Cars, based in Gothenburg Sweden, and Senior Managing Director for Mazda Car Corporation, based in Hiroshima Japan. Mr Odell has lived in multiple countries around the world and established the FordSollers joint venture in Russia, where he served as joint Chairman for three years. Mr Odell graduated from the University of Brighton as a Bachelor of Arts in Business Studies.

Other Appointments

Mr Odell is currently a chairman of the Board at Accsys Technologies plc, a UK listed sustainable timber company and a member of council for the University of Nottingham.

INDEPENDENT DIRECTORS

James Rutherford

Independent Non-Executive Director

New appointment

Appointment

James Rutherford was appointed to the Board of EVRAZ plc on 15 June 2021.

Committee Membership

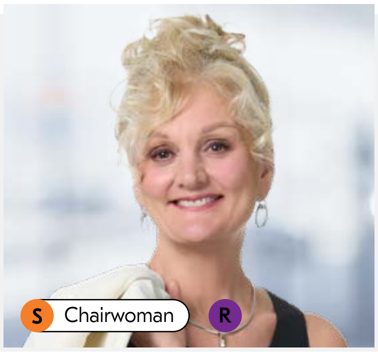
Mr Rutherford is a member of the Nominations Committee and the Audit Committee.

Skills And Experience

Mr Rutherford has held senior roles in investment management and investment banking, specialising in the global mining and metals sector.
He was previously a non-executive director at Anglo American plc (from 2013 to 2020) and chairman of Dalradian Resources Inc (from 2015 until its takeover in 2018). From 1997 to 2013, he was a senior vice president at Capital Group, where he was responsible for global investments in the metals and mining industry. From 1993 to 1997, he was vice president of equity research at the investment bank HSBC James Capel in New York, where he covered the South American metals and mining industry.
Mr Rutherford graduated from Queen's University Belfast with a Bachelor of Science in Economics and Computer Science and from University of Sussex with a Master of Arts in Development Economics. He is also an alumnus of the London Business School.

Other Appointments

Mr Rutherford's current appointments include: non-executive chairman at Centamin plc and senior independent director at Anglo Pacific Group plc.; and lead independent director of GT Gold Corp (from 2019 until its takeover in 2021).



Sandra Stash

Independent Non-Executive Director

New appointment

Appointment

Sandra Stash was appointed to the Board of EVRAZ plc on 15 June 2021.

Committee Membership

Ms Stash serves as chair of the Sustainability Committee and a member of the Remuneration Committee.

Skills And Experience

Ms Stash has served as a senior executive for leading global energy companies, including as executive vice president of Safety, Operations and Engineering and External Affairs at Tullow Oil from 2013 to 2020. Prior to that, she was senior vice president for HSECR, Operations and Engineering Assurance at Talisman Energy from 2008 to 2013 and a vice president at BP plc from 2000 to 2008, where she was responsible for Operations — Other Business and Corporate in North America, Health, Safety and Environment at TNK-BP and then Regulatory Affairs, Compliance and Ethics at BP America. During her career with ARCO Ltd from 1981 to 2003, she held various roles from senior engineer to vice president.
Ms Stash graduated with a Bachelor of Science in Petroleum Engineering from the Colorado School of Mines.

Other Appointments

Ms Stash's current appointments include: independent non-executive director and chair of the ESG Committee at Lucid Energy Group LLC; non-executive director and chair of the Sustainability and Safety Committee at Diversified Energy plc; non-executive director and chair of the Sustainability Committee at Trans Mountain Corporation; non-executive director at First Montana Bank and independent non-executive director and chair of the Sustainability Committee at Chaarat Gold Holdings Limited.

In addition, Laurie Argo served as a non-executive director during the year. Ms Argo stepped down from the Board on 15 June 2021.

Key to committee membership

N Nominations Committee   S Sustainability Committee   A Audit Committee   R Remuneration Committee

MANAGEMENT

Aleksey Ivanov
Chief Executive Officer

Mr Ivanov was appointed as CEO in September 2021. Prior to that, he served as senior vice president of business development and commerce since November 2015. He also held the positions of vice president, head of the Steel Division (2011-15) and head of the Siberia Division (2009-11). He previously served as the senior deputy CFO responsible for financial control and treasury functions (2008-09) and director of financial control (2002-09).

From 1998 to 2002, Mr Ivanov held various positions at Liggett-Ducat, where his responsibilities included production, controlling and logistics. He also served as head of the Credit Department at Inkombank (1997-98).

Mr Ivanov graduated from INSEAD in 2002. He holds a degree in Finance from the Financial Academy of the Government of the Russian Federation and has been a member of the Chartered Institute of Management Accountants since 2004. In 2008, Mr Ivanov received a diploma in Human Resources from the Australian Professional Association.

Nikolay Ivanov
Chief Financial Officer

Mr Ivanov joined EVRAZ in November 2016 as CFO. Prior to that, he served as executive vice president and CFO at VimpelCom from 2013. Over the previous 10 years, he held various positions at TNK-BP, including first deputy of the executive vice president for exploration and production.

As EVRAZ CFO, Mr Ivanov leads the financial unit and supervises key supporting functions, including: legal; investor relations and public relations; IT; procurement and technological development.

Mr Ivanov graduated from the Financial Academy of the Government of the Russian Federation with a degree in Finance and Credit, as well as from Northeastern University, Missouri, USA, and Truman University, USA, with a degree in Accounting.

Andrey Davydov
Vice President, Head of the Coal Division

Mr Davydov joined EVRAZ in 2010. He headed EVRAZ' Sukha Balka iron ore mine in Ukraine and has been in charge of Management Company EVRAZ Mezhdurechensk since 2016. Prior to joining EVRAZ, Mr Davydov had worked at various Russian coal companies, including Belon.

Mr Davydov graduated from the Physics Department of Kemerovo State University with a degree in Microelectronics as well as the Mining Department of Moscow State Open University (specialising in Subterranean Development of Subsoil Resources). He is a graduate of the Presidential Programme at the Academy of National Economy under the Government of the Russian Federation.

Alexander Erenburg
Vice president, Head of the Vanadium Division

Mr Erenburg has been with EVRAZ since 2003. He started in the Project Financing Department and subsequently held various positions in strategic investment planning. In 2011, he was placed in charge of business development at EVRAZ NTMK. In 2015, he was appointed as director of Vanadium Assets. In December 2018, Mr Erenburg became a EVRAZ vice president and head of the Vanadium Division.

Mr Erenburg graduated from Novosibirsk State University with a degree in Mathematical Methods and Operations' Research in Economics. He received an MA in Economics from Central European University.

MANAGEMENT

James "Skip" Herald
President and Chief Executive Officer, EVRAZ North America

Mr Herald joined EVRAZ North America in August 2019 as president and chief executive officer.

Prior to EVRAZ, Mr Herald was CEO of Axip Energy Services, a Houston-based provider of compression services at every major U.S. shale basin.

Mr Herald has more than 35 years' experience in the oil and gas and energy industries, in both the service and manufacturing sectors. He spent a significant part of his career, from 1985 to 2007, with the global oil services company Halliburton, working in multiple business units and managing operations globally.

In 2007, Mr Herald became the North America managing director at Vallourec, a France-based multinational manufacturer of steel tubular products. In 2014, he was named CEO of the Americas at line pipe manufacturer Welspun Corp.

Mr Herald is a graduate of West Virginia University, where he received a Bachelor of Science in Electrical Engineering.

Alexander Kuznetsov
Vice President, Corporate Strategy and Performance Management

Mr Kuznetsov joined EVRAZ in 2002 and was appointed as vice president for strategic development and operational planning in July 2009. Prior to that, he served as vice president for corporate strategy and performance management. His responsibilities include strategic development, operational planning, M&A transactions and financial valuation of business and investment projects.

Mr Kuznetsov previously held various positions within the Company and served as director for strategic planning and investment analysis from 2008 to 2009. He was formerly head of the Financial Analysis and Valuation Department, where his responsibilities included financial analysis, valuation of investment projects and M&A transactions (2006-08). From 2002 to 2006, Mr Kuznetsov was manager of the Capital Markets and International Investments Department and was involved in all of the Company's M&A transactions.

Mr Kuznetsov graduated with honours from the Moscow Institute of Physics and Technology in 2001 with a degree in Applied Mathematics and Physics. He also received a Master's degree in Economics from the New Economic School in 2002.

Artem Natrusov
Vice President, Information Technologies

Mr Natrusov joined the Company in May 2011 as vice president of information technologies.

Prior to EVRAZ, Mr Natrusov held management positions in information technologies at Eldorado from 2008 to 2011, ROSNO from 2006 to 2008 and Nestle Russia from 1998 to 2006.

Mr Natrusov has more than 16 years' experience in information technologies, including operational management and management of complex projects dealing with SAP and Oracle applications.

Mr Natrusov graduated with honours from the Moscow Institute of Electronic Technology in 1994 and received an MBA from the University of Southern California in 1998.

Denis Novozhenov
Vice President, Head of the Urals Division

Mr Novozhenov has been with EVRAZ since 1996. In April 2018, he was appointed as head of the Urals Division. In 2011, he was appointed as general director of a steel mill in the Smolensk region. He subsequently served as head of the Ukraine Division. He started as an economist at EVRAZ NTMK and went on to hold numerous managerial positions at EVRAZ VGOK, Evrazruda and Yuzhkuzbassugol.
Mr Novozhenov graduated from Urals State Technical University with a degree in Engineering and Economics. He holds an MBA from the Synergy Institute of Economics and Finance.

Konstantin Rubin
Vice President, Health, Safety and Environment

Mr Rubin joined the EVRAZ team in June 2017 as director of health and safety. In January 2018, he was appointed as the Company's vice president for health, safety and environment.
Mr Rubin worked at Shell Neft, one of the occupational safety leaders in its industry, for more than eight years, first as the head of production and then as branch director.
Mr Rubin graduated from the Chemical Faculty of Platov South-Russian State Polytechnic University and the Economics Faculty of Rostov State University. He has a Master of Arts in Management from the UK's Open University.

Elena Samsonova
Vice President, Human Resources

New appointment

Ms Samsonova joined EVRAZ in December 2021. Prior to that, she had worked for 15 years as HR director at Uralkali, Global Ports, EuroChem and TransContainer. She was responsible for the development and implementation of the HR strategy, setting up a close-knit executive leadership team, talent search, establishing and developing the foundations of corporate culture, and the development and implementation of compensation systems.
In 1998, Ms Samsonova graduated with honours from Perm State University with a degree in English Language and Literature. In 2000, she received a Master's degree in HR Management from University of Durham Business School, UK. In 2012, she received an MBA from Saint Petersburg International Institute of Management. Ms Samsonova has been recognised by the TOP-1000 Russian Managers ranking and was awarded the HR Manager of the Year award for her achievements in human capital management.

MANAGEMENT

Vsevolod Sementsov
Vice President, Corporate Communications

Mr Sementsov joined EVRAZ as vice president for corporate communications in June 2013.
Prior to EVRAZ, Mr Sementsov served as the director of public relations at Sistema for more than five years. In 2001-08, he was PR manager of Intel Corporation in Russia and the CIS. In 1999-2011, he worked as the creative editor of Beeline World Monthly Magazine. In 1992-99, he served as a senior reporter at several publications, such as Interfax-AiF, Business World and Moscow News weeklies.
He graduated from the Moscow Engineering Physics Institute with a degree in Technical Physics.

Sergey Sergienko
Vice President, Technologies Development

New appointment

Sergey Sergienko was appointed as Vice-President, Technologies Development in September 2021. He joined EVRAZ in 2009. He has held the positions of director for development of the steel and iron ore business (2015-17), director for technologies development (2017-18) and director for EVRAZ business system development.
Mr Sergienko graduated from Krasnoyarsk State Technical University with a degree in Casting Machines and Casting Technology. In 2011, he completed the EVRAZ New Leaders programme.
In 2017, Mr Sergienko received the Company's highest corporate award, EVRAZ Stela, in the EBS nomination for a project he led to benchmark processing stages and create the Science and Engineering Board.

Ilya Shirokobrod
Vice President, Sales and Logistics

In November 2014, Mr Shirokobrod was appointed as vice president of sales and logistics.
Mr Shirokobrod joined EVRAZ in 2010 as the managing director of the Trading Company EvrazHolding and served as vice president of sales in 2011-12. In April 2012, Mr Shirokobrod was appointed as vice president and head of the Railway Products Division.
Prior to joining EVRAZ, from 2005 to 2010, Mr Shirokobrod held various management positions at Centravis Limited (the largest producer in the CIS and the fifth largest global producer of seamless stainless pipes), where he was responsible for worldwide sales, strategy and business development. In 1999-2005, he served as commercial director (Russia and Central Asia) and chief executive of Alcoa CSI.
Mr Shirokobrod has also held various commercial positions at Melitta Russland and Tetra Pak.
Mr Shirokobrod graduated with honours from St. Petersburg State Technical University in 1995 with a degree in Engineering Physics, and he holds a Master of Sciences degree in Engineering. He received an executive MBA from Stockholm School of Economics in 2005.

Alexey Soldatenkov
Vice President, Head of the Siberia Division

Mr Soldatenkov was appointed as vice president and head of the Siberia Division in December 2015.
Prior to joining EVRAZ, Mr Soldatenkov worked at Severstal, where he was business development director of Severstal Russian Steel and chief technical officer of Severstal. Prior to this, he held managerial positions at Magna Technoplast and was involved in the commissioning of Ford, General Motors, Renault and Volkswagen facilities in Russia.
Mr Soldatenkov graduated from Bauman Moscow State Technical University with a degree in Mechanical Engineering. He also completed the Top Manager training programme at the Russian Presidential Academy of National Economy and Public Administration.

Yanina Staniulenaite
Vice President, Legal

Ms Staniulenaite joined EVRAZ in January 2017 as the property and corporate governance director. She served as vice president of legal in late 2017 and was officially appointed to this position in June 2018.
Ms Staniulenaite has a solid track record of legal support at major industrial companies. She was the head of RusHydro's Corporate Governance and Property Department for six years. Prior to that, she worked as Inter RAO UES's corporate governance director for over seven years. Ms Staniulenaite provided legal support for major projects, in particular RusHydro Group's acquisition of the heat holding RAO ES of the East. Under her leadership, Inter RAO UES entered the Russian public market and issued depositary receipts.
Ms Staniulenaite graduated from the Law Faculty of Lomonosov Moscow State University and the Institute of Business Studies at the Russian Government Academy of National Economy and Public Administration.

Sergey Vasiliev
Vice President, Compliance with Business Procedures and Asset Protection

Mr Vasiliev was appointed as vice president for compliance with business procedures and asset protection in July 2015.
A lieutenant-general in the police, Mr Vasiliev held numerous senior positions at Russian internal affairs agencies from 1988 to 2015.
He is a graduate of the Ural Law Institute and the Russian Academy of Public Service under the President of the Russian Federation.

In addition, Natalia Ionova served as Vice President, Human Resources during the year, before stepping down on 1 September 2021.

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. For a short period of time, the Board did not have an executive director on it following the retirement of Mr Frolov as chief executive officer. Mr Ivanov, the present chief executive officer has now been appointed an executive director with effect from 1 February 2022. Apart from this, during the year to 31 December 2021, 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 code provision 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 on 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 Agreements currently in place (**see page 158-159**).
- Provision 19: The Chairman has been in this position 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 on Provision 9, the Board considers that he has extensive experience and expertise on the Group's key markets.
- The Board also considers that the Chairman should remain in this position during the transition period of new Board members to retain 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 142**.

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 – **see pages 114-121** of the Corporate Governance Report.
- Division of Responsibilities – **see pages 114-121** of the Corporate Governance statement.
- Composition, Succession and Evaluation – **see pages 134-136** of the Nominations Committee Report.
- Audit, Risk and Internal Control – **see pages 126-133** of the Audit Committee Report, **pages 122-123** of Risk Management and Internal Control and **pages 84-96** of Principal Risks and Uncertainties.
- Remuneration – **see pages 140-153** of the Remuneration Committee Report.

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 2021, despite the significant operational impact caused by the COVID-19 pandemic, disruption to the Board's activities were minimal as meetings were moved to video format with little loss of efficiency.

The EVRAZ Board 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

EVRAZ' business model and strategy are presented on pages 6-101 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 2021, the Board announced that it was considering the strategic merits of and possible structures for the demerger of its metallurgical coal business in order to generate value for shareholders. The Board subsequently conducted a comprehensive review of the rationale and feasibility of the demerger and believes that the demerger will benefit stakeholders of the separate businesses in the following areas: increased transparency of sustainability performance and goals, tailored capital allocation, an independent growth strategy for Raspadskaya and differentiated value proposition. For more details, see the Shareholder Circular at the following link: https://www.evraz.com/files/en/demerger/circular.pdf and in this report on pages 6-9, 11-13.

The Board and culture

The Board continues to ensure that the business's culture is aligned with the Group's purpose and values as detailed in the Strategic Report on pages 6-101. 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 in the Strategic Report on pages 8, 57, 73. 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 and EVRAZ Supplier 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 Sustainability Report.

The Board also discussed the following topics during 2021:

The Board's key discussions and decisions

Strategy and planning	• Reviewing the critical success factors for the strategic development of the Group's competitive advantages. • Demerging the metallurgical coal assets consolidated under Raspadskaya, which will result in the creation of two distinct publicly listed businesses. • 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	• Reviewing the performance of key businesses, including commercial initiatives to improve operational performances and revenues. • 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. • Reviewing the Group's risk appetite and considering the principal risks • Approving the revised terms of reference for the Sustainability Committee to consider the Company's response to increasing ESG requirements and opportunities.

Continued

Financial	• 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 2020 annual report.
Governance	• Ensuring compliance with the UK Market Abuse Regulation in relation to managing inside information and share dealing by insiders. • Reviewing the findings of the internal Board evaluation exercises and action plans resulting therefrom. • Approving the 2020 Modern Slavery Statement. • Approving the Payments to Governments Report. • Approving the UK Tax Strategy for the year 2021.

The Board's Section 172 Statement is given **on pages 98-99**.

In addition, the Board agreed to pay: an interim dividend of US$0.30 per ordinary share, totalling US$437 million, on 7 April 2021; an interim dividend of US$0.20 per share, totalling US$292 million, on 25 June 2021; an interim dividend of US$0.55 per share, totalling US$802 million, on 10 September 2021, and an interim dividend of US$0.20 per share, totalling US$292 million, on 14 January 2022. 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.

In keeping with the requirements of the relationship agreements, put in place as required by the FCA Listing rules, between the Company and its major shareholders, the Company's independent non-executive directors have conducted an annual review to consider the continued good standing of the relationship agreements between major shareholders 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 has been confirmed that the Company has complied with the independence provisions of the relationship agreements.

As far as the Company is aware the major shareholders, Roman Abramovich[1], Abiglaze Ltd and Crosland Global Limited (or any of their associates) have complied with the independence provisions of the relationship agreements. In addition, as far as the Company is aware, Roman Abramovich, Abiglaze Ltd and Crosland Global Limited have complied with the procurement obligations in the relationship agreements.

Principal decisions

DECISION	2022 BUSINESS PLAN AND BUDGET
Context	The Business Plan and Budget sets the annual targets for the Group, 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: • Demerger of the Group's coal business. • Further HSE initiatives, which will be monitored by the Sustainability Committee, to improve performance as detailed in the Sustainability Committee Report **on pages 137-139.** • Approval of investment plans to further reduce greenhouse gas emissions and support government regulations. • Continued pursuit of 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 and the generation of 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 2021, the Board discussed and approved the 2022 Business Plan and Budget.

1. On 16 February 2022 Roman Abramovich became a direct major shareholder of the Company due to the transfer of the Company's shares from Greenlease International Holdings Ltd to his personal account.

DECISION	DEMERGER OF THE GROUP'S COAL BUSINESS
Context	The Board and management of EVRAZ conducted a comprehensive review of the rationale and feasibility of the potential demerger of its metallurgical coal assets consolidated under Raspadskaya and concluded that the separation of the two businesses serves the long-term interests of EVRAZ' shareholders, employees, clients and other stakeholders. The demerger will result in the creation of two distinct publicly listed businesses with leading positions in their respective fields, and will allow each to pursue tailored strategic, capital allocation and sustainability objectives.
Stakeholder considerations	The Board believes the demerger would benefit the stakeholders of the separate businesses in the following areas: • Increased transparency over sustainability performance and goals: Allowing each business to concentrate on its respective sustainability priorities, enhancing accountability for sustainability performance, and the definition and delivery of future strategy. • Tailored capital allocation: Enabling each business to adopt a capital allocation framework balancing its individual cash flow profile, growth investment strategy and capital return priorities. • Independent growth strategy for RASP: Allowing RASP to independently implement its strategy and pursue growth opportunities with dedicated financial and human resources. • Differentiated value proposition: Establishing a clear and focused equity story for each of EVRAZ, as a leading global producer of steel, iron ore and vanadium, and RASP, as a leading producer of high-quality metallurgical coal.
Impact of this action on the Company's long-term success	The Board of EVRAZ considers that this action will lead to a business with the following key strengths post demerger: *Commitment to the highest sustainability standards.* EVRAZ is committed to integrating the principles and values of sustainable development into all of its business processes and day-to-day operations. EVRAZ has established four main areas of focus to ensure that sustainable development issues are considered across all of the EVRAZ Group's business processes and operational stages: (i) employee well-being; (ii) environmental protection; (iii) economic stability; and (iv) local community development. EVRAZ remains committed to its long-term goal of achieving zero injuries and fatalities in the workplace and mandates that no operation should be undertaken unless it can be performed safely. In the first half of 2021, its LTIFR was 0.7 per million hours worked and four fatalities occurred in the Steel Segment, including one contractor. The EVRAZ Group is deeply saddened by all fatalities and conducts in-depth internal investigations into each accident. It has organised and implemented a number of health and safety initiatives as part of its commitment to accident prevention. *Global leading steel producer with focus on high value-add infrastructure steel products.* EVRAZ is a top-30 global steel producer by 2020 production volume, the largest rail manufacturer in the US and Russia, the number one beams and construction steel producer in Russia, and a leader in the North American large diameter pipe segment. *Diversified asset base spread across multiple geographies.* EVRAZ has a broadly diversified asset base. In Russia, the company owns iron ore mining facilities, steel and vanadium production plants, and trading companies. EVRAZ also has a substantial presence in North America which comprised approximately 12% of its total steel production in 2020. EVRAZ also has several operations in Europe. *Low-cost production with secured access to key raw materials.* EVRAZ seeks to create value through leveraging its advantageous low-cost position, which enables the Company to serve domestic and export markets profitably. Maintaining efficient operations is one of EVRAZ's key business objectives. *Higher earnings stability following mitigation of coal exposure.* In 2020, EVRAZ's metallurgical coal business contributed 17% of its total EBITDA. The Demerger should provide EVRAZ with greater earnings stability, as the EBITDA margin of the Coal Segment has been more volatile than that of the Steel Segment. Over the period between 2013 and 2020, the Coal Segment's EBITDA margin fluctuated between 9% and 55%, while the range for EVRAZ would have been only 13% - 24% for the same period excluding the metallurgical coal business. *Ability to focus strategy and capital allocation on the Steel, Vanadium and North American segments.* In the context of the development of higher value added products, EVRAZ as a steel enterprise (rather than a steel and coal enterprise) should be able to develop its strategy and capital deployment programme more effectively. EVRAZ's new investment opportunities are mainly focused on the development and diversification of the steel product portfolio in Russia and North America. The Steel Segment is undertaking a product mix improvement programme that includes investment projects to update the rail and beam mill at a cost estimated to be US$210 million. Further, in 2021, EVRAZ together with the Rail Service industrial group launched construction of a new railway wheel mill in the Sverdlovsk region's Titanium Valley special economic zone. For more details, see the Shareholder Circular at the following link: https://www.evraz.com/files/en/demerger/circular.pdf.
Strategic actions supported by the Board	The Board agreed to recommend to shareholders the demerger of the coal business from the EVRAZ Group by issuing a circular to shareholders seeking their approval in early January 2022, which was obtained, and the transaction is expected to be completed in 2022.
Outcome	Shareholders gave approval to the transaction proceeding on 11 January 2022, and it is expected to complete in March 2022. A full update of the outcome of the demerger will be given in the 2022 annual report.

DECISION	APPROVAL OF VARIOUS OTHER INVESTMENT PROJECTS
Context	The business plan for each financial year contains numerous investment projects that involve sizeable capital expenditures, which can be used for a variety of different types of projects, including the replacement of outdated equipment at existing facilities, the construction of new plants to take advantage of new market opportunities or the extension of iron ore deposit to support the Company's vertical integration strategy.
Stakeholder considerations	Shareholders • Enhance production efficiency and access markets for new products, thereby improving shareholder value. • Develop new and existing resources to support the vertical integration business model, thereby increasing shareholder value. Employees • Provide safer working conditions with a better working environment. Environment • Reduce greenhouse gas emissions. • Improve wastewater control. • Increase energy efficiency.
Impact of these actions on the Company's long-term success	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: • 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. see pages 11-13, 26-27

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 management of the Board, ensuring that the Board as a whole plays a full and constructive part in developing and determining 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. During the year, Alexander Frolov stepped down as CEO and the Board appointed Aleksey Ivanov as his successor.

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 ten scheduled Board meetings during 2021. In 2022, up to the date of this report's publication, two Board meetings were held. Two unscheduled meetings were held in 2021 to: approve the publication of a shareholder circular in relation to the demerger of Raspadskaya from the EVRAZ Group of companies; and to consider the renewal of certain supply contracts for iron concentrate and pellets.

Due to travel restrictions put in place amid the COVID-19 pandemic, no meetings were held in person. All were held by video conference call.

The chief financial officer, the senior vice president for commerce and business development (prior to his appointment as chief executive officer) and the vice president for corporate strategy and performance management attended all Board meetings. Other members of senior management attended meetings by invitation to deliver presentations on the status of projects and performance of business units.

The table on the next page indicates the attendance of each current director of the EVRAZ plc Board and Board committee meetings in 2021.

As of 31 December 2021, the Board comprised the chairman and ten non-executive directors, including a senior independent director. With effect from 1 February 2022, Aleksey Ivanov, the CEO, joined the board as an executive director, and Maria Gordon joined as an independent non-executive director. The appointment of the CEO as an executive director means that the Company continues to operate in accordance with principle G of the Code.

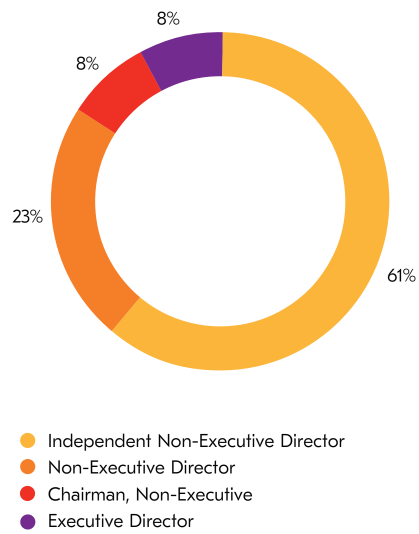
Ms Olga Pokrovskaya, a former non-executive director, is invited to attend Board meetings in an advisory capacity and to attend the Audit Committee meetings as an observer. She is also a member of the Sustainability Committee.

During the year, the following changes in Board membership occurred: Stephen Odell, James Rutherford and Sandra Stash were appointed as directors on 15 June 2021. Ms Laurie Argo stepped down as a director on 15 June 2021. On 1 September 2021, Mr Alexander Frolov ceased to be the Group's CEO, but remained as a non-executive director. As noted above Mr Aleksey Ivanov and Ms Maria Gordon joined the Board on 1 February 2022. In addition, the Company has announced that both Mr Karl Gruber and Sir Michael Peat are expected to step down as directors on 31 March 2022.

The Board considers that the eight non-executive directors (Karl Gruber, Maria Gordon, Deborah Gudgeon, Alexander Izosimov, Stephen Odell, Sir Michael Peat, James Rutherford and Sandra Stash) 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. Although both Sir Michael Peat and Karl Gruber have served as directors in excess of the nine years recommended by the Code as a guide to independence, the Board asked them to continue in their positions during the demerger of Raspadskaya from the EVRAZ Group of companies to provide continuity during the transition. The Board considered that under the circumstances it did not believe that their tenure had an impact on their independence and continued to consider them as independent non-executive directors. The Company has now announced their expected retirement date.

Independent non-executive directors comprise the majority on all committees (excluding the Sustainability Committee) and chair all Board committees.

Board composition



Board and AGM attendance by each director

	SCHEDULED BOARD MEETINGS	UNSCHEDULED BOARD MEETING	REMCO	SUSTAINABILITY	AUDIT	NOMCO	AGM
Total number of meetings	10	2	6	3	10	5[1]	1
Alexander Abramov	10/10	2/2				4/5[2]	0/1
Alexander Frolov	10/10	2/2		3/3		-	0/1
Karl Gruber	10/10	2/2	-	1/1		3/3	0/1
Deborah Gudgeon	10/10	2/2	6/6		10/10	2/2	1/1
Alexander Izosimov	10/10	2/2	6/6		9/10	5/5	0/1
Stephen Odell	5/6[3]	1/1	3/3		5/10[4]	2/2[4]	0/1
Sir Michael Peat	10/10	2/2	3/3			3/3	1/1
James Rutherford	6/6	1/1	-		6/10[4]	2/2	1/1
Eugene Shvidler	10/10	2/2				5/5	0/1
Sandra Stash	6/6	1/1	3/3	2/3[5]		-	0/1
Eugene Tenenbaum	10/10	2/2				-	0/1

1. The Nominations and Remuneration Committee held a joint meeting.
2. Mr Abramov was unable to attend one Nominations Committee, which was held on short notice, due to a prior commitment, but had shared his views on the matter under discussion with the Nominations Committee chair.
3. Mr Odell was unable to attend one Board meeting due to a prior board commitment immediately following his appointment as a director.
4. Mr Odell and Mr Rutherford were able to participate in the Audit Committee meetings only since their appointment as a directors at the AGM in June 2021.
5. Ms Stash was able to participate in the Sustainability Committee meetings only since her appointment as a director at the AGM in June 2021.

Due to COVID 19 travel restrictions, only UK-based directors attended the AGM.

Boardroom diversity

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

During the year under review, the Board adopted a new diversity policy, which notes that 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. EVRAZ sees diversity as a crucial business driver.

The Board considers that this extends to the composition of the Board and the processes associated with Board appointments.

The Board is aware of the guidance issued by the Hampton Alexander review (predecessor of the FTSE Women Leaders Review) for FTSE 350 Companies with regard to female representation on boards exceeding 33%, and the Parker Review Guidance on ensuring that each board contains at least one person from an ethnic minority background. It will take this into account during every recruitment process.

The Board will ensure that female representation on the Board never drops below two members.

The Board is committed to meeting best practice standards in gender and ethnic diversity. While the nature of the steel and mining industries makes this more challenging, it does not diminish the Board's commitment.

It will, of course, balance this with appointing directors who can best serve the Company's and shareholders' interests by providing excellent governance and the appropriate challenges. Consequently, all appointments will be made on the basis of merit.

As stated in the Sustainability section, 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.

For more details, see the Nominations Committee Report **on pages 134-136** and the Sustainability section **on pages 54-78**.

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.

All 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.

The recruitment of new independent non-executive directors in 2021 and 2022 has strengthened the Board's expertise and widened its skills base. The Nominations Committee has commenced a process to identify suitable candidates for the role of independent non-executive director to replace the director who will be required to stand down at the 2022 AGM, having completed his term of nine years.

Introduction and professional development

The chairman, supported by the Nominations Committee, is responsible for ensuring that there is a properly constructed and timely induction for new directors upon joining the Board. Following the appointment of three new independent non-executive directors during the year and a further one in early 2022, a revised programme was drawn up. The programme focused on ensuring that all newly appointed directors:

- Worked with an existing Board director, who acted as a mentor.
- Obtained a full understanding from management of the Group's strategy, its key operations, business development plan as well as investment projects that are underway or have been proposed.
- Reviewed the HSE processes in place and considered developments planned in that area.
- Were briefed on EVRAZ's HR structure and the Group's employees, its digitalisation programme and IT development, and the EVRAZ business system.
- Were advised of existing Board processes, along with holding meetings with key Board advisers to ensure appropriate knowledge of the regulatory environment in place.

The programme was fully implemented for all four new appointees, although the level of site visits and interaction with staff was severely curtailed due to COVID 19 restrictions.

Directors have full access to a regular supply of financial, operational, strategic and regulatory information to help them discharge their responsibilities.

For more details, see the Nominations Committee Report **on pages 134-136**.

Performance evaluation

An external annual Board evaluation was conducted by Lintstock in 2020. In 2021, an internal review was carried out by the EVRAZ company secretary. 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 Alexander Izosimov (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.

The Board's performance was deemed to be satisfactory. The outcome of the 2021 Board evaluation called for:

- A review of board processes with regard to major projects.
- Further investor analysis to understand shareholder views, along with increased engagement with shareholders on governance concerns.

- Deep dives into customer end-use of products, and the underlying culture of the business.
- Further consideration of risk appetite focussing on operational risk issues.
- Enhanced review of the ESG and climate risk agenda by the Sustainability Committee and consideration of appropriate ESG metrics by the Remuneration Committee for incentives.
- Review by HR and the Remuneration Committee of remuneration structures to align them with value creation.

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 Sustainability Committee. Each committee has written terms of reference that have been approved by the Board and summarise 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 five non-executive directors, all of whom are 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 and James Rutherford have relevant recent financial experience.

Board composition as of 31 December 2021[1]

NAME	POSITION	COMMITTEE MEMBERSHIP	YEAR OF TENURE
Non-executive directors			
Alexander Abramov	Chairman	NC – member	10
Alexander Frolov	Director	SC – member, NC – member	10
Eugene Shvidler	Director	NC – member	10
Eugene Tenenbaum	Director	None	10
Executive directors			
Aleksey Ivanov[1]	Director	SC – member	<1
Independent non-executive directors			
Maria Gordon[1]	Director	AC – member, SC – member	<1
Karl Gruber	Director	None	10
Deborah Gudgeon	Director	AC – chair, RC – member, NC – member, SC – member	6
Alexander Izosimov	Director	RC – chair, NC – chair, AC – member	9
Stephen Odell	Director	AC – member, NC – member, RC – member	1
Sir Michael Peat	Senior independent director	None	10
James Rutherford	Director	AC – member, NC – member,	1
Sandra Stash	Director	RC – member, SC – chair	1

Role and composition of each committee

COMMITTEE NAME	FUNCTION	COMPOSITION	LINK TO COMMITTEE REPORT
Audit Committee	Audit, financial reporting, risk management and controls	All five members are independent non-executive directors	See pages 126-133
Nominations Committee	Selection and nomination of Board members	All seven members are non-executive directors, of which four are independent	See pages 134-136
Remuneration Committee	Remuneration of Board members and senior management	All four members are independent non-executive directors	See pages 140-153
Sustainability Committee (renamed from Health, Safety and Environment Committee since 14 December 2021)	Sustainability issues, including health, safety and environmental matters	Three of the six members are non-executive, including the chair[2]	See pages 137-139

1. Aleksey Ivanov and Maria Gordon were appointed as directors on 1 February 2022.
2. The members of the Sustainability Committee as of 31 December 2021 were Sandra Stash (chairwoman), Alexander Frolov, Deborah Gudgeon and Olga Pokrovskaya, who has continued as a non-executive member of the Sustainability Committee following her cessation as a Board member 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. Mr Aleksey Ivanov and Ms Maria Gordon became members of the Committee on 1 February 2022 following appointment.

RISK MANAGEMENT AND INTERNAL CONTROL

The aim of the risk management process is to identify, evaluate and manage potential and actual threats to the Group's ability to achieve its objectives.

The EVRAZ Enterprise Risk Management (ERM) process is designed to identify, quantify and respond to these threats, as well as to monitor the Group's prevention and mitigation system.

Management maintains a risk register that encompasses both internal and external threats. The level of risk appetite approved by the Board is used to identify particular risks and uncertainties that require specific Board oversight. In 2021, the process in relation to principal risks and uncertainties was consistent with the UK Corporate Governance Code, the FRC Guidance on the Strategic Report issued in July 2018 and the abovementioned FRC guidance issued in September 2014.

Executive management is responsible for both internal controls in place and mitigating actions related to risk management throughout the Group's business and operations. This serves to encourage a risk-conscious business culture.

EVRAZ applies the following core principles to identifying, monitoring and managing risk throughout the organisation:

- Risks are identified, documented, assessed and monitored, and their profile is regularly communicated to the relevant levels of the management team. The business management team is primarily responsible for ERM and accountable for all risks assumed in the operations.
- The Board is responsible for assessing an optimal balance of risk (risk appetite) through the alignment of business strategy and risk tolerance on an enterprise-wide basis. In addition, the Board oversees and approves risks outside the Group's defined risk appetite and reviews any significant internal control weaknesses.
- EVRAZ has established a reporting process involving business unit management teams and other relevant bodies at major enterprises. Its aim is to identify, evaluate and establish management actions for risk mitigation at a regional level, as well as at the Group's major steel and mining operations. The Risk Management Group maintains a corporate risk register that represents a summary of this information. Business unit management teams and other relevant bodies are accountable to the Risk Management Group, which consists of business unit and function vice presidents.

The Board has delegated primary oversight of the internal control process at EVRAZ to the Audit Committee, which discusses any major internal control findings that exceed the Board's risk appetite.

The EVRAZ Business Security department is led by a vice president and has specific responsibility for preventing and detecting business fraud and malpractice, including fraudulent behaviour by employees, customers and suppliers. Robust internal controls help to minimise risk, and the EVRAZ Business Security department ensures that appropriate processes are in place to protect the Group's interests.

EVRAZ also maintains a comprehensive financial reporting procedures (FRP) manual detailing the Group's internal control and risk management systems and activities. The manual was last updated in November 2021 to reflect changes in internal processes. The document was prepared in accordance with the Financial Reporting Council (FRC) Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued in September 2014.

Risk appetite

Risk appetite is an important part of the risk management process, and it serves as a measure of the risks that management is willing to accept in pursuit of value.

The Board has approved a risk appetite in accordance with the risk management methodology adopted by EVRAZ. Risk appetite is considered in evaluating strategies and setting objectives within the Group's strategic and budgeting cycle, in decision making and in developing risk management actions and methods, as well as in identifying particular risks and uncertainties that require specific Board oversight. The strategic objectives set by EVRAZ are aligned with, and risk mitigation actions are reflective of, the risk appetite approved by the Board. The Group takes a robust approach in relation to risk management. Risk appetite for some specific business processes (for example, health and safety, fraud, security, bribery and corruption) is assessed, defined and evaluated separately from the rest of the processes.

Management reassesses the risk appetite at least once a year through the Risk Management Group, which reports on the analysis to the Audit Committee. The committee then makes recommendations to the Board regarding the level of risk appetite.

The Risk Management Group and the Audit Committee last reviewed the Group's risk profile in November 2021.

Based on the results of the most recent review, management concluded that the risk-acceptance approach employed by EVRAZ had not changed and that the risk appetite remained the same as in the prior year. An appropriate recommendation regarding the level of risk appetite was made to the Audit Committee and to the Board on 18 November 2021.

Internal audit

Internal audit is an independent appraisal function established by the Board to evaluate the adequacy and effectiveness of controls, systems and procedures at EVRAZ, which helps to reduce business risks to an acceptable level in a cost-effective manner. The Board approved the internal audit charter on 26 February 2020. The Audit Committee reviewed the charter on 20 January 2022 and agreed with no changes.

The internal audit function's role in the Group is to provide an independent, objective, innovative, responsive and effective value-added internal audit service. This is achieved through a systematic and disciplined approach based on assisting management in controlling risks and monitoring compliance, as well as improving the efficiency and effectiveness of internal control systems and governance processes. Once a year, the function provides an opinion of the overall effectiveness of the internal controls in place at EVRAZ.

During 2021, the Group's head of internal audit and the secretary of the Audit Committee attended all the committee's meetings and addressed any reported deficiencies in internal control as required by the committee.

The internal audit planning process starts with the Group's strategy includes the formal risk assessment process, consideration of the results of management's internal control self-assessment and the identification of management concerns based on the results of previous audits. It ends with an internal audit plan, which the Audit Committee approves.

Audit resources are predominantly allocated to areas of higher risk and, to the extent considered necessary, to financial and business controls and processes, with appropriate resource reservation for ad hoc and follow-up assignments.

In 2021, internal audit projects covered the following risks at the Group:

- Cost effectiveness.
  - Product competition.
- HSE: health and safety.
  - HSE, environmental.
- Capital projects and expenditure.
- Human resources.
- Transportation, sourcing, raw materials and energy supply.
- Digital effectiveness, as well as effective, efficient and continuous IT service.

The internal audit function at EVRAZ is structured on a regional basis, reflecting its geographic spread of operations. The internal audit function aligns common internal audit practices throughout the Group through quality assurance and improvement programmes.

With the current speed of technological changes and the emergence of new risks, internal audit goes beyond the traditional approach and develops new competencies, such as the use of analytical tools for big data analysis, to better identify potential risks that threaten the company ability to achieve its goals.

Components of the internal control system

COMPONENT	BASIS FOR ASSURANCE	ACTION IN 2021
Assurance framework — principal entity-level controls to prevent and detect error or material fraud, as well as to ensure the effectiveness of operations and compliance with principal external and internal regulations	• Annual self-assessment by management at all major operations of the internal control system using the EVRAZ Assurance Framework. • Review of the self-assessment by the internal audit function. • Assessment of the overall effectiveness of the governance, risk and control framework.	In 2021, the internal audit function reviewed the results of management's internal control self-assessment and evaluated the overall effectiveness of the governance, risk management and internal control system. All major production sites were certified as having effective overall governance, risk management and internal control.
Investment project management	• Effectiveness of project management and management of project risks is monitored by an established management committee and subcommittees. • Reviewed by the internal audit function.	Project delivery is closely monitored against project plans resulting in high-level action to manage project investment for both timely delivery and planned project expenditure. (incl. Management committee, BU's Investment Committee, Corporate Investment committee).
Operating policies and procedures	• Implemented, updated and monitored by the management. • Reviewed by the internal audit function.	Operating policies and procedures are updated as per internal initiatives by the operational management and in response to recommendations from the internal audit function.
Operating budgets	• Approved by the Board. • Monitored by the controlling unit. • Reviewed by the internal audit function.	Operating budgets are prepared by the executive management and approved by the Board.

Objectives for 2022

Further development of the risk management system and risk management practices is planned for 2022. In 2021, the Group focused on enhancing its health and safety risk management methodology, including the risk of mass quarantine of workers due to COVID-19. This work will continue in 2022.

In 2022, in addition to continuing to implement ongoing initiatives that aim to improve risk management (in HSE, equipment maintenance and repairs, IT projects and other processes), the Group plans to focus more on addressing environmental risks, which have always been a focal point for management and are recognised as principal risks. EVRAZ also continues to closely work with other risks related to climate change and sustainability development, including decarbonisation, biodiversity and social risks, among others.

STAKEHOLDER ENGAGEMENT

EVRAZ uses various communication channels to ensure that its stakeholder engagement approach covers all stakeholder groups and facilitates two-way communication and feedback.

B Engagement by Board members

M Engagement by management

Shareholders and investors

- REGULAR CAPITAL MARKETS DAYS — M
- ROADSHOWS FOLLOWING FINANCIAL REPORTING ANNOUNCEMENTS — M
- RUSSIAN AND INTERNATIONAL INVESTMENT CONFERENCES — M
- SITE VISITS — M
- DAY-TO-DAY ENGAGEMENT — M

Engagement with the following stakeholder groups is primarily undertaken by management through the engagement mechanisms set out below. Key issues are reported to the Board through management's monthly Board Report.

Customers

Regularly monitoring customer satisfaction levels

Meetings and feedback sessions with clients and EVRAZ management

Electronic platform for clients

Site visits to production assets

Suppliers and contractors

Discussions with potential suppliers

Electronic platform for suppliers

Educational programmes for contractors to ensure high level of workplace safety

Local communities

Implementing various social, infrastructural and environmental projects based on local communities' needs

Organising social events for populations of regions where EVRAZ operates

Holding direct dialogues with local communities

The executive team is responsible for the day-to-day stewardship of all stakeholder relationships and its members report to the Board on key metrics and initiatives. The Board, either directly or through its committees, engages or oversees engagement with the Company's stakeholders through a number of governance activities (which are described in more detail, along with further information about the Company's engagement with key stakeholders, on page 149.)

OUR GOAL

To build honest and supportive relationships with all stakeholders on the Group's path towards sustainable development.

Employees

DIRECT ENGAGEMENT OF DEDICATED BOARD MEMBERS B	DEVELOPMENT OF A SAFETY CULTURE M	REGULAR EDUCATIONAL PROGRAMMES TO DEVELOP EMPLOYEES' PROFESSIONAL SKILLS M	REGULAR INTERACTION WITH TRADE UNIONS M
INTERNAL PORTAL FOR EMPLOYEES M	REGULAR EMPLOYEE ENGAGEMENT SURVEY M	CORPORATE NEWSPAPERS M	HOTLINE M

Government and regulatory authorities

Regular meetings with representatives of government and regulatory authorities at federal, regional and local levels

Disclosure of information concerning the Group's social, economic and environmental performance

Agreements on regional socio-economic development

Media

Hosting regular press conferences

Supporting and initiating mutual communication projects

Supporting regional TV channels and newspapers.

Organising site visits.

Day-to-day and ad-hoc **engagement**

Industry organisations

Organising and participating in conferences, as well as other industry events

Initiating and supporting various social, economic, educational and environmental projects

AUDIT COMMITTEE REPORT

I am pleased to present the Audit Committee Report for the year ended 31 December 2021.

There were a number of changes to the composition of the committee during the year. Laurie Argo stepped down upon her retirement from the board in June 2021, replaced by James Rutherford and Stephen Odell. I would like to thank Laurie for her diligent contribution to the work of the committee and welcome Jim and Stephen. Maria Gordon joined the Audit Committee from 1 February 2022 following her appointment to the Board.

COVID-19 continued to effect the committee's work and all meetings during 2021 were held virtually. The impact of the pandemic on all aspects of the committee's responsibilities and work was regularly evaluated throughout the year. However, I am pleased to report that the committee met in person in Moscow in January 2022 and also visited the operations of EVRAZ NTMK and EVRAZ KGOK.

As always, I would like to extend the thanks of the committee to the executive and financial management of the Group, the internal audit department and our external auditor, EY, for their continuing diligence and valued contribution to the work of the committee during 2021.

Deborah Gudgeon
Independent Non-Executive Director

ROLES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

The work of the committee is determined by its terms of reference. These were updated during 2021 to reflect latest best practice and, in particular, effective and appropriate co-ordination with the Sustainability Committee. The updated terms of reference were approved by the board in 14 December 2021 and can be accessed at: www.evraz.com.

The Audit Committee minutes are tabled at board meetings and the Chairman provides an oral update on the committee proceedings. Key matters and recommendations are communicated to the board on an ad hoc basis if appropriate.

The Audit Committee reviews the Group's governance, risk and control environment annually, together with the risk register and risk appetite proposed by management, before they are considered by the board.

I confirm, on behalf the Group, its compliance during the year commencing 1 January 2021 with the provisions of the Competition and Markets Authority Order 2014 on mandatory tendering and audit committee responsibilities.

COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee members are all independent non-executive directors and have a wide range of skills and experience. Deborah Gudgeon is a chartered accountant with recent and relevant financial experience. Alexander Izosimov and Stephen Odell provide key strategic, industrial and commercial expertise. Jim Rutherford brings further recent and relevant financial experience. As disclosed in the Corporate Governance Report on pages 118-119, Olga Pokrovskaya attends the Audit Committee meetings by invitation, providing additional technical expertise and valuable regional knowledge.

The CFO and senior members of the Group's finance function, the head of Internal Audit and the external auditors attend all committee meetings. During the year, key members of the executive management team and Risk Management Group are invited to present to the Audit Committee on specific matters relevant to the committee's work.

The committee met ten times during 2021 and three times in early 2022 prior to the publication of this Annual Report. Two of the meetings in 2021 related to specific single topics, namely the independence of the external auditor and the accounting treatment for the demerger of PSJC Raspadskaya ("Raspadskaya") in the 2021 financial statements.

ACTIVITIES AND WORK OF THE COMMITTEE IN 2021

The Audit Committee has continued to focus on the integrity of the Group's financial reporting, the related internal control framework and risk management including finance, operations, regulatory compliance, corruption and fraud. These areas were comprehensively reviewed and the committee requested and received regular updates from the Group's financial and operational management, internal audit, compliance officer and vice president of legal affairs and security, as well as the external auditor.

The FRC undertook a limited scope review of the EVRAZ viability and going concern disclosures in the 31 December 2020 Annual Report and Financial Statements during 2021 as part of their Thematic Review. The review was based upon the relevant legal and accounting framework rather than a detailed knowledge of the EVRAZ business or underlying transactions but raised no questions or queries regarding the disclosures in the Annual Report and Financial Statements.

During 2021, the Audit Committee focused on the significance of climate related matters for the Group and the work of the committee, in particular the risk and control profile of the business, financial reporting and TCFD. Consideration of climate-related and ESG factors have been embedded in all aspects of the committee's work, particularly in areas were longer term judgements are required such as viability or impairment modelling and related disclosures. In June 2021, the committee received an update report from Deloitte on climate-related regulation, TCFD and the Group's approach and readiness. In close collaboration with the Sustainability Committee, the committee considered the controls over the collation of non-financial data that underpin key climate and ESG metrics and will keep this evolving area under review in 2022.

The IT security of the Group was reviewed again during 2021 and early 2022. The committee reviewed the results and recommendations of the 2021 information security audit in the Russian Federation together with the digital transformation project. In North America, the IT security mitigation plan was updated and extended to reflect the strong progress already made against key targets and emerging risks. There is now a common IT governance structure across the business headed by the CEO as recommended by the Audit Committee but, given the significance of IT security to the Group's risk profile and resilience, and the level of digital transformation throughout the business, the committee will continue to review this area in 2022 and beyond.

In October 2021, an employee of Raspadskaya admitted offering monetisable services to a state official for two years as set out on page 78. The employee had attended anti-corruption online training and was fully aware of the Group's Anti-Corruption Policy, the Regulations for Interaction with Government Bodies and the Employee Code of Conduct. The Audit Committee considered the implications of this case, in particular that it was uncovered as a result of a Russian police investigation rather than the Group's internal processes. Management were challenged to demonstrate that this was an isolated incident, how the breach was not identified, and their response in terms of upgrading processes, systems and controls to strengthen the compliance framework. An internal compliance investigation revealed no similar arrangements and the enhanced controls over the use of property will be regularly checked by compliance managers across EVRAZ going forward. This will be an area of heightened focus for the committee during 2022.

During the course of the year, the committee received regular updates of the legal risks register to allow consideration of the most appropriate accounting treatment and the effectiveness of the sanctions compliance controls was monitored.

The committee undertook a self-assessment to consider its' own performance and developed a plan to reflect the extended terms of reference and return to in-person meetings.

At the request of the Board, the Audit Committee reviewed the draft Viability Statement and supporting analysis produced by management. The committee considered the scenarios in the context of the updated risk register, current operating environment and Group strategy. In particular, the committee considered the implications of climate change, the highly probable coal demerger and emerging risks over the viability period. The assumptions and mitigating actions underpinning each scenario and the working capital required for the effective operation of the business post demerger were reviewed and tested. Decarbonisation is now recognised as a principal risk of the business and the impact was tested for the first time in 2021 using assumptions agreed with the committee. The committee challenged management's assumptions underpinning the business interruption scenario post demerger and this was updated to reflect an extended downtime.

In the light of escalating geopolitical tensions relating to Ukraine, the committee asked management to model a severe downside scenario to test the resilience of the business to a material and sustained interruption over the viability period. This was considered in the context of the Group's previous ability to withstand market turbulence and reconfigure its' cost base. The scenario assumed a reduction in Russian export sales outside the CIS to nil over the period and the other factors, including further international sanctions. The resulting material reduction in EBITDA was partially mitigated by reduced capital expenditure of $500 million per annum. The scenario assumes that the Group can raise additional capital in 2023 and 2024 but not the additional mitigating actions available to management including further reductions in capital expenditure and other cash costs and the deferral of dividends. The committee considered this severe downside scenario and concluded that it did not threaten the viability of the business.

SIGNIFICANT FINANCIAL REPORTING ISSUES CONSIDERED IN 2021

The Audit Committee's primary objective is to support the Board in ensuring the integrity of the Group's financial statements and Annual Report, including review of:

- Compliance with financial reporting standards and governance requirements;
- The material financial areas in which significant accounting judgements have been made;
- The critical accounting policies and substance, consistency and fairness of management estimates;
- The clarity of disclosures; and
- Whether the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's performance, business model, strategy, principal risks and uncertainties.

The Audit Committee considered several financial reporting issues in relation to both the interim results for H1 2021 and the financial results for the year ended 31 December 2021. These included the appropriateness of the accounting policies adopted, disclosures and management's estimates and judgements. Papers produced by management on the key financial reporting judgements and reports from the external auditor on the audit process for the full year and interim results were reviewed by the committee.

In accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the coal assets are classified as an asset held for distribution to owners and a discontinued operation as at 31 December 2021. The effect of this accounting treatment is set out in Notes 2 and 13. The financial statements remain impacted by fluctuations in the key functional currencies of the business (primarily the Russian rouble) against the presentation currency of the financial statements as set out in Note 2 but the effect of these fluctuations was not material in the current year.

Going concern (Note 2)

EVRAZ is exposed to a wide range of risks and inherent uncertainties as set out **on pages 84-96**, many of which are outside the control of the Group. During 2021, high iron ore and coking coal prices combined with rebounding demand supported stronger prices for semi-finished and finished steel products. The Audit Committee reviewed management's going concern analysis which tested two scenarios: a base case and a flexed downside scenario based upon pricing close to the bottom of the range of current investment analyst forecasts. Both scenarios reflect the effect of the highly probable demerger of the coal business (Note 13), the scheduled repayment of debt including US$750 million of US denominated notes due in 2023 (Note 22) and the effect of the new excise tax on liquid steel and higher taxes on mineral extraction introduced by the Russian Federation from 1 January 2022 (Note 30). The risks associated with climate change, in particular the introduction of carbon pricing were considered but are not anticipated to have a significant impact in the going concern assessment period.

Given the heightened geopolitical risk and uncertainties relating to Ukraine, the Audit Committee asked management to test the resilience of the business over the period of the going concern assessment through a severe downside scenario. This assumed a reduction in capital expenditure to US$500 million and tested the extent to which EBITDA could fall over the period while maintaining an operating level of liquidity. This fall in EBITDA reflects a highly material interruption to the Group's current business, reflecting a reduction of Russian export sales outside the CIS to nil and other possible factors, including further international sanctions. The committee considered incremental mitigating actions available to management such as further reductions in capital expenditure and other cash costs and the deferral of dividends.

The committee carefully considered all three scenarios including the projected use and source of funds for the period to June 2023, including scheduled loan repayments, committed funding, free cash flow after committed capital expenditure and the Group's dividend policy. None of the scenarios include any new financing beyond that currently committed although management continue to monitor opportunities for the future raising of funds. Based upon this review, the committee concluded that liquidity is unlikely to be eliminated or covenants breached in any of the three scenarios.

Following these detailed considerations, the Audit Committee resolved to recommend the going concern basis of preparation for the Financial Statements as at 31 December 2021 to the Board.

Significant accounting judgements and management estimates

Accounting Treatment of the PSJC Raspadskaya Demerger (Notes 2 and 13)

The Audit Committee considered the accounting treatment for the potential demerger of the Group's coal business on a number of occasions during 2021. At 30 June 2021, the demerger was still under consideration by the Group and had not been approved by the Board or various regulatory authorities in the UK and Russian Federation. Given the uncertainties, the committee concluded that the classification, measurement and presentation requirements of IFRS 5 should not be applied and Raspadskaya was not accounted for as Assets Held for Distribution to owners in the interim financial statements at 30 June 2021.

On 14 December 2021, the Board approved the proposed demerger of Raspadskaya and a circular detailing the transaction was published. The Audit Committee met on 31 December 2021 to consider the accounting treatment of the demerger. The positive response of the investment community to the circular was considered together with the recommendations from 3 proxy agencies to support the demerger. The committee also considered a report by an independent expert on the potential outcome of the shareholder vote on the transaction. The committee concluded that it was now highly probable that the transaction would complete in the next twelve months and approved the accounting treatment of Raspadskaya as Assets Held for Distribution and, as the coal business is a major business segment of EVRAZ, as a Discontinued Operation.

Impairment of goodwill and non-current assets (Note 6)

The committee considered management's impairment assessment for the financial year in the context of the current and future trading environment of the Group, including assumptions on future prices, the new excise tax on liquid steel and higher taxes on mineral extraction in the Russian Federation, the continuation of tariffs and duties in North America and their impact on the recoverable amount of the affected assets. Impairment testing was undertaken as at 30 September 2021 and reassessed at 31 December 2021 when no further impairment indicators were identified.

A charge of US$30 million is recorded in the financial statements in 2021 (US$310 million 2020) relating to impairments at EVRAZ ZMSK (US$13 million) and EINA (US$9 million), primarily result of the impairment of equipment which was replaced following the EAF fire at the Pueblo steel mill. The balance relates to the discontinued operation of Raspadskaya.

The committee considered management's assumptions and preliminary assessment of the implications of future carbon taxes in the Russian Federation and noted the sensitivity analysis which showed a potential future impairment of EVRAZ ZMSK of US$768 million.

FAIR, BALANCED AND UNDERSTANDABLE

In considering whether the Annual Report is fair, balanced and understandable, the committee considered the information it had received throughout 2021 together with discussions held with management in the year, and the preparation process adopted. The committee also liaised closely with the Sustainability Committee in relation to information and metrics included in the Annual Report relating to TCFD, sustainability management and climate change risks.

After considering the presentation of discontinued operations on the face of the financial statements, the Audit Committee agreed with management that supplementary information not required by IFRS be included in the consolidated financial statements (Note 35) to assist users in understanding the performance of the coal business in the year, supplemented by additional disclosures and the strategic report. This financial information illustrates what the Group's consolidated statements of operations would have looked like if Raspadskaya had not been consolidated. In contrast with the statements of operations presented on the face of the consolidated financial statements, intra-group transactions with Raspadskaya are not eliminated but treated as transactions with a related party, and unrealised profits or losses of Raspadskaya are excluded from the consolidated financial statements of EVRAZ plc.

Preparation of the Annual Report is an iterative process: management agree the key overall messages at an early stage to ensure a consistent message in both the narrative and financial reporting; regular meetings are held to review the draft Annual Report and for management and committee members to provide comments; detailed reviews of appropriate draft sections are undertaken by the relevant directors and board committees and external advisers.

The committee considered whether the description of the business, principal risks and uncertainties, strategy and objectives were consistent with the understanding of the Board, and whether the controls over the consistency and accuracy of the information presented in the Annual Report are robust. Given the escalating geopolitical tension relating to Ukraine, the committee considered whether the potential risks to the business were appropriately and adequately disclosed.

Taking into account the disclosure implications of the issues discussed in this report, the committee recommended to the Board that, taken as a whole, it considers the Annual Report to be fair, balanced and understandable. The Audit Committee recommended approval of the Group's 2021 Consolidated Financial Statements by the Board. Both recommendations were accepted by the Board.

OTHER MATTERS

UKBA

During 2021, two key anti-corruption policies were updated to reflect latest best practice and adopted: On Vetting New Vendors and On Gifts and Business Hospitality. Using the updated framework for monitoring compliance with EVRAZ' anti-corruption policies, compliance during 2021 was tested and the compliance risk register was recalibrated to reflect the results and updated for newly identified risks. The results and updated compliance risk register were reviewed by the Audit Committee in February 2022. Notwithstanding the incident at Raspadskaya, the committee noted further progress in reducing risk.

Anti-corruption training is all online and, as a result, was not impacted by the pandemic. The objectives of the training are set out **on page 78**. In 2021, the transition to a bespoke internal anti-corruption training programme continued via the Group's Learning Management System. This will create a total internal programme covering anti-corruption, significantly extending the capacity to provide initial and refresher training across the Group. Contractors and vendors can now undertake a new standalone course on EVRAZ' anti-corruption principles which was launched in December 2020. This is now a condition for participating in EVRAZ' tenders.

Sanctions compliance controls

The committee continued to monitor developments in the UK, US and EU sanctions regime in 2021, consider the implications for the Group's control processes, procedures and reporting framework and assess the Group's compliance. The legal department has formal responsibility for sanctions compliance including verification and due diligence on counterparties, contract procedures, internal training of EVRAZ employees and liaising with external legal advisers. During 2022, the legal department plans to digitalise the sanctions control processes.

RISK MANAGEMENT AND INTERNAL CONTROL

This should be read in conjunction with the Risk Management and Internal Control section on pages 122-123 .

EVRAZ has an integrated approach to risk management to ensure that the review of and consideration of current and emerging risks inform the management of the business at all levels, the design of internal controls and the internal audit process. The Group's financial reporting procedures, internal controls, risk management systems and activities are documented in a Financial Reporting Procedures (FRP) manual. The updated manual was reviewed by the Audit Committee in January 2022.

The risk profile was reviewed and updated by the Risk Management Group and the Audit Committee in November 2021, and the assessment was finalised in January 2022. The assessment included the updated risk register, management's recommendation on the level of risk appetite of the Group and how that appetite is applied to strategic, financial and operational decisions of the business in practice. Following the review, a new principal risk was added to the register, decarbonisation, and the principal risks relating to potential regulatory actions by government and capital projects were recalibrated to reflect a heightened probability. The committee also reviewed the Statement of Principal Risks and Uncertainties to be included in the Annual Report prior to the Board's consideration.

The risk profile of the business will be reassessed in Q2 of 2022 by the Risk Management Group and Audit Committee following the highly probable demerger of the Group's coal assets. Any changes to the risk register or recalibration of the Group's risk appetite will be recommended to the Board.

Internal audit findings on control issues that exceed the Group's risk appetite are reported to the Board by the Audit Committee and followed up the Group's Management Committee. Progress on the timely and effective resolution of issues is monitored regularly by the committee.

The Audit Committee reviews whistleblowing activity quarterly, including details of each report and its' resolution. Significant whistleblowing reports are shared with the committee on an ad hoc basis as they arise. The committee also considers the bi-annual report of the security department including the progress on follow-up investigations and resulting actions in relation to fraud and theft.

Assessment of the Group's Risk Profile and Control Environment

Internal Audit evaluates the overall effectiveness of the Group's governance, risk and control environment annually and this is considered by the Risk Management Group and the Audit Committee. The chairman of the Audit Committee tables the assessment of the governance, risk and control environment with the Board.

The Audit Committee monitors the internal control environment throughout the year and engages with management to ensure the effective resolution of any deficiencies identified by internal audit. The effective mitigation of key risks continues to be a key focus of the committee. In 2021, the committee reviewed progress on the information security mitigation plans developed following the cyberattack at EVRAZ North America in March 2020 and the regular annual assessments across the business, as well as the digital transformation strategy. Other areas considered included progress on the repairs and maintenance transformation project across the Russian assets and health and safety. The Audit Committee considered whether any of these matters had implications for the risk and control environment of the Group.

INTERNAL AUDIT

The Audit Committee receives quarterly internal audit reports detailing significant internal audit findings, progress on the timely and effective resolution of outstanding findings across the business, the status of any ad hoc projects and revisions to the current year audit plan. An annual internal audit report summarising all major results and conclusions is also reviewed by the committee. The internal audit plan for 2022 was reviewed by the Audit Committee and judged to be aligned to the updated risk profile. Overall, the committee considers the current internal audit resource to be adequate for the internal control and risk management assurance requirements.

The Audit Committee reviewed the Internal Audit Charter in January 2022 and concluded that no revisions were required. An annual assessment of the effectiveness, independence and quality of the internal audit function was undertaken by way of questionnaire to committee members, management and the external auditors and found to be very satisfactory.

EXTERNAL AUDIT

The Audit Committee is responsible for monitoring the ongoing effectiveness and independence of the external auditor, as well as making recommendations to the Board on the re-appointment of the external auditor.

During 2021, EY provided reporting accountant services to the Group in respect of the prospective demerger of the Raspadskaya coal assets. These services are required by the listing rules for a Class 1 transaction and are not prohibited. Certain of these services can only practically be performed by the incumbent auditor. Services were provided by both the UK and the Russian Federation practices of EY. In late August 2021, the committee was informed that there had been an inadvertent breach of the Revised Ethical Standard 2019 by EY in respect of the non-audit fee threshold at the UK practice level. The FRC guidelines require that non-audit fees cannot exceed 70% of the average audit fee for the proceeding three years either at a consolidated level or at the UK country practice level. There is provision for pre-clearance with the FRC in certain circumstances where this cap may be breached in a given year. Globally, EY were comfortably within this threshold 38% but a breach at the UK component audit level was not identified or pre-cleared with the FRC until the Group approached EY to undertake additional work.

Following disclosure of the breach, the Committee Chairman engaged with EY and the FRC to consider the implications of the breach for the external auditor and the Group. The Audit Committee held a special meeting in September 2021 to consider the independence of the external auditor.

The conclusion of the committee was that it still considered EY to be independent despite the technical breach. In reaching this conclusion, the committee considered a number of factors including:

- The low level of the UK component audit fee relative to the size of the group audit fee, reflecting the Group structure and Moscow headquarters, and integrated audit approach;
- The generally accepted practice that a UK firm lead in relation to capital markets work;
- The reporting accountant work does not form part of the information relevant to the 2021 audit opinion and significant elements of the work was performed by a separate EY team and partner;
- The reporting accountant fee is not material to EY at a department, country or global level; and
- The engagement team, firm and network have complied with relevant ethical independence requirements other than this breach.

EY updated the Committee on how their internal processes had been updated to ensure that any potential future breach would be pre-identified and pre-cleared with the FRC if necessary. At the request of the Audit Committee, EY and management agreed to implement a look forward independence monitoring system to identify any future breaches.

The committee considered the impact of the continuing COVID-19 pandemic on EY's audit approach in 2021. Although physical site visits were still constrained, the committee noted EY's digital approach, the high level of interaction between primary and component audit teams, particularly around key audit matters, and coordinated efforts from both EY and EVRAZ management.

Effectiveness and Independence

There is an established framework through which the Audit Committee monitors the effectiveness, independence, objectivity and compliance of the external auditor with ethical, professional and regulatory requirements. These include:

- Review and approval of the external audit plan for interim review and year-end audit, including consideration of the audit scope, key audit risks, audit materiality and compliance with best practice;
- Review and approval of the external auditor's engagement letter;
- Review of the FRC's annual Quality Inspection Report, the most recent being for 2020/21 dated 23 July 2021 and the EY response in the context of the EVRAZ audit;
- Consideration of EY's reports on the interim review, annual report and representation letters; and
- Review of the EY management letter on the 2020 audit, consideration of management's response and proposed actions.

The committee was updated regularly during the final quarter of 2021 and early 2022 on the key risk areas in the audit process by both the external auditor and management, providing transparency and allowing the committee to assess the assumptions underpinning each position, as well as the robustness and level of challenge provided by EY to management in arriving in an agreed position.

During 2021, the committee continued to monitor the various enquiries into the independence and effectiveness of audit firms, together with the EY response. There continues to be a constructive engagement with the external auditor to determine the implications of potential recommendations on the EVRAZ audit process both in current and future years.

Members of the Audit Committee and management completed a questionnaire to assess the effectiveness and independence of the 2020 external audit process during 2021. This was found to be satisfactory but contained some criticism in relation to the breach of the ethical standard during 2021.

As all audit committee meetings in 2021 were virtual, there was not the opportunity to meet with the external auditor in person during the year. However, the external auditor attended all of the meetings during the year and there was a regular virtual dialogue without management to consider the appropriateness of the Group's accounting policies and audit process. The committee chairman also had regular virtual meetings with the Senior Statutory Auditor outside of committee meetings.

Engagement of the external auditor for non-audit services is managed in accordance with the Group's policy which can be found on the website: www.evraz.com. The policy identifies a range of non-audit services which are prohibited on the basis that they could compromise the independence of the external auditor. It establishes threshold limits for the level of permitted non-audit fees relative to audit fees and the authorisation process for the approval of fees. The policy was updated in November 2021 to limit the proportion of non-audit services to audit fees by legal entity of the external auditor. Irrespective of the prior approval of the CFO and Audit Committee Chairman, all fees are reported to the Audit Committee for noting and comment.

During 2021, non-audit fees totalled US$1,396,000 including US$456,000 in respect of the interim review and US$785,000 in respect of the Coal business demerger (in 2020, the total was US$521,000 including US$465,000 for the interim review). Other non-audit fees in 2021 consisted mainly of limited assurance over cybersecurity controls (US$62,000), limited assurance on the the 2021 sustainability report (US$39,000) and agreed upon procedures required by the Strategic Innovation Fund of Canada (US$28,000). Non-audit fees were 51.5% of the audit fee in 2021 compared to 19% in 2020 primarily due to the coal business demerger. At the UK EY entity level, non-audit fees were 97% of the audit fee again due to the coal business demerger.

Re-appointment of the external auditor

EY was appointed as an external auditor of EVRAZ in 2011. Steve Dobson stepped down as audit engagement partner following completion of the audit for the year ended 31 December 2020 and was replaced by Danny Trotman.

Following the tender process in 2016, the committee recommended the re-appointment of Ernst & Young LLP (EY) as external auditor for the years ended 31 December 2017 and 2018. In 2017, following consideration of the UK Corporate Governance Code, EU legislation on audit regulation and the performance of EY, the committee recommended that, subject to the agreement of satisfactory terms, a further audit tender be deferred until the summer of 2020 to allow for an orderly and effective rotation for the year ended 31 December 2021. This is in line with Group policy which is to conduct an external audit tender every five years. As a result of the exigencies of the COVID-19 pandemic and travel restrictions, the committee determined that a fair and effective tender process could not be undertaken in either 2020 or 2021 and should be deferred until these criteria could be met. The latest regulatory guidance, performance of EY and terms agreed with them in respect of year ended 31 December 2022 were all considered in reaching this decision. It is the intention of the committee to run an external audit tender for the 2023 financial year during 2022.

The Audit Committee continues to consider EY to be effective and independent in its role as auditor and has provided the Board with its recommendation to shareholders that EY be re-appointed as external auditor for the year ended 31 December 2022.

NOMINATIONS COMMITTEE REPORT

"During the year, the Nominations Committee focused on several key issues to support the Board, including: identifying a new chief executive officer; recruiting three new independent non-executive directors to replace the directors who had joined the Board during the Company's initial public offering; and considering the Board's diversity policy.

Using the services of a search agency, the committee conducted a thorough review of potential external candidates before agreeing to recommend that the Board appoint Aleksey Ivanov, the Group's senior vice president, as CEO to take over from Alexander Frolov, who remains as a non-executive director.

Following a search, the committee was also pleased to recommend to the Board the appointment of three individuals as new independent non-executive directors who provide a wealth of experience across several areas of specialisation, including: manufacturing; investment and finance; and sustainability. Although Sir Michael Peat and Karl Gruber had both completed nine years' service as independent non-executive directors, the committee was pleased that they agreed to remain in their positions to support both the Board and the newly appointed directors, while the Company finalised the complicated proposed demerger of the metallurgical coal assets consolidated under Raspadskaya. The Board deemed that both directors remained independent in accordance with the UK Corporate Governance Code.

The committee focused on the Board's diversity throughout the year, especially given that it does not yet meet the Hampton-Alexander (predecessor of the FTSE Women Leaders Review) guidelines on gender diversity. This situation is expected to improve after the two longest serving directors step down following the completion of the Raspadskaya demerger and new appointments are announced to replace independent directors who will need to step down at the 2022 AGM.
The committee conducted a detailed review of the proposed Board diversity policy, which the Board adopted during the year."

Alexander Izosimov
Independent Non-executive Director and Chairman of the Nominations Committee

The Board delegates the Nominations Committee's role and responsibilities, which are set out in the written terms of reference:
https://www.evraz.com/en/company/governance/policies/#tabs-reference

Role

The Nominations Committee is responsible for making recommendations to the Board on the structure, size and composition of the Board and its committees. It also oversees succession planning for directors and senior management.

Committee Members and Attendance

The Nominations Committee members as of 31 December 2021 were Alexander Izosimov, Alexander Abramov, Eugene Shvidler, Deborah Gudgeon, Stephen Odell and James Rutherford. Si Michael Peat served as the chairman of the Nominations Committee until 15 June 2021, when Alexander Isozimov took over. Mr Karl Gruber stepped down as a committee member on 15 June 2021. Mr Alexander Frolov became a member on 1 February 2022.

Throughout 2021 four of the six committee members were independent non-executive directors.

The committee met on four occasions during 2021 and held one joint meeting with the Remuneration Committee. As reported **on page 119**, all members attended each meeting, except for one meeting that Mr Abramov was unable to attend.

The Company Secretary served as the committee's secretary.

Activity During 2021

During 2021, the Nominations Committee considered the following matters.

Board and committee composition

The Board agreed that its size and its committees were appropriate for the Group's ongoing needs. The committee considered the mix of skills and experience of its members before commencing a search for new non-executive directors as detailed in the section below.

Succession planning

The Nominations Committee considered succession planning for its independent non-executive directors in the context of length of service. A number of independent non-executive directors were due to retire at either the 2021 or 2022 AGMs although the Board asked two of retiring directors to remain on the board until the conclusion of the demerger of the Coal business. The search for their replacements commenced in 2020 and was concluded in the first half of 2021. The committee engaged The Inzito Partnership as an external search consultancy to assist with the recruitment of independent non-executive directors to join the Board. In addition, the existing board members recommended several suitable candidates, whom the committee reviewed along with the ones identified by the search consultancy. As a result of this process, Stephen Odell, James Rutherford and Sandra Stash joined the Board on 15 June 2021. The Inzito Partnership continues to assist the committee in identifying further suitable candidates to join the Board in 2022. The Inzito Partnership has no other contractual relationships with the Group.

The committee also worked with Korn Ferry, an external search consultancy, to identify suitable candidates to take over as the Group's CEO following Mr Frolov's desire to step down from executive duties after over 14 years in this role. Korn Ferry helped to prepare the profile of an ideal candidate, and then identified a long list of over 40 individuals worldwide who met the profile. Following an internal review, a short list of 11 candidates were assessed in detail based on the approved criteria. Korn Ferry then interviewed the only internal candidate, and concluded as part of discussions with the chairman and senior independent director that none of the candidates on the short list justified not appointing the internal candidate. Consequently, based on the committee's recommendation, the Board appointed Aleksey Ivanov as CEO effective from 1 September 2021. Korn Ferry also provide remuneration consultancy advice to the Remuneration Committee.

The Committee also paid close attention to senior management succession for positions below the CEO and endorsed several recommendations made by him following his appointment on 1 September 2021.

Board performance evaluation

In 2021, as required by the UK Corporate Governance Code, the Company undertook a Board performance evaluation that was conducted by the Company Secretary following the review that was carried out in 2020 using an external facilitator, Lintstock LLP. Upon conclusion of the review, the Committee considered the outcome of the report and prepared an action plan for the Board to review and approve. The plan reflected continuing improvements to the Board's processes, information flow and risk management.

The outcome of the review and the action plan are described in the Corporate Governance section **on page 120**.

Independence of non-executive directors

The Nominations Committee reviewed the independent status of the non-executive directors based on the provisions of the UK Corporate Governance Code. It confirmed the appropriateness of the independent status of each of the independent non-executive directors. The Board confirmed the independence of Karl Gruber and Sir Michael Peat, who remained as independent non-executive directors even though they had completed over nine years of service. They remained on the Board to assist with the transition to the new independent non-executive directors, and to provide support during the demerger process.

Sustainability governance

During 2021, the committee considered the best way to monitor the governance of sustainability initiatives across the Group at Board level. It concluded that since the Group expects sustainability issues to be managed and implemented at the level of business units, with support from the vice president for corporate strategy, the Audit Committee should be in charge of monitoring performance and control in this regard, while the HSE Committee should consider initiatives and developments. As a result, the Audit Committee made the appropriate changes to its terms of reference, and the HSE Committee widened its terms of reference and changed its name to the Sustainability Committee. The terms of reference for all committees are available on the EVRAZ website.

Performance of Chairman and Individual Directors

The senior independent non-executive director sought views from all directors about the chairman's performance and contribution. The independent non-executive directors considered the conclusions of this review at a meeting on 24 February 2022.

As in the past, the review concluded that the chairman continues to make an important contribution to the Group, including through his industry knowledge, experience and contacts. It also noted that the chairman was not independent in terms of his appointment as required by Provision 9 of the UK Corporate Governance Code. However, it found that in view of his experience and knowledge, his independence of judgement was not considered to be impaired.

In addition, the review noted that the chairman has retained his position since the Group's IPO in October 2011. He has therefore served in excess of nine years, longer than the limit suggested by Provision 19 of the Code. The Nominations Committee has considered this situation and, as described above, values his extensive experience and expertise on the Group's key markets and the steel sector. The committee believe his continuing as chairman is in the Company's best interest. In addition, during the transition of Board members, having the same chairman helps with the Board's continuity and stability. The committee therefore, with the chairman recusing himself, recommended to the Board that he be nominated for re-appointment at the 2022 AGM.

The chairman of the Group and the chairman of the Nominations Committee discussed the performance of the individual directors, including the time they have to devote to the Group's business. They noted no concerns and determined that none of the independent non-executive directors have an overly significant number of roles.

Diversity policy

In 2021, the Nominations Committee recommended to the Board that it adopts a Board diversity policy that restates EVRAZ' commitment to increasing diversity throughout its global operations by taking diversity into account during each recruitment and appointment process and working to attract outstanding candidates with diverse backgrounds, skills, ideas and culture. EVRAZ sees diversity as a crucial business driver.

The Board considers that this extends to the composition of the Board and the processes associated with Board appointments.

The Board is aware of the guidance issued by the Hampton Alexander review (predecessor of the FTSE Women Leaders Review) for FTSE 350 Companies with regard to female representation on boards exceeding 33% and the Parker Review Guidance on ensuring that each board contains at least one person from an ethnic minority background. It will take this into account during every recruitment process.

The Board will ensure that female representation on the Board never drops below two members.

The Board is committed to meeting best practice standards in gender and ethnic diversity. While the nature of the steel and mining industries makes this more challenging, it does not diminish the Board's commitment.

It will, of course, balance this with appointing directors who can best serve the Company's and shareholders' interests by providing excellent governance and the appropriate challenges. Consequently, all appointments will be made on the basis of merit.

The Board currently meets these criteria.

The committee continues to review and monitor the Group's performance against its diversity policy, including aspects such as age, gender and educational and professional backgrounds. More information about diversity is disclosed in the Our People section of the Sustainability section on pages 72.

2022 Priorities

The Nominations Committee will continue to fulfil its general responsibilities with particular emphasis on compliance with the UK Corporate Governance Code, board diversity and succession planning.

The committee will conclude a search to replace the independent non-executive director who will step down at the 2022 AGM after serving for nine years.

In addition, the committee will continue to consider development and succession planning for senior management.

SUSTAINABILITY COMMITTEE REPORT

(Health, Safety and Environment Committee before 14 December 2021)

"In 2021, EVRAZ reorganised the HSE Committee of the Board and renamed it the Sustainability Committee. This change reflects the expectations of both stakeholders and the Group leadership and will enable the Board to increase its focus on climate change and other ESG matters.

In the year, EVRAZ continued to concentrate on developing a more mature, risk-based and systematic approach to safety culture. This helped it to improve its LTIFR to 1.21, compared with 1.35 in 2020. Despite this achievement, tragically, there were eight fatalities, compared with five in the previous year. Four related to the use of improper 'lock out, tag out' procedures, an area that will be of intense focus for us in 2022.

As we look to 2022, the Group will work on further integrating its safety management system into its operating model, including by engaging staff more to achieve improvements in both processes and human factors. We will also increase our efforts to define and operationalise our approach to managing climate change risks and opportunities to meet our stated GHG reduction aspirations and our short, medium and long-term targets."

Sandra Stash
Independent Non-Executive Director
Chairwoman of the Sustainability Committee

ROLE AND RESPONSIBILITIES

Sustainability Committee reports to the Board of Directors on matters concerning employee wellbeing, occupational safety and environmental protection, as well as local communities. It receives monthly HSE updates and provides a quarterly report to the Board, and its tasks include:

- Assessing the effects of the Group's HSE initiatives on key stakeholder groups, such as employees and local residents, as well as their reputational impact.
- Liaising between the management and the Board when there have been fatalities or serious incidents in the workplace, including to ensure that remedial action is implemented effectively.
- Reviewing HSE strategy, monitoring pertinent parts of any independent operational audits and making recommendations for action or improvement as deemed necessary.

In 2021, the agenda of issues submitted to the committee expanded significantly to include global warming, biodiversity and socio-economic trends that directly influence EVRAZ' activities.

In December 2021, the Board decided to expand the body's role and responsibilities and rename it the Sustainability Committee. Its membership was increased to ensure more diverse experience and contribution, while the number of regular meetings was increased to four a year. The new terms of reference can be found on the Group's website.

See the link
https://www.evraz.com/en/company/governance/policies/#tabs-reference

COMMITTEE MEMBERS AND ATTENDANCE

In 2021, Karl Gruber resigned as Chairman of the Sustainability Committee, Sandra Stash was appointed as the new chair. Ms Stash has served as a senior executive for leading global companies for many years and has significant experience in sustainability.

During 2021, the members of the Sustainability Committee included Karl Gruber (stepped down as the chairman of the committee on 15 June 2021), Sandra Stash as the new chair, Alexander Frolov, Olga Pokrovskaya and Deborah Gudgeon.

In 2021, the committee held three meetings: two scheduled ones on 9 February and 28 July and an additional one on 22 October to discuss the approach to embedding sustainability issues into the committee's duties. All of them had the necessary quorum and were convened as required. They included reviews of current issues and HSE initiatives at the divisional level.

ACTIVITIES DURING 2021

Below is a summary of the Sustainability Committee's performance of its duties in 2021.

HSE performance review

Throughout the year, the committee applied the following criteria to review the Group's HSE performance:

- Fatal incidents.
- Lost-time injuries (LTIs).
- Lost-time injury frequency rate (LTIFR), calculated as the number of injuries resulting in lost time per 1 million hours worked.
- Enforcement of cardinal safety rules.
- Progress on health and safety initiatives.
- Industrial safety risk assessment.

After every fatality, severe injury and incident involving significant damage to property at EVRAZ, the Sustainability Committee conducts an investigation to determine the root cause and courses of remedial action. This involves recording a detailed description of the scene, the sequence of events, root-cause analysis and corrective measures implemented.

In 2021, contractor LTIs were included in the Group's LTIFR calculation.

The committee applies the following criteria to evaluate EVRAZ' environmental performance:

- Key air emissions, including nitrogen oxides (NOx), sulphur oxides (SOx), dust and volatile organic compounds.
- Non-mining waste and by-product generation, recycling and re-use.
- Fresh water intake and water management aspects.
- Non-compliance-related environmental levies (taxes) and penalties.
- Environmental commitments and liabilities.
- Major environmental litigation and claims.
- Asset coverage with environmental permits/licences.
- Public complaints.
- Material environmental incidents and preventative measures.
- Environmental risk assessments.

In addition, the committee reviewed the Group's reputation index, COVID-19 statistics and employee vaccination status.

HSE Policy review

In 2021, the Committee reviewed EVRAZ' HSE Policy (which was approved in 2016), taking into consideration the new global challenges and stakeholder expectations. It defines the Group's main priority: favourable living conditions for future generations. The key thesis determining the direction of sustainable development is to develop without prejudice to the future. The new HSE Policy includes commitments on global warming, issues related to biodiversity and the involvement of contractors in safety processes.
The CEO approved it on 29 September 2021.

HSE strategy review

In 2021, the Sustainability Committee conducted three reviews of the implementation of the Risk Management Project and Environmental Strategy. The following new corporate HSE initiatives were considered.

Safety culture development

- Identify key areas for improvement through audits
- Focus more on the safety versus production dilemma
- Encourage safer behaviour

HSE transformation

Reduce HSE bureaucracy in safety processes, thereby creating more management time for employee engagement, and reorganise the HSE team to enhance it and its abilities

New environmental initiatives as part of the Environmental Strategy

- Online monitoring of air emissions
- RCC methane utilisation programme
- RCC dust suppression programme
- Reduction of water discharge from EVRAZ NTMK and EVRAZ ZSMK into the third-party (Vodokanal) programme

In addition, the committee supported the divisional management's efforts in the following HSE initiatives, finding that they are generally on track.

HSE regulatory changes

In 2021, the Sustainability Committee evaluated the risks and opportunities related to the introduction of new regulation. During the year, EVRAZ took part in discussions regarding drafts of HSE-related regulations as part of professional associations (such as the World Steel Association, Russian Steel Association and Russian Union of Industrialists and Entrepreneurs). These help the steel industry to form positions in various areas, including:

- EU carbon border tax regulation;
- the update of the Best Available Techniques (BAT) standards for metallurgy in Russia;
- the update of the Russian state methodology for setting individual site limits for water discharge;
- the Russian federal experiment regarding air emission levels in 12 pilot cities;
- new Russian average annual levels for the maximum permissible concentration (MPC) of pollutants in air emissions.
- new atmospheric air damage calculation methodology;
- the Climate Action Plan to Reduce Pollution (Colorado (US), House Bill 1261).

EVRAZ participates in work groups created as part of the Russian Steel Association and Russian Union of Industrialists and Entrepreneurs.

HSE audit review

During the reporting period, the Group's operations underwent compliance inspections by state supervisory agencies and internal HSE auditors, and the committee reviewed:

- the HQ Industrial Safety Department's audits of processes and structural units at EVRAZ facilities;
- the environmental risks identified through the HQ Environmental Management Directorate's internal audit and risk assessment process;
- the Internal Audit Department's audits of the HSE function;
- external environmental inspections carried out by environmental regulators, as well as the implementation of remedial action.

COMMUNITY RELATIONS PERFORMANCE

In 2021, the Sustainability Committee reviewed the Group's corporate social responsibility (CSR) events, including numerous social programmes:

- EVRAZ for Cities.
- EVRAZ for Kids.
- EVRAZ for Sport.
- EVRAZ for Employees.
- EVRAZ Against COVID 19 activities.
- EVRAZ ESG agenda media coverage.

During the year, the committee reviewed COVID-19 statistics and measures to ensure safe working conditions for employees, as well as to support medical and pre-school institutions in local communities where the Group operates.

In addition, the committee reviewed the results of the annual reputation audit, engaging businesses, clients, media outlets, government representatives and local communities. The efforts that EVRAZ has undertaken to build sustainable partnerships with key stakeholders were rated as satisfactory. The Group's reputation index shows a consistently high performance over the last three years.

For more details on HSE issues, see the Sustainability section **on pages 74-75**.

REMUNERATION REPORT

I am pleased to present EVRAZ' annual report on directors' and CEO remuneration and to confirm that the committee has taken its decisions fully in line with the shareholder-approved policy. Whilst our new CEO was not a Director of the Company during 2021, we have applied our Remuneration Policy as if he were a Director until his appointment to the Board in February 2022 and disclose his remuneration accordingly. We are therefore bringing the Remuneration Policy to be voted upon by shareholders again this year to ensure the policy appropriately applies to our new CEO and as there is a share based incentive in place. This policy is designed to help deliver the Group's sustainable business objectives and maximise long-term returns to shareholders.

Alexander Izosimov
Independent Non-executive Director and Chairman of the Nominations Committee

INTRODUCTION

This report has been prepared in accordance with the relevant UK company laws and regulations (the "Regulations"). It also meets the relevant requirements of the Financial Conduct Authority's Listing Rules and describes how the Board has applied the principles of good governance as set out in the 2018 UK Corporate Governance Code (July 2018).

This report contains both auditable and non-auditable information. The information subject to audit by the Group's auditors, Ernst & Young LLP, is set out in the Annual Remuneration Report and has been identified accordingly.

Directors' and CEO remuneration policy

The current Executive Directors' Remuneration Policy was approved by shareholders at the Annual General Meeting (AGM) in June 2020. We are putting a new policy to vote at the next AGM in June 2022 to incorporate changes for our new CEO. This policy is then intended to apply for the next three years until the AGM in 2025. Whilst Aleksey Ivanov was not a Director of the Company in 2021 and until early 2022, we have treated him as such under our existing remuneration policy. This approach is required under the Remuneration Reporting Regulations for an individual who occupies the role of CEO even if that individual is not also a member of the Board.

The proposed policy is broadly unchanged, save for the introduction of an LTIP. This follows a review by the Committee, who felt that it was appropriate to continue to make awards to Aleksey Ivanov following his promotion.

Accordingly, the Committee has made some changes to ensure key elements of the policy can be applied to him. These changes include the following:

- introducing bonus deferral; and
- introducing an LTIP to ensure our new CEO is better aligned with shareholders through the use of regular share based incentive payments, subject to performance.

Annual remuneration report

The second part of the report, the Annual Remuneration Report, sets out details of remuneration paid in 2021 and how the Group intends to apply its Remuneration Policy in 2022. This section will be put to an advisory shareholder vote at the forthcoming AGM.

Key decisions taken during the year

The Committee operated under its terms of reference (as described on pages 152-153) without conflicts of interest and having sought advice to determine the future policy.

Alexander Frolov stepped down from his role of CEO, effective from 31 August 2021. He received no payments in connection with ceasing to be an executive director; his annual bonus has been earned based on a pro-rata amount for the time worked in the year and he received his base salary until he stepped down. Alexander Frolov is now a non-executive director. His fee for this role is included on page 149 which was pro-rated for the period of the year worked.

Aleksey Ivanov was promoted to CEO on 1 September 2021 and has since been appointed to the Board effective 1 February 2022. He receives a base salary of US$2,000,000 per annum, lower than that of Alexander Frolov, a bonus of maximum 200% of base salary and it is intended he will receive a share based incentive equivalent to 200% of salary. Aleksey Ivanov is expected to retain shares up to 300% of his base salary.

Through an ongoing dialogue with management, the Committee maintained a thorough understanding of remuneration arrangements across the Group and, under its amended terms of reference, approved the remuneration of the senior executives operating immediately under the CEO.

In line with its commitment to good corporate governance, the Committee will continue to monitor investors' views, developments in best practices and market trends on executive remuneration. These will be considered when deciding on executive remuneration at EVRAZ, in order to ensure that its Remuneration Policy remains appropriate in the context of business performance and strategy.

Link with business strategy

EVRAZ' strategic priorities define the selection of KPIs for the CEO.

These strategic priorities are reflected in the Group's approach to executive remuneration. A large proportion of the CEO's remuneration is linked to longer term performance through the annual bonus and share based incentive.

The determination of the annual bonus is based on the Group's key quantitative financial, operational and strategic measures to ensure focus is spread across the key aspects of Group's performance and strategy. The exact measures and associated weighting are determined on an annual basis according to the Company's strategic priorities for the year.

For 2021, the following five indicators, each with an equal weighting of 20%, were considered when determining both the former and current CEO's annual bonus: LTIFR, EBITDA, Free Cash Flow, Cash Cost Index and the Committee's assessment of overall performance against strategic objectives.

The KPIs are specific and focus on deliverables to support the Group's strategy.

The design of the LTIP is based on key measures of performance designed to align the CEO and other senior executives with the shareholder experience. In this way four key steps of the Program exist in parallel within every year.

1. Awarding (Grant) to the program members;
   The Remuneration Committee approves the grant for the CEO and the grants proposed by the CEO for employees. Employees can be included in the long term incentive program based on an individual decision on the value of the employee for Company business, the market practice, the position level (grade), compliance with Companys corporate values. Participants are awarded shares in the Company. The number of shares is determined based on the grant amount in USD and the average share price for the month preceding the date of the Remuneration Committee meeting approving the grants.
2. Definition of the performance metrics used for vesting.
   The Committee is reviewing what these should be and will include the 2022 performance metrics in the summary of the LTIP that shareholders will be asked to approve at the June 2022 AGM
3. Communication of the performance regularly.
4. Determination of the performance calculations and confirmation to participants of how awards vest.
   For the CEO there will be an additional two year period during which he will retain any shares that vest (net of sales to meet taxes).

How business strategic priorities align to overall reward at EVRAZ

CEO KPIS	WEIGHTING	SUSTAINABLE DEVELOPMENT	DEBT MANAGEMENT AND STABLE DIVIDENDS	PRUDENT CAPEX	RETENTION OF LOW-COST POSITION	DEVELOPMENT OF PRODUCT PORTFOLIO AND CUSTOMER BASE
LTIFR	20%	X				
EBITDA	20%		X	X	X	X
Adjusted FCF	20%		X	X	X	X
Cash Cost Index	20%			X	X	
Strategic Objectives	20%	X		X	X	X

POLICY REPORT

This policy shall be put to vote at the 2022 AGM. A full version of the policy has been included below. The following key changes are included within the proposed policy:

- A new long term incentive plan which has been operating for a number of years for senior executives below the executive director level and with the appointment of A. Ivanov as CEO the committee wishes to ensure continues to incentivise and reward him in his new role.
- Deferral of cash bonus into Company shares where the shareholding guideline of 300% of salary is not met.
- Other changes to reflect the appointment of an executive director who does not hold a significant shareholding in the Company.

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 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.

The Committee reserves the right to make any remuneration payments and payments for loss of office that are not in line with the policy set out below where the terms of the payment were agreed before the policy came into effect or at a time when the relevant individual was not a director of the Company and, in the opinion of the Committee, the payment was not in consideration of the individual becoming a director of the Company.

The Committee may make minor amendments to the Remuneration Policy set out below (for regulatory, exchange control, tax or administrative purposes, or to take account of a change in legislation) without obtaining shareholder approval for that amendment.

In order to avoid any conflict of interest, remuneration is managed through well-defined processes ensuring no individual is involved in the decision-making process related to their own remuneration. In particular, the remuneration of the CEO is set and approved by the Committee and he is not involved in the determination of his own remuneration arrangements.

Remuneration Policy

ELEMENT	PURPOSE AND LINK TO STRATEGY	OPERATION	MAXIMUM POTENTIAL VALUE	PERFORMANCE METRICS
Executive directors				
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 may incorporate a director's fee (paid 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 and CEO 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
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. Deferral into shares for at least two years will apply for the CEO for half of the bonus, if at the year end he is not meeting the 300% of salary share ownership requirement. 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
Long-Term incentive	To align executive remuneration to the Group strategy by encouraging long term value creation.	The Group operates a an LTIP with awards granted annually subject to a three year performance period, followed by a two year holding period.	Up to 200% of base salary in respect of any financial year of the Group.	Awards are subject to continued employment and performance targets determined annually by the committee.
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. LTIP measures and targets are similarly set annually by the committee and cover a three year period. 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 CEO and any executive directors.

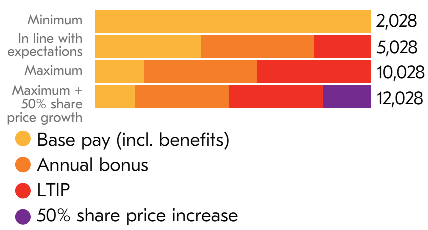
This ensures that there is alignment with the business strategy throughout the Group. Remuneration arrangements below the Board level reflect the seniority of the role and local market practices, and therefore the components and remuneration levels for different employees may differ in parts from the 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.

Illustration of the application of the Remuneration Policy

The following chart provides an indication of what could be received by the CEO 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).

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, for the annual bonus and 200% of base salary for the LTIP.

The committee's intention would be for any share-based incentive awards to be subject to performance conditions.

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 a level of at least 300% 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. The current CEO is currently encouraged to build his shareholding since appointment until he reaches 300% of salary.

Executive director's service contract and loss of office policy

The CEO, as an Executive Director and any 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. In addition, they would not ordinarily be granted an award under an LTIP following cessation.

CEO
Aleksey Ivanov
DATE OF CONTRACT
1 September 2021
NOTICE PERIOD (MONTHS)
1

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 re-appointment and will stand for re-election at the upcoming AGM in June 2022.

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
Maria Gordon	1 February 2022	Three Months
Deborah Gudgeon	31 March 2015	Three months
Eugene Shvidler	14 October 2011	Three months
Eugene Tenenbaum	14 October 2011	Three months
Stephen Odell[2]	20 May 2021	Three months
James Rutherford[2]	20 May 2021	Three months
Sandra Stash[2]	20 May 2021	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.

ANNUAL REMUNERATION REPORT

This section summarises remuneration paid out to directors for the 2021 financial year and details of how the Remuneration Policy will be implemented in the 2022 financial year.

Executive director's and CEO's remuneration

In 2021, Aleksey Ivanov was not a Director of the Company, however in order to comply with disclosure requirements and to provide full transparency we have included details of his remuneration in 2021 as his role as CEO

Base salary

The committee approved the new CEO's current salary on appointment as CEO at the level of US$2,000,000. This salary level will remain unchanged for 2022 and includes, for the avoidance of doubt, the director's fee, fees paid for committee membership and any salary from subsidiaries of EVRAZ plc. The former CEO's salary remained constant at US$2,625,000 during the year.

1. Laurie Argo stepped down as a director on 15 June 2021
2. The appointment took effect on 15 June 2021

Single total figure of remuneration (audited)

Key elements of the CEO's remuneration package received in relation to 2021 (compared with the prior year). All amounts are in US Dollars.

	ALEKSEY IVANOV[3]		ALEXANDER FROLOV[4,5]	
	2021	2020	**2021**	2020
Salary and director fees	666,667	-	1,750,000	2,625,000
Benefits	9,333	-	22,017	26,909
Pension	0	-	0	0
Annual bonus	903,503	-	2,196,696	3,136,930
LTIP	0	-	0	0
Total Fixed remuneration	676,000	-	1,772,017	2,651,909
Total variable remuneration	903,503	-	2,196,696	3,136,930
Total Remuneration	1,579,503	-	3,968,713	5,788,839

Pension and benefits (audited)

The current CEO and former CEO did not receive any pension benefit or allowance. Benefits consist principally of private healthcare. The pension and benefits will continue on the same basis for the current CEO, pro-rated for the period of the year worked as an executive director.

Annual bonus

The current and former CEOs are eligible for a performance-related bonus that is paid in cash following the year-end, subject to the committee's agreement and the Board of Directors' approval.

The bonus is linked to achieving performance conditions based on predetermined targets set by the Board of Directors. The target bonus is 100% of base salary with a maximum potential of 200% of base salary.

Annual bonus for 2021 (audited)

The bonus is linked to the Group's main quantitative financial, operational and strategic measures during the year to ensure alignment with the key aspects of Group performance and strategy.

For 2021, the annual bonus plan was based on the same metrics for the former and current CEO. The following five indicators, each with an equal weighting of 20%, were considered when determining the CEO's annual bonus: LTIFR, EBITDA, Free Cash Flow, 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.

In 2021, EVRAZ outperformed the threshold target for all of its operational and financial KPIs, resulting in an annual bonus payout of 72% of the maximum.

The bonus payout was adjusted based on the part of the year worked as CEO for both A. Frolov and A. Ivanov.

3. This represents the period following appointment as CEO on 1 September 2021.
4. 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.
5. Alexander Frolov's remuneration for the year represents the period as CEO and an Executive Director, until he stepped down on 31 August 2021

Details of the targets set for each KPI, the actual achievement in the year, and total payout level for the 2021 bonus

KPIs	RESULT MEASUREMENT				
	THRESHOLD	PLANNED LEVEL (% OF TARGET)	OUTSTANDING	ACTUAL 2021	BONUS PAYOUT (% OF MAX)
LTIFR	1.63	1.36	1.09	1.21	78%
EBITDA	US$1.646m	US$2.057m	US$2.469m	US$5.015m	100%
Adjusted FCF	US$273	US$341	US$409	US$2,548	100%
Cash cost index	110%	100%	90%	108%	11%
Discretion for A. Frolov	Remuneration Committee assessment of overall performance against strategic objectives				25%
Discretion for A. Ivanov	Remuneration Committee assessment of overall performance against strategic objectives				50%
TOTAL (A. FROLOV)					62.8%
TOTAL (A. IVANOV)					67.8%
TOTAL PAYOUT TO A. FROLOV					US$ 2,196,696
TOTAL PAYOUT TO A. IVANOV					US$903,503

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 creating long-term returns for shareholders.

The committee assessed the strategic achievements in the business in 2021 and there are:

- Sustainable focus on health and safety initiatives helped to bring the LTIFR down to 1.21, the best historical number for EVRAZ.
- Strong free cash flow of US$2,548 million, which made it possible to pay dividends of US$1,549 million.
- Net debt of US$2,667 million, remaining below the medium term target of US$4,000 million from, bringing the Net debt / EBITDA ratio to 0.53.
- The efficiency improvement programme delivered an EBITDA effect of US$301 million from cost-cutting initiatives and US$289 million from customer focus initiatives.
- The value of cash cost index is lower than the target value due to high inflation in 2021

The committee exercised its judgement to award 25% and 50% of the maximum for Mr Frolov and Mr Ivanov respectively for the discretionary 20% of bonus opportunity. The lower amount for Mr Frolov reflected the safety record during the part of the year he was CEO. .

Annual bonus for 2022

For 2022, the bonus framework will be in line with 2021. 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 2021 and 2020 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	2021 (US$ THOUSAND)			2020 (US$ THOUSAND)		
	TOTAL FEES[1]	ADMIN[2]	TOTAL	TOTAL FEES[1]	ADMIN[2]	TOTAL
Alexander Abramov	750	30	780	750	30	780
Alexander Izosimov	288	30	316	272	30	302
Eugene Shvidler	174	30	204	174	30	204
Eugene Tenenbaum	150	30	180	150	30	180
Karl Gruber	184	30	214	224	30	254
Sir Michael Peat	184	30	214	224	30	254
Deborah Gudgeon	292	30	322	274	30	304
Laurie Argo	102	14	115	222	30	252
Alexander Frolov	58	10	68			
Stephen Odell	121	16	138			
James Rutherford	108	16	125			
Sandra Stash	135	16	152			

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 2022.

Aggregate directors' remuneration

The aggregate amount of directors' and CEO remuneration payable in respect of qualifying services for the year ended 31 December 2021 was US$ 8,376 thousand (2020: US$8,319 thousand).

Share ownership by the Board of Directors (audited)

There were no formal minimum shareholding requirements in place for the former CEO, reflecting the former CEO's shareholding in EVRAZ.

The current CEO is expected to build and hold 300% of base salary in shares. As at 31 December 2021 with a share price of 602p his holding amounted to 303% of his salary.

The directors' interests in EVRAZ shares as of 31 December 2021 were as follows.

There have been no changes in the directors' interests from 31 December 2021 through 24 February 2022.The shares held by Alexander Abramov, Alexander Frolov and Eugene Shivdler were acquired at the time of IPO.

The shares held by Alexander Izosimov were acquired in 2012 when he was appointed as an independent non-executive director.

All shares detailed above held by directors, including the CEO, 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 former CEO and the current CEO do not currently hold a non-executive directorship of another publicly listed 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.

1. Total fees include annual fees and fees for committee membership or chairmanship (pro rata working days).
2. The Group contributes an annual amount of US$30,000 towards secretarial and administrative expenses of non-executive directors. In addition to the amounts disclosed above, the Group reimburses directors' travel and accommodation expenses incurred in the discharge of their duties.

The 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 2021, EVRAZ continued with the additional tools introduced the previous year 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.

The Board has appointed two independent non-executive directors to undertake the employee engagement role on its behalf. Alexander Izosimov undertakes the role for the Russian based business units and Sandra Stash acts in the same capacity for the north American business. Contact with business units has in 2021 been impeded by the COVID 19 restrictions, but where possible virtual events have been held, alongside some site visits involving small groups of staff. Findings are fed back to the Remuneration Committee and considered alongside other management reports on employee relations.

Directors' interest in EVRAZ shares as of 31 December 2021

DIRECTORS	NUMBER OF SHARES CONDITIONALLY OWNED	NUMBER OF SHARES UNCONDITIONALLY OWNED	TOTAL HOLDING, ORDINARY SHARES, %
Alexander Abramov	–	281,870,003	19.32
Alexander Frolov	–	140,723,705	9.65
Eugene Shvidler	–	40,488,242	2.78
Aleksey Ivanov	1,120,381[2]	1,007,557	0.07
Alexander Izosimov	–	80,000	0.01

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.

Finally, 2018 changes to the UK Corporate Governance Code (UKCGC) placed new expectations on FTSE Boards of Directors for quoted companies. Specifically, companies are expected to ensure that views and concerns of the workforce are considered by directors and that workforce policies and practices are consistent with the companys values and support its long-term sustainable success. Independent Non-Executive Director, Sandra Stash, visited EVRAZ plants in Canada and the USA in late 2021 and took the opportunity to speak with small groups of employees to understand the opportunities and challenges of their roles. Findings have been discussed with executive leadership and will be fed back to the Remuneration Committee in 2022.

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	2021	2020
EBITDA	5,015	2,212
Share buybacks	0	0
Dividends	1,823	872
Total employee pay	1,332	1,331

For more information on the definition of EBITDA, please read **page 290**

2. These are grants made under the LTIP in the years before appointment as CEO, which require continued employment until dates up to 15 May 2025. 298,980 shares remain subject to performance in 2021 which will be assessed in 2022. The remainder have met previously set performance targets.

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 for the last ten years.

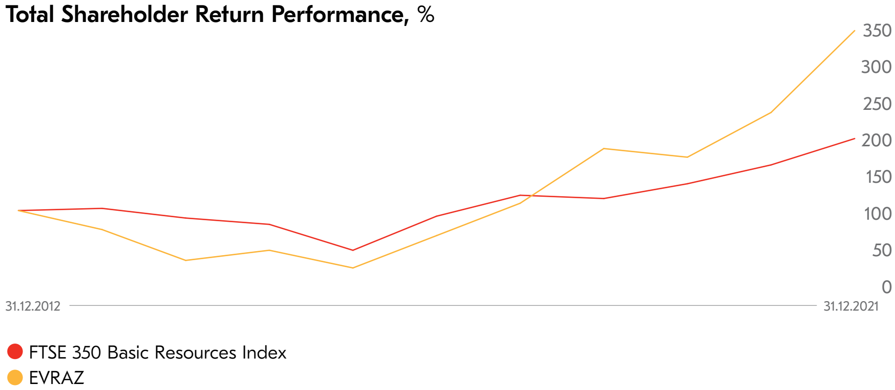
The FTSE 350 Basic Resources Index has been selected as an appropriate benchmark, as it is a broad-based index of which the Group is a constituent member.

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
31.12.2011	100	100
31.12.2012	103.00	74.09
31.12.2013	89.80	32.02
31.12.2014	81.19	45.86
31.12.2015	45.84	21.74
31.12.2016	92.33	65.84
31.12.2017	120.90	110.01
31.12.2018	116.42	184.59
31.12.2019	136.58	172.81
31.12.2020	162.27	233.78
31.12.2021	198.18	345.42

Total Shareholder Return Performance, %



Percentage change in remuneration

The following table sets out the percentage change in the elements of remuneration for the directors of EVRAZ, compared with average figures for Russia-based administrative personnel.

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

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

CEO's total remuneration paid in 2013—2021

(US$)	CEO SINGLE FIGURE OF TOTAL REMUNERATION	ANNUAL BONUS PAYOUT (AS A % OF MAXIMUM OPPORTUNITY)
2021 (A.Ivanov)	1,579,503	67.8%
2021 (A.Frolov)	3,968,713	62.8%
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 the elements of remuneration for the directors compared with average figures for Russia-based administrative personnel

	2020-2021			2019-2020		
ROLE	SALARY[1]	BENEFITS	ANNUAL BONUS	SALARY[1]	BENEFITS	ANNUAL BONUS
Russia-based administrative personnel	6%	2%	7%	3%	40%	2%
Aleksey Ivanov (CEO)	n/a	n/a	n/a			
Alexander Frolov (NED/Former CEO)	n/a/0%	n/a/25%	n/a/5%	0%	(9)%	100%
Alexander Abramov (NED)	0%	n/a	n/a	0%	n/a	n/a
Alexander Izosimov (NED)	5%	n/a	n/a	9%	n/a	n/a
Eugene Shvidler (NED)	0%	n/a	n/a	0%	n/a	n/a
Eugene Tenenbaum (NED)	0%	n/a	n/a	0%	n/a	n/a
Karl Gruber (NED)	-16%	n/a	n/a	0%	n/a	n/a
Sir Michael Peat (NED)	-16%	n/a	n/a	0%	n/a	n/a
Deborah Gudgeon (NED)	6%	n/a	n/a	0%	n/a	n/a
Laurie Argo (NED)	-54%	n/a	n/a	24%	n/a	n/a
Stephen Odell (NED)	n/a	n/a	n/a			
James Rutherford (NED)	n/a	n/a	n/a			
Sandra Stash (NED)	n/a	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 changed in the year with Sir Michael Peat retiring from the committee and the retirement of Laurie Argo from the Board.

Its current members are:
- Alexander Izosimov.
- Deborah Gudgeon.
- Stephen Odell.
- Sandra Stash.

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.

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 required to reflect the appointment of the CEO. 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 interpret and determine, the provisions and recommendations of the 2018 UK Corporate Governance Code and associated guidance (such as framework or policies), including all relevant legal and regulatory requirements.
- 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

1. Total fixed remuneration for NEDs.

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 2021, the committee met six 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 2020 results; to approve the 2021 long-term incentive plan (LTIP) awards for key senior management, to agree the remuneration for the appointment of the current CEO and terms for the departure of the former CEO and to be updated on pay across the workforce.

Advisers

The committee had previously 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 £59,158.

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%)[2]	51,449,970 (4.15%)	3,329,067	85.20%
To approve the Annual Remuneration Report set out on pages 128–139 of the 2020 Annual Report and Accounts	1,070,842,969 (94.41%)	163,394,671 (5.59%)	5,339,125	77.76%

Signed on behalf of the Board of Directors,

Alexander Izosimov
Chairman of the Remuneration Committee
24.02.2022

2. Percentage of votes cast.

DIRECTOR'S REPORT

INTRODUCTION

In accordance with section 415 of the Companies Act 2006, the directors of EVRAZ plc present their report to shareholders for the financial year ended 31 December 2021, which they are required to produce by the applicable UK company law. The Directors' Report comprises the Directors' Report section of this report, together with the sections of the annual report incorporated by reference. As permitted by legislation, some of the matters normally included in the Directors' Report have instead been included in other sections of the annual report, as indicated below.

The Company was incorporated under the name EVRAZ plc as a public company limited by shares on 23 September 2011 under registered number 7784342. EVRAZ plc listed on the London Stock Exchange in November 2011 and is a member of the FTSE 100 Index.

Dividends	The underlying cash flow generation and continuing success with deleveraging have allowed the Company to continue to pay dividends in line with its dividend policy. For more details, see page 26. The Company paid an interim dividend of US$0.30 per ordinary share, totalling US$437 million, on 7 April 2021 to shareholders on the register as of 12 March 2021. The Company paid an interim dividend of US$0.20 per ordinary share, totalling US$292 million, on 25 June 2021 to shareholders on the register as of 28 May 2021. The Company paid an interim dividend of US$0.55 per ordinary share, totalling US$802 million, on 10 September 2021 to shareholders on the register as of 13 August 2021. The Company paid an interim dividend of US$0.20 per ordinary share, totalling US$292 million, on 14 January 2022 to shareholders on the register as of 24 December 2021. The Board of Directors has declared an interim dividend of US$0.50 per share, totalling US$729 million, to be paid on 6 April 2022 to shareholders on the register as of 18 March 2022.
Share capital	Details of the Company's share capital are set out in Note 20 to the Consolidated Financial Statements, including details on the movements in the Company's issued share capital during the year. As of 31 December 2021, the Company's issued share capital consisted of 1,506,527,294 ordinary shares, of which 47,837,582 shares are held in treasury. Therefore, the total number of voting rights in the Company is 1,458,689,712. The Company's issued ordinary share capital ranks pari-passu in all respects and carries the right to receive all dividends and distributions declared, made or paid on or in respect of the ordinary shares. There are currently no redeemable non-voting preference shares or subscriber shares of the Company in issue.
Authority to purchase own shares and transfer of treasury shares to Company's Employee Share Trust	The authority given at the 2021 AGM for the Company to make market purchases of 145,687,260 of its shares, representing 10% of the issued share capital (excluding shares held in treasury), expires on the earlier of the 2022 AGM or 30 June 2022. EVRAZ will ask shareholders to give a similar authority at the 2022 AGM. During 2021, no shares were purchased under this authority. Details of the Company's authority to purchase its own shares, which will be sought at the Company's forthcoming Annual General Meeting (AGM), will be set out in the notice of meeting for that AGM. On 13 May 2021, the Company transferred 1,817,109 ordinary shares out of treasury to the Company's Employee Share Trust.
Directors	Biographies of the directors who served on the Board during the year are provided in the Board of Directors section on page 104 to 108.
Directors' appointment and re-election	The Board has the power at any time to elect any person to be a director, but the number of directors must not exceed the maximum number fixed by the Company's Articles of Association. Any person so appointed by the directors will retire at the next AGM and then be eligible for election. In accordance with the UK Corporate Governance Code, the directors are subject to annual re-election by shareholders. For additional information about directors' appointment and resignation, see page 140-153 of the Remuneration Report. Sir Michael Peat, Karl Gruber and Alexander Isozimov will not be seeking re-election as directors at the AGM, having completed their terms of nine years. All of the other directors intend to stand for re-election at the 2022 AGM to be held later this year.

Directors' interests	Information on share ownership by directors can be found in this Report and in the Remuneration Report. See page 150 of the Annual Remuneration Report.
Directors' indemnities and director and officer liability insurance	As of the date of this report, the Company has granted qualifying third-party indemnities to each of its directors against any liability they may face in defending proceedings brought against them, to the extent permitted by the Companies Act. In addition, directors and officers of the Company and its subsidiaries have been and continue to be covered by director and officer liability insurance.
Powers of directors	Subject to the Company's Articles of Association, UK legislation and to any directions given by a special resolution, the Company's business is managed by the Board, which may exercise all the powers of the Company. The Articles of Association contain specific provisions concerning the Company's power to borrow money and provide the power to make purchases of any of its own shares. The directors have the authority to allot shares or grant rights to subscribe for or to convert any security into shares in the Company. Further details of the proposed authorities are set out in the notice of the AGM.
Major interests in shares	Notifiable major share interests of which the Company has been made aware are set out in this Directors' Report.
Research and development	EVRAZ is constantly engaged in process and product innovation. The research and development centres located at the Company's production sites improve and develop high-quality steel products to better meet customers' needs and to ensure that EVRAZ remains competitive in the global and local markets. For examples of the Company's efforts in research and development in different operations, see the Sustainable R&D on pages 79-82
Sustainable development	The Corporate Social Responsibility section of this report focuses on the health and safety, environmental and employment performance of the Company's operations, and outlines the Company's core values and commitment to the principles of sustainable development and the development of community relations programmes. For more details on the Company's policies and performance, see the Sustainability section on pages 54-78.
Payments to governments	EVRAZ published its 2020 report on payments to governments in June 2021. The report provides citizens, authorities and independent users with information on payments made to governments where the Company conducts its extractive activities. The report is prepared in accordance with the requirements of the Disclosure Guidance and Transparency Rules. Instrument 2014 "Report on payments to governments", issued by the UK Financial Conduct Authority. The report is available on the Company's website at www.evraz.com.
Political donations	No political contributions were made in 2021.
Greenhouse gas emissions	In 2021, in accordance with the requirements of the Companies Act 2006 (Strategic and Directors' Report), Regulations 2013, and Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, EVRAZ undertook to assess full emissions of greenhouse gases (GHGs) from facilities under its control. For more details, see the Sustainability section on pages 62-66.
Employees	Information regarding the Company's employees can be found in the Our People section on pages 71-73.
Overseas branches	EVRAZ does not have any branches. A full list of the Group's controlled subsidiaries is disclosed in Note 34 of the Consolidated Financial Statements.
Financial risk management and financial instruments	Information regarding the financial risk management and internal control processes and policies, as well as details about hedging policy and exposure to the risks associated with financial instruments can be found in Note 28 to the Consolidated Financial Statements, the Corporate Governance Report and Risk Management and Internal Control section on pages 114-121, 122-123 and the Financial Review section on pages 36-47.
Going concern	The financial position and performance of the Group and its cash flows are set out in the Financial Review section of the report on pages 36-47. Based on the currently available facts and circumstances, the directors and management have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For more details, see Note 2 to the Consolidated Financial Statements on page 189.
Auditor	The Audit Committee conducted a tender for the Group's external audit in July 2016. Since then Ernst & Young LLP have continued as auditor, following a review of performance each year by the Audit Committee on behalf of the Board. The Board intend to run a full tender process during the summer of 2022 to consider whether to replace the auditor for the audit of the 2023 financial year end. Ernst & Young LLP has indicated its willingness to continue conducting audits and a resolution seeking to re-appoint it will be proposed at the forthcoming AGM.
Future developments	Information on the Group and its subsidiaries' future developments is provided in the Strategic Report on pages 6-101.

Events since the reporting date	The major events after 31 December 2021 are disclosed in Note 33 to the Consolidated Financial Statements on page 261.
Annual general meeting (AGM)	The 2022 AGM will be held later this year in London. At the AGM, shareholders will have the opportunity to put questions to the Board, including the chairmen of the Board committees. Full details about the AGM, including explanatory notes, are contained in the notice of the AGM, which will be distributed at least 20 working days before the meeting. The notice sets out the resolutions to be proposed at the AGM and an explanation of each resolution. All documents relating to the AGM will be available on the Company's website at www.evraz.com.
Electronic communications	A copy of the 2021 annual report, the notice of the AGM and other corporate publications, reports and announcements will be available on the Company's website at the following link: https://www.evraz.com/en/investors/. Shareholders may elect to receive notification by email of the availability of the annual report on the Company's website instead of receiving paper copies.
Corporate governance statement	The Disclosure Guidance and Transparency Rules (DTR7.2) require that certain information be included in a corporate governance statement set out in a company's Directors' Report. As many companies do, EVRAZ has an existing practice of issuing a Corporate Governance Report within its annual report that is separate from its Directors' Report. The information that fulfils the requirement of DTR7.2 is located in the EVRAZ Corporate Governance Report (and is incorporated into this Directors' Report by reference), with the exception of the information cited in DTR7.2.6, which is located in this Directors' Report.
Section 172 Statement	The Company's Section 172 Statement can be found in the Strategic Report on page 98-99.
Employee engagement	Details of how the Company engages with its workforce can be found in the Strategic Report on page 8, 57, 73.
Stakeholder engagement on key decisions	Details of the Board's key decisions and discussions during the year and the main stakeholder inputs into those decisions are set out in the Corporate Governance Report on page 115-118.

MAJOR SHAREHOLDINGS

The Company's issued share capital as of 31 December 2021 was 1,506,527,294 ordinary shares, of which 47,837,582 shares are held in treasury. Therefore, the total number of voting rights in the Company is 1,458,689,712.

As of 31 December 2021, the following significant holdings of voting rights in the Company's share capital were disclosed to the Company under Disclosure and Transparency Rule 5. On 16 February 2022, the Company has received a notification under Disclosure and Transparency Rule 5 that Greenleas International Holdings Ltd has reduced its shareholding to 0% and Mr. Roman Abramovich subsequently increased its shareholding to 28.64%.

	NUMBER OF ORDINARY SHARES	% OF VOTING RIGHTS
Greenleas International Holdings Ltd[1]	417,767,314	28.64
Abiglaze Ltd2[2]	281,870,003	19.32
Crosland Global Limited[3]	140,723,705	9.65
Kadre Enterprises Ltd[4]	83,751,827	5.74
Amereus Group Pte. Ltd	43,872,001	3.01

1. The Company understands that Roman Abramovich has an indirect economic interest in the 417,767,314 shares held by Greenleas International Holdings Ltd.
2. The Company understands that Alexander Abramov has an indirect economic interest in the 281,870,003 shares held by Abiglaze Ltd.
3. The Company understands that Alexander Frolov has an indirect economic interest in the 140,723,705 shares held by Crosland Global Limited.
4. Includes shares held by Gennady Kozovoy directly. The number of shares is as per TR-1 Form: Notification of major interest in shares dated 6 February 2013.

The Company is aware of the following individuals who each have a beneficial interest in three percent or more of EVRAZ plc's issued share capital (held indirectly in each case, except for Gennady Kozovoy) as of 31 December 2021:

	Number of ordinary shares	% of voting rights
Roman Abramovich	417,767,314	28.64
Alexander Abramov	281,870,003	19.32
Alexander Frolov	140,723,705	9.65
Gennady Kozovoy	83,751,827	5.74
Maxim Vorobyev	43,872,001	3.01

On 1 February 2022, the Company issued 848,188,421 deferred shares of US$9.66766321843 each which were subsequently cancelled on 8 February 2022 further to a Court-approved reduction of capital. There have been no other changes in the Company's issued share capital from 31 December 2021 through 24 February 2022. On 16 February 2022, the Company has received a notification under Disclosure and Transparency Rule 5 that Greenleas International Holdings Ltd has reduced its shareholding to 0% and Mr. Roman Abramovich subsequently increased its shareholding to 28.64%.

LISTING RULE DISCLOSURES

For the purposes of LR 9.8.4CR, the information required to be disclosed by LR 9.8.4R can be found in the following locations:

Interest capitalised	Note 9 to the Consolidated Financial Statements
Publication of unaudited financial information	Not applicable
Details of long-term incentive schemes	Note 21 to the Consolidated Financial Statements, Remuneration Report
Waiver of emoluments by a director	None
Waiver of future emoluments by a director	None
Non pre-emptive issues of equity for cash	None
Non pre-emptive issues of equity for cash in relation to major subsidiary undertakings	None
Parent participation in a placing by a listed subsidiary	None
Contract of significance in which a director is interested	None
Contracts of significance with a controlling shareholder	Relationship Agreements section below
Provision of services by a controlling shareholder	None
Shareholder waiver of dividends	None
Shareholder waiver of future dividends	None
Agreements with controlling shareholder	Relationship Agreements section below

SIGNIFICANT CONTRACTUAL ARRANGEMENTS

Relationship agreements

Due to the changes in the Company's shareholder structure that took place on 16 February 2022, particularly, the transfer of the Company's shares from Greenlease International Holdings Ltd to the personal account of Roman Abramovich, the Company has terminated the previous relationship agreements entered with each of Greenlease International Holdings Ltd., Abiglaze Ltd and Crosland Limited as controlling shareholders and entered into new relationship agreements (the "Relationship Agreements") with each of Roman Abramovich, Abiglaze Ltd and Crosland Global Limited (the "Controlling Shareholders") that regulate the ongoing relationship between the Controlling Shareholders and the Company. This ensures that the Company is in compliance with the provisions of the Listing Rules and capable of conducting its business independently of the Controlling Shareholders, and ensures that any transactions and relationships between the Company and the Controlling Shareholders are at arm's length and on normal commercial terms.

The Relationship Agreements terminate if the Controlling Shareholders cease to own or control (directly or indirectly) in aggregate at least 30% of the issued ordinary shares in the Company (or at least 30% of the aggregate voting rights in the Company).

Under the Relationship Agreements, the Controlling Shareholders and the Company agree that:

- The Controlling Shareholders have the right to appoint the maximum number of non-executive directors that may be appointed while ensuring that the composition of the Board remains compliant with the UK Corporate Governance Code for so long as the Controlling Shareholders hold an interest of 30% or more of the Company in aggregate (or hold 30% or more of the aggregate voting rights in the Company) with each appointee being a "Shareholder Director".
- The Controlling Shareholders and their associates shall not take any action that would have the effect of preventing the Company from complying with its obligations under the Companies Act, the Listing Rules and the Disclosure Guidance and Transparency Rules.
- Neither the Controlling Shareholders nor any of their associates shall propose or procure the proposal of any shareholder resolution that is intended or appears to be intended to circumvent the proper application of the Listing Rules.
- Transactions, relationships and agreements between the Company and/or its subsidiaries (on the one hand) and the Controlling Shareholders shall be entered into and conducted on arm's length terms and on a normal commercial basis, unless otherwise agreed by a committee comprising the Company's non-executive directors whom the Board considers to be independent in accordance with the UK Corporate Governance Code (the "Independent Committee").
- The Controlling Shareholders shall, insofar as they are legally able to do so, exercise their powers, and shall procure that each member of the respective Controlling Shareholder group does the same, so that the Company is managed in accordance with the principles of good governance set out in the UK Corporate Governance Code, save as agreed in writing by a majority of the Independent Committee.
- The Controlling Shareholders shall, and shall procure (as far as is reasonably possible) that each member of the respective Controlling Shareholder group shall, treat as confidential all information (subject to certain exceptions) acquired relating to the Company and its subsidiaries.
- The provision of, access to and use of information pursuant to the Relationship Agreements shall be governed by applicable laws relating to insider information, including, without limitation, the Disclosure Guidance and Transparency Rules.
- The Controlling Shareholders shall not, and shall procure, insofar as they are legally able to do so, that each member of the respective Controlling Shareholder group shall not, take any action that precludes or inhibits the Company and/or any of its subsidiaries from conducting its business independently of the Controlling Shareholders or any member of the respective Controlling Shareholder group.
- The quorum for any Board meeting of the Company shall be three, of which at least one must be a Shareholder Director appointed by Roman Abramovich, at least one must be a Shareholder Director appointed by Abiglaze Ltd and/or Crosland Global Limited and at least one must be a non-executive director whom the Board considers to be independent in accordance with the UK Corporate Governance Code.
- The Controlling Shareholders shall not, and shall procure, insofar as they are legally able to do so, that each member of the respective Controlling Shareholder group shall not, exercise any of their voting or other rights and powers to procure any amendment to the Memorandum and Articles that would be inconsistent with, undermine or breach any of the provisions of the Relationship Agreements, and shall abstain from voting on, and shall procure that the Controlling Shareholder Directors abstain from voting on, any resolution to approve a transaction with a related party (as defined in the Listing Rules) involving the Controlling Shareholders or any member of the respective Controlling Shareholder group.
- In any matter that, in the opinion of an independent director, gives rise to a potential conflict of interest between the Company and/or any of its subsidiaries (on the one hand) and the Shareholder Directors, the Controlling Shareholders or any member of the respective Controlling Shareholder group

(on the other), such matter must be approved at a duly convened meeting of the Independent Committee or in writing by a majority of the Independent Committee.
- For so long as Roman Abramovich (and his affiliates) holds an interest of 25% or more in the Company in aggregate, Roman Abramovich undertakes that his will not become, and will use his reasonable endeavours to procure that no other member of his group becomes, involved in any competing business (subject to certain exceptions) in Russia, Ukraine or the CIS without giving the Company the opportunity to participate in the relevant competing business.
- For so long as Abiglaze Ltd and Crosland Global Limited (and their respective affiliates) hold an interest of 25% or more in the Company in aggregate, Abiglaze Ltd and Crosland Global Ltd undertake that they will not become, and will use their reasonable endeavours to procure that no other member of the respective Controlling Shareholder group becomes, involved in any competing business (subject to certain exceptions) in Russia, Ukraine or the CIS without giving the Company the opportunity to participate in the relevant competing business.

The Board is satisfied that the Company is capable of conducting its business independently of the Controlling Shareholders and that the Board makes its decisions in a manner consistent with its duties to the Company and stakeholders of EVRAZ plc.

Significant contractual arrangements between EVRAZ and Raspadskaya

Demerger Agreement

On 15 December 2021, EVRAZ and Raspadskaya entered into a Demerger Agreement to effect the Demerger of EVRAZ' coal business govern the post-Demerger obligations of the two parties in respect of, among other matters, their respective indemnity obligations. Under the Demerger Agreement, Raspadskaya and EVRAZ warrant to each other that all assets and losses pertaining to the coal and steel businesses are held by Raspadskaya Group and EVRAZ (respectively).

EVRAZ and Raspadskaya have agreed to ensure that, following the Demerger, historical liabilities (as well as any future liabilities from events that occurred before the completion of the Demerger) relating to the steel and coal businesses are to be borne by the post-Demerger EVRAZ and Raspadskaya (respectively). Such mutual indemnity undertakings are capped at US$100 million for each party.

Strategic Cooperation Deed

On 15 December 2021, EVRAZ and Raspadskaya entered into a Strategic Cooperation Deed to acknowledge that they will continue providing certain services and supplying certain goods to each other, pursuant to the agreements entered into between them before the Demerger.

Under the Strategic Cooperation Deed, EVRAZ and Raspadskaya will, and acknowledge that their respective subsidiaries will, up to and including 31 December 2022, supply services and perform certain other agreements between them in accordance with their terms. Unless the parties agree otherwise, both shall endeavour to terminate all such service and other arrangements by 1 January 2023 (unless Raspadskaya requires the earlier termination of any arrangements, in which case the parties shall endeavour to terminate the respective agreements as may be so requested).

Under the Strategic Cooperation Deed, any potential liability of each party is capped at US$20 million. This cap is independent of the parties' liabilities under the respective underlying agreements.

Coal Offtake Agreements

On 1 November 2021, EVRAZ NTMK and EVRAZ ZSMK entered into separate Coal Offtake Agreements with Raspadskaya, to take effect immediately on completion of the Demerger and until 31 December 2026. Pursuant to the Coal Offtake Agreements, EVRAZ NTMK and EVRAZ ZSMK will purchase certain grades of coal from Raspadskaya, accounting for up to approximately 60% of the EVRAZ' post-Demerger coal requirements for the purposes of steelmaking. The price to be paid by EVRAZ NTMK and EVRAZ ZSMK will be determined in accordance with an agreed formula linked to global coal index prices, over which EVRAZ has no control, and taking into account foreign-exchange movements and quality.

On 8 November 2021, Raspadskaya, as the Seller, and EMAG, the trading subsidiary of EVRAZ, as the Buyer, entered into an agreement for the sale of bituminous coal. Pursuant to the agreement, the coal is shipped to South Korea, China, Japan, Taiwan, Vietnam, Slovakia, Turkey, Romania, Serbia, Poland, Lithuania, the Czech Republic, Ukraine and India. It is anticipated that arrangements agreement will continue until 31 December 2022, with a possible extension to 31 March 2023.

More information about the Demerger Agreement, Strategic Cooperation Deed and Coal Offtake Agreements that have been entered into between EVRAZ and Raspadskaya can be found in the Circular to Shareholders at https://www.evraz.com/files/en/demerger/circular.pd

Other agreements

The change of control provisions contained in several loan agreements with a total principal amount of US$1,766 million outstanding as of 31 December 2021 specify that if a change of control occurs, each lender under these agreements has a right to cancel their commitments and request repayment of their portion of the respective loans ahead of schedule.

ARTICLES OF ASSOCIATION

The Company's Articles of Association were adopted at a General Meeting held on 11 January 2022 and contain, among other things, provisions on the rights and obligations attached to the Company's shares, including redeemable non-voting preference shares and subscriber shares.

Changes made to the previous Articles of Association of the Company (adopted in June 2012) include amendments allowing the Company to make a dividend payment in specie and, if appropriate, hold a hybrid annual general meeting.

The Articles of Association may only be amended by a special resolution at a general meeting of the shareholders.

SHARE RIGHTS

Without prejudice to any rights attached to any existing shares, the Company may issue shares with rights or restrictions as determined by either the Company by an ordinary resolution or, if the Company passes a resolution, the directors. The Company may also issue shares that are, or are liable to be, redeemed at the option of the Company or the holder, and the directors may determine the terms, conditions and manner of redemption for any such shares.

VOTING RIGHTS

There are no other restrictions on voting rights or transfers of shares in the Articles other than those described in these paragraphs.

Details of deadlines for exercising voting rights and proxy appointment will be set out in the notice of the 2022 AGM.

At a general meeting, subject to any special rights or restrictions attached to any class of shares on a poll, each member present in person or by proxy has one vote for every share that he/she holds.

A proxy is not entitled to vote in cases where the member who appointed the proxy would not have been entitled to vote on the resolution had he or she been present in person. Unless the directors decide otherwise, no member shall be entitled to vote either in person or by proxy or to exercise any other right in relation to general meetings if any sum that he/she owes the Company in respect of that share remains unpaid.

The trustee of the Company's Employee Share Trust is entitled, under the terms of the trust deed, to vote as it sees fit with respect to the shares held in trust.

TRANSFER OF SHARES

The Company's Articles stipulate that transfers of certificated shares must be effected in writing and duly signed by or on behalf of the transferor and, except in the case of fully paid shares, by or on behalf of the transferee. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the Register of Members with respect to said shares. Transfers of uncertificated shares may be effected by means of CREST unless the CREST Regulations provide otherwise.

The directors may refuse to register an allotment or transfer of shares in favour of more than four persons jointly.

AUDIT INFORMATION

Each of the directors who were members of the Board as of the date of the approval of this report confirms that:

As far as he/she is aware, there is no relevant audit information of which the Company's auditors are unaware.

He/she has taken all the reasonable steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of the information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

The EVRAZ Directors' Report has been prepared in accordance with applicable UK company law and was approved by the Board on 24 February 2022.

By the order of the Board

Aleksey Ivanov
Chief Executive Officer
EVRAZ plc

24 February 2022

DIRECTOR'S RESPONSIBILITY STATEMENT

Responsibility Statement under the Disclosure Guidance and Transparency Rules

Each of the directors whose names and functions are listed on pages 104-108 confirm that to the best of his/her knowledge:

- The consolidated financial statements of EVRAZ plc, prepared in accordance with UK-adopted international accounting standards give a true and fair view of the Company's assets, liabilities, financial position and profit and the undertakings included in the consolidation taken as a whole (the "Group"); and
- The Annual Report and Accounts, including the Strategic Report, include a fair review of the development and performance of the business and the position of the Company and the Group, together with a description of the principal risks and uncertainties that they face.

Statement Under the UK Corporate Governance Code

The Board considers that the report and accounts taken as a whole, which incorporates the Strategic Report and Directors' Report, is fair, balanced and understandable, and that it provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Statement of Directors' Responsibilities in Relation to the Annual Report and Financial Statements

The directors are responsible for preparing the Annual Report and the financial statements of the Group and parent company in accordance with applicable United Kingdom law and regulations. Company law requires the directors to prepare the financial statements of the Group and parent company for each financial year. Under that law, the directors have elected to prepare the financial statements of the Group and parent company in accordance with UK-adopted international accounting standards.

Under the Companies Act 2006, the directors must not approve the financial statements of the Group and parent company unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of the profit or loss of the Group and parent company for said period.

Under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules, the Group's financial statements must be prepared in accordance with UK-adopted international accounting standards (UK-adopted IFRS).

In preparing each of the financial statements of the Group and parent company, the directors are required to:

- Fairly present the financial position, financial performance and cash flows of the Group and parent company;

- Select suitable accounting policies in accordance with IAS8 (Accounting Policies, Changes in Accounting Estimates and Errors) and then apply them consistently;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Make judgements and estimates that are reasonable;
- Provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the financial position and financial performance of the Group and the parent company;
- With respect to the Group's financial statements, state whether UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- With respect to the parent company's financial statements, state whether international accounting standards have been followed in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on a going concern basis unless it is appropriate to presume that the company and/or the Group will not continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the transactions of the Group and parent company and disclose with reasonable accuracy at any time the financial position of the Group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Group and parent company and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

The directors are also responsible for preparing the Strategic Report, the Directors' Report, the Directors' Remuneration Report and the Corporate Governance Report in accordance with the Companies Act 2006 and applicable regulations, including the requirements of the Listing Rules and the Disclosure Guidance and Transparency Rules of the United Kingdom Listing Authority. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By the order of the Board

Aleksey Ivanov
Chief Executive Officer
EVRAZ plc

24 February 2022

SOLID RESULT FOR A BETTER FUTURE

CONTENTS

Independent auditor's report to the members of EVRAZ PLC 166

Consolidated Financial Statements 180

Consolidated Statement of Operations 180
Consolidated Statement of Comprehensive Income 181
Consolidated Statement of Financial Position 182
Consolidated Statement of Cash Flows 183
Consolidated Statement of Changes in Equity 185

- Notes to the Consolidated Financial Statements 188
- Corporate Information 188
- Significant Accounting Policies 188
- Segment Information 202
- Changes in the Composition of the Group 209
- Goodwill 210
- Impairment of Non-Financial Assets 211
- Income and Expenses 214
- Income Taxes 216
- Property, Plant and Equipment 220
- Intangible Assets Other Than Goodwill 223
- Investments in Joint Ventures and Associates 224
- Disposal Groups Held for Sale 225
- Discontinued Operations 227
- Other Non-Current Assets 231
- Inventories 231
- Trade and Other Receivables 231
- Related Party Disclosures 232
- Other Taxes Recoverable 233
- Cash and Cash Equivalents 233
- Equity 234
- Share-Based Payments 235
- Loans and Borrowings 236
- Employee Benefits 239
- Provisions 246
- Lease and Other Long-Term Liabilities 247
- Trade and Other Payables 249
- Other Taxes and Duties Payable 249
- Financial Risk Management Objectives and Policies 250
- Non-Cash Transactions 256
- Commitments and Contingencies 256
- Auditor's Remuneration 258
- Material Partly-Owned Subsidiaries 258
- Subsequent Events 261
- List of Subsidiaries and Other Significant Holdings 262
- Supplementary Financial Information on Demerger 268

Separate Financial Statements 270

Separate Statement of Comprehensive Income 270
Separate Statement of Financial Position 271
Separate Statement of Cash Flows 272
Separate Statement of Changes in Equity 273
EVRAZ plc Notes to the separate financial statements 274

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EVRAZ PLC

OPINION

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 2021 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 UK adopted international accounting standards; 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 2021 which comprise:

GROUP	PARENT COMPANY
Consolidated statement of operations	Separate statement of comprehensive income
Consolidated statement of comprehensive income	Separate statement of financial position
Consolidated statement of financial position	Separate statement of cash flows
Consolidated statement of cash flows	Separate statement of changes in equity
Consolidated statement of changes in equity	Related notes 1 to 11 to the financial statements including a summary of significant accounting policies
Related notes 1 to 34 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

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

INDEPENDENCE

We are independent of the group and parent 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.

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.

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 procedures below:

Going concern modelling	• We gained an understanding of the approach taken by management to assess going concern, to model cash flows and to measure covenants over the forecast period. • We agreed the starting cash position to our audit work and tested the mathematical integrity of this modelling.
Commodity prices	• With assistance from our valuation specialists we compared management's forecast prices for steel, iron ore and coal to recent externally sourced information, including analyst expectations.
Sales volumes	• We confirmed the consistency of sales volumes to the forecasts that we have audited as part of our work on impairment (see below).
Financing arrangements and covenants	• We agreed the terms of financing arrangements modelled to contractual terms and our audit work on related facilities, including related covenants. • We confirmed that no new financing that is currently un-committed is assumed in the forecasts.
Base case and pessimistic case	• We evaluated the pessimistic scenario testing performed by management, noting that the assessment is more sensitive to a reduction in liquidity than remaining in compliance with covenants. • We noted that this pessimistic scenario reduced liquidity to minimal operating levels towards the end of the assessment period to 30 June 2023, principally as a result of the repayment of $750m of bonds maturing in March 2023. This scenario does not assume any mitigating actions and does not take account of actual results in January and February 2022 which are expected to be significantly stronger than the pessimistic scenario. This pessimistic scenario was effectively a reverse stress test. • We evaluated potential mitigating actions identified by management and whether these were realistic and within management's control were a significant and sustained reduction in prices to occur. • To further challenge the resilience of liquidity to a reduction in prices below the lower end of market expectations, we modelled a further scenario which assumed certain mitigations under management's control are actioned. We then assessed how much further prices could fall over the going concern period under this revised scenario. • We considered how climate change related risks could impact management's assessment of going concern.
Severe business interruption scenario	• In the context of the worsening situation with respect to Ukraine, we challenged management and the directors as to how potential actions by international governments could impact EVRAZ's business, including on operations, exports and its ability to service debt. • We assessed the extent of downside reflected in the resulting scenario against the effects of Russian exports outside the CIS being reduced to nil in conjunction with absorbing further downside as a result of other factors. • We evaluated the additional mitigations identified and determined by management to be in their control for reasonableness..
Other considerations	• We considered the appropriateness of the period of management's going concern assessment, being to 30 June 2023. • We assessed whether management had appropriately considered the potential impacts of COVID-19 on the forecasts and related disclosures. • We evaluated whether there were any events expected to occur beyond the assessment period that should impact conclusions relating to going concern.
Disclosures	• We assessed the appropriateness of disclosures in the financial statements and elsewhere in the Annual Report, including whether management had disclosed its considerations of the potential effect of climate change risks on going concern.

In forming our conclusion, we considered the uncertainties as a result of potential responses by international governments to the worsening situation with respect to Ukraine. We noted that the Group has considered the effects of a severe and sustained business interruption and has also identified a range of mitigating actions that could be deployed were such a scenario to arise. In addition, this scenario does not reflect any new financing being raised over the going concern period. These mitigations would also be relevant in a scenario where prices were to fall over a sustained period.

Based on the work we have performed, we have not identified 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 period of 16 months from the date the financial statements are authorised for issue, being management's going concern assessment period. Going concern has been determined to be a key audit matter in the current year.

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, specified procedures on seven components and review procedures on one component. • The nine reporting components where we performed full or specific audit procedures accounted for 73% of the Group's EBITDA, 85% of the Group's revenue and 92% of Total assets (with 60%, 85% and 87% respectively represented by the seven full scope components and 13%, 1% and 5% respectively by the two specific scope components). • The eight reporting components where we performed specified procedures accounted for 27% of the Group's EBITDA, 11% of the Group's revenue and 8% of Total assets.
Key audit matters	• Recoverability of goodwill and other non-current assets • Demerger of Raspadskaya coal business • Investment impairment considerations and related potential impact on distributable reserves (Parent company only)
Materiality	• Group materiality of $150 million (2020: $66 million), which represents approximately 3% (2020: 3%) of EBITDA.

AN OVERVIEW OF THE SCOPE OF THE PARENT COMPANY AND GROUP AUDITS

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 the size and risk profile of each component, the organisation of the group and effectiveness of group-wide controls, changes in the business environment and any other relevant factors when assessing the level of work to be performed at each component of the group.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 48 reporting components of the Group, we selected 17 components covering entities in Russia, USA, Canada, UK, Switzerland, Czech Republic and Luxembourg which represent the principal business units within the Group.

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.

Of the 17 components selected, we performed an audit of the complete financial information of 7 components ("full scope components") which were selected based on their size or risk characteristics. For a further 2 components ("specific scope components"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile. The nine reporting components where we performed full or specific scope procedures accounted for 73% (2020: 76%) of the group's EBITDA, 85% (2020: 87%) of the group's revenue and 92% (2020: 86%) of the group's total assets.

For the current year, the full scope components contributed 60% (2020: 68%) of the group's EBITDA, 85% (2020: 86%) of the group's revenue and 87% (2020: 80%) of the group's total assets.

For 8 further components the primary team performed procedures directly focussing on specific areas of identified risk ("specified procedures components"). The specified procedure components contributed 26% (2020: 1%) of the Group EBITDA, 11% (2020: 9%) of the Group's revenue and 8% (2020: 1%) of the Group's total assets.

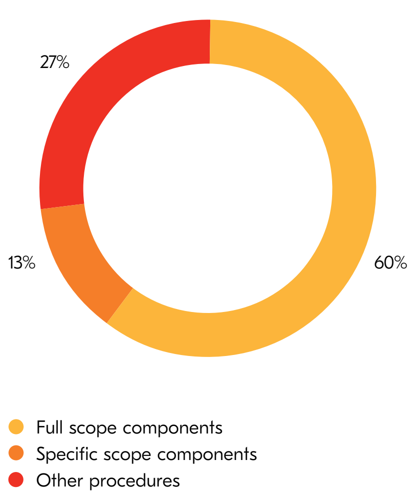
In 2020 an additional 18% of EBITDA, 1% of revenue and 3% of total assets was covered by review scope locations (in the current year these components are specified procedures).

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.

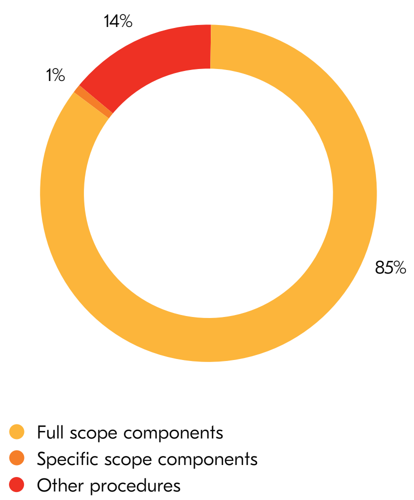
Of the remaining 31 components none represented more than 1% of the group's EBITDA either individually or in aggregate. For these components, we performed other procedures, including analytical review, review of the findings of Internal Audit during the year and testing of consolidation journals, eliminations and foreign currency translation effects to respond to any potential risks of material misstatement to the Group financial statements.

The charts below illustrate the coverage obtained from the work performed by our audit teams.

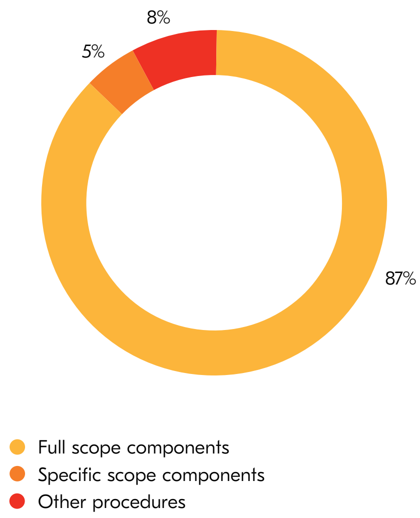
EBITDA



Revenue



Total assets



Changes from the prior year

There have not been significant changes to the scoping of the group's components in the current year.

Involvement with component teams

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 primary and group team throughout the audit process (collectively the Primary Team).

The approach to involvement in component teams is established by the senior statutory auditor. 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 one component directly by the primary audit team with procedures on others performed by component audit teams. Of the two specific scope components the primary team performed audit procedures on one of these 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.

The audit, including involvement with component teams, was planned in order to respond to uncertainties and restrictions around physical travel as a result of the COVID-19 pandemic. We agreed a timetable with management to provide sufficient time for our procedures to be completed remotely. In instances where physical access to sites was expected to be restricted, we planned and conducted inventory counts remotely using mobile video technology.

In lieu of the number of physical visits and meetings that we would normally expect to do in performing oversight, the Primary Team, including the Senior Statutory Auditor, increased the frequency of interaction with component teams throughout the audit cycle. These interactions were principally via video meetings and took place throughout the audit process. These interactions involved discussing the audit approach with component teams and any issues arising from the audit and conclusions reached on all significant matters. In addition, using EY's audit software, the Primary Team directly accessed the audit working papers of component teams, remotely reviewing all areas significant to the audit and retaining copies of more important workpapers. Observations and questions arising from this review were then discussed and resolved with the component team auditor.

The Senior Statutory Auditor was able to make a site visit in January 2022 to Russia, spending time both in Moscow and visiting the EVRAZ NTMK plant with senior members of management and a number of the Independent non-executives. He also met with component teams and other members of the integrated Primary Team to discuss findings arising from their work including discussing the approach for, and results arising from, impairment testing on CGUs in Russia. Due to restrictions in travelling to North America, the Senior Statutory Auditor joined meetings with the component teams and local management via video calls to discuss the audit procedures performed and results of the audit.

In addition, the Primary Team had direct responsibility for the majority of work on the Key Audit Matters discussed below, including impairment considerations for CGUs in North America which were considered at heightened risk of impairment, considerations relating to the demerger of the coal business, and the recoverability of the parent company's investments in subsidiaries.

These procedures, together with the additional procedures performed at a group level, gave us appropriate evidence for our opinion on the group financial statements.

Climate change

There has been increasing interest from stakeholders as to how climate change will impact EVRAZ. The group has determined that the most significant future impacts from climate change on its operations will be around decarbonisation including potential carbon taxes in Russia and investment to reduce emissions and improve energy efficiency. These are explained **on pages 284-287** in the required Task Force for Climate related Financial Disclosures and **on pages 86 to 95** in the principal risks and uncertainties, which form part of the "Other information," rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

As explained in the discussion of significant accounting judgments and estimates at note 2 of the consolidated financial statements governmental and societal responses to climate change risks are still developing, and are interdependent upon each other, and consequently financial statements cannot capture all possible future outcomes as these are not yet known. The degree of certainty of these changes may also mean that they cannot be taken into account when determining asset and liability valuations and the timing of future cash flows under the requirements of UK adopted international accounting standards. Significant judgements and estimates relating to climate change have been described in note 2 and related sensitivity disclosures included in note 6, Impairment of non-current assets in the consolidated financial statements of the impact of reasonably possible changes in key assumptions.

Our audit effort in considering climate change was focused on ensuring that the effects of material climate risks disclosed **on pages 86 to 95** have been appropriately considered in estimating the recoverable value of non-current assets and/or associated disclosures where values are determined through modelling future cash flows. Details of our procedures and findings with respect to impairment are included in our key audit matters below. We also challenged the Directors' considerations of climate change in their assessment of going concern and viability and associated disclosures.

Whilst the group has stated its commitment to the aspirations of the Paris Pledges by 2050, the group is currently unable to determine the full future economic impact on their business model, operational plans and customers to achieve this and therefore as set out above the potential impacts are not fully incorporated in these 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.

RECOVERABILITY OF GOODWILL AND OTHER NON-CURRENT ASSETS

- At 31 December 2021 the carrying value of goodwill was $457 million (2020: $457 million) and the carrying value of property, plant and equipment (PP&E) was $3,169 million (2020: $4,315 million). In the current year the Group did not recognise any impairment of goodwill (2020: $148 million) but recognised impairment of $22 million in respect of individual items of PP&E (2020: $162 million).
- We consider that estimating the recoverable value of the Group's non-current assets requires significant estimation around a number of assumptions, including future volumes, prices, and the discount rate applied. We particularly focus our audit effort on cash generating units (CGUs) which have limited headroom, particularly a number of those in North America.
- Consideration is also required under IAS 36 Impairment of Assets whether a reasonably possible change in assumptions could lead to an impairment. Where this is the case the disclosure of sensitivities is appropriate. Such assumptions include the effects of climate change on the recoverable value of the Group's non-current assets.
- Despite the strengthening of prices in 2021, given the limited historic headroom in a number of the Group's CGUs, we consider that the risk of impairment remains broadly consistent with the prior year, particularly for CGUs in North America.

Refer to the Audit Committee report on page 126, the estimates and judgements disclosed in note 2 and note 6, Impairment of non-current assets in the Consolidated Financial Statements.

Our audit response to the risk

Our audit procedures on CGUs in North America were performed mainly by the Group audit team with assistance from EY valuation specialists and input from our component teams on specific assumptions. Audit procedures on CGUs outside of North America were performed by component teams with assistance from EY valuation specialists under instruction from the Group team.

Indicators of impairment	• We assessed the completeness of management's assessment of indicators of impairment for CGUs that were not already being tested for impairment as a result of carrying goodwill.
Valuation methodology adopted	• We gained an understanding of the methodology applied in estimating the recoverable value of each CGU tested for impairment, assessing this against usual industry practice, including where terminal values had been applied. • With assistance from EY valuation specialists we tested the integrity of the cash-flow models for mechanical and mathematical accuracy.
Key assumptions applied- volumes	• With assistance from EY valuation specialists we assessed management's forecasts of future sales volumes. • Where available we developed expectations of the total market in which respective CGUs operate using external analyst and industry data and by using statistical analysis where market size was identified as being correlated to external indicators (most significantly the tubular businesses to oil and gas prices). • We assessed management's expected market share against historic data and indicators of changes in respective markets. • We evaluated the consistency of mine production forecasts with the independent assessments of proved and probable mineral reserves performed by IMC Montan Group LLC. We assessed the competence, capabilities and objectivity of IMC Montan as a specialist engaged by management. • We challenged management if its assumptions were not within the range identified by EY, most significantly the forecast size of the market for the OCTG CGU.
Key assumptions applied- prices or EBITDA/tonne	• With assistance from EY valuation specialists we have evaluated management's assumptions for future prices of steel, iron ore, coal and ferrovanadium. We developed an expected range of future prices using external analyst and industry data. • Where appropriate we performed analysis on the future forecast EBITDA/tonne applied by management, including the use of statistical methods to set expectations based on factors including forecast sales volumes in relevant markets. • We challenged management if its assumptions were not within the range identified by EY.

RECOVERABILITY OF GOODWILL AND OTHER NON-CURRENT ASSETS	
Key assumptions applied- other	• With assistance from EY valuation specialists we performed an independent calculation of the discount rate expected to be applicable to each CGU tested for impairment. • We assessed management's assumptions with respect to the modelling of the future impacts of legislation in North America around anti-dumping duties and Section 232 tariffs with assistance from our component team.
Climate change considerations	• We made enquiries of management as to its assessment of whether climate change risks impact the modelled recoverable value of the Group's CGUs. This was done with reference to the Group's assessment of the risks of climate change, commitments made around climate change initiatives and the analysis performed by the Group to date of the potential impact of such initiatives, including on potential future investment. • We challenged the extent of discussion of climate change with respect to key estimates around impairment testing in the financial statements. • Where the financial impacts of climate related risks and related initiatives are either yet to be determined and/or not reflected in management's estimates of recoverable value we challenged what sensitivities may be appropriate in the financial statements to demonstrate the reasonably possible impact of these.
Additional considerations relating to impairment testing	• We considered the historical accuracy of management's budgets and forecasts against subsequent actual results.
Disclosures	• 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 assumptions, including as a result of climate change risks, could lead to impairment charges.

Key observations communicated to the Audit Committee

- We conclude that the final estimates of recoverable value for each CGU tested for impairment are reasonable. These estimates appropriately reflected amendments to assumptions following EY challenge as appropriate. We therefore agree with management's conclusion that no impairment at the CGU level has arisen in the year.
- We consider that the disclosure of estimation uncertainty and reasonably possible changes to assumptions as sensitivities are adequate. These include additional detail around accounting estimates and sensitivities relating to the potential future impacts of climate change risks following our challenge.

DEMERGER OF RASPADSKAYA COAL BUSINESS

- In January 2021, the Board of directors agreed to progress a possible demerger of the Raspadskaya coal business via a dividend in specie. Preparation for this transaction has progressed during 2021.
- This is a material transaction for the Group and the accounting and disclosure for the coal business as at 31 December 2021 requires judgment based on the facts and circumstances at that date. Specifically, the timing of the classification of this business as an asset held for distribution (AHFD) under IFRS 5 Non-current Assets Held for Sale and Discontinued Operations is dependent on the success of the transaction being concluded as highly probable ahead of the year end.
- Once such a conclusion is reached, this designation materially impacts the presentation of the consolidated statement of financial position, as well as being reported as a discontinued operation in the other primary statements. In addition, this also impacts the presentation of the parent company's investment in the coal business in the separate statement of financial position.
- This is a new key audit matter in the current year.

Refer to the Audit Committee report **on page 126**, the judgement disclosed in note 2 and note 13, Discontinued operations in the Consolidated Financial Statements.

Our audit response to the risk

Our audit procedures on this judgment were performed by the Group audit team.

Evidence of the distribution being highly probable as at 31 December 2021	• We monitored the progress of the proposed transaction throughout 2021, including attending regular meetings of the Group's external advisors for this transaction. • We evaluated management's conclusion that the principal event in early 2022 that would be expected to determine the success of the transaction was the shareholder vote at an EGM scheduled for early January 2022. Also that the subsequent UK court approval of the reduction in share capital required ahead of the transaction did not create significant additional uncertainty. • We confirmed the level of shareholder vote at the EGM that was procedurally required to approve the transaction. • We critically assessed whether management's judgment only considered information available as at 31 December 2021 and not the actual outcome of the EGM in January 2022. In doing so, we joined a meeting of the Audit Committee and management on 31 December 2021 to assess the evidence available as at that date. • We obtained analysis provided by Georgeson to management in December 2021 around its expectation of shareholder voting at the January EGM (as below). • We assessed whether there was evidence that may be contrary to the Georgeson conclusions, including consideration of past EVRAZ shareholder voting patterns and making enquiries around the nature of shareholder reactions to the Project Gemini circular issued in mid-December 2021. • We evidenced that proxy agencies had issued a positive recommendation for the transaction ahead of 31 December 2021. • We considered the result of the actual vote in January 2022 to assess whether this provided any contrary evidence not previously identified. • We considered whether there may be bias in management's conclusion that the transaction was highly probable as at 31 December 2021.
Georgeson analysis	• We met with Georgeson to gain an understanding of their analysis performed and the basis for their conclusions as reported to management. • We gained an understanding of how Georgeson had considered the voting propensity of different groups of EVRAZ shareholders in estimating its scenarios of potential voting behaviours. • We assessed the competence, capabilities and objectivity of Georgeson as a specialist engaged by management. • We performed our own analysis to explore how significant a negative vote by shareholders other than the main three shareholders of the Group would need to be to prevent shareholder approval, using different levels of assumed attendance at the EGM.
Recoverable value of the coal business	• As an AHFD, we evaluated whether there was any indication that the market value of the coal business was below carrying value as at 31 December 2021, including with reference to the market capitalisation of Raspadskaya at that date.
Disclosures	• We confirmed the appropriate classification of the coal business in the balance sheet as at 31 December 2021, as well as being reflected as a discontinued operation, testing related reclassifications. • We reviewed related disclosures in the financial statements, including around the judgment made by management as at 31 December 2021 and discussion of progress in 2022 in the subsequent events note.

Key observations communicated to the Audit Committee

- We agreed with management's conclusion that there was a reasonable basis to conclude that the transaction was highly probable as at 31 December 2021.
- We agree that the coal business is carried at the lower of carrying value and market value as at 31 December 2021.
- We consider that the related presentation of the coal business, and related disclosures in the financial statements, are appropriate.

INVESTMENT IMPAIRMENT CONSIDERATIONS AND RELATED POTENTIAL IMPACT ON DISTRIBUTABLE RESERVES (PARENT COMPANY ONLY)

- Investments in subsidiaries ($13,994 million, 2020 $15,057 million) are more sensitive to changes in recoverable value than the Group's underlying CGUs assets because certain investments were re-measured in 2019 as part of a group restructuring.
- In 2021 the Company's investment in Raspadskaya ($1,468 million) has been transferred to an AHFD in line with the related key audit matter above.
- The principal driver of the recoverable amount of investments in subsidiaries is the estimated value of underlying CGUs held by the Group's subsidiaries. Refer to related considerations in the related key audit matter above.
- Changes to assumptions could lead to material changes in estimated recoverable amounts, resulting in either impairment or reversals of impairment taken in prior years (2021 aggregate impairment reversal of $393 million, 2020 aggregate impairment of $76 million).
- We consider that the risk associated with this key audit matter has remained consistent with the prior year.

Refer to note 3 of the Parent Company financial statements

Our audit response to the risk

Our audit procedures on this area were performed by the Group audit team with assistance of EY valuation specialists and using the output from the impairment related key audit matter above.

Valuation methodology applied	• We have assessed the methodology used by management to estimate the recoverable value of each investment for which an impairment test was performed to ensure that this is consistent with accounting standards. • We have validated that relevant assets and liabilities of each investment have been appropriately included in the assessment of recoverable value, including the effects of intercompany balances.
Key assumptions applied	• Refer to the key audit matter above with respect to procedures performed relating to the recoverable value of individual CGUs tested for impairment. • Where a current year impairment test has not been performed on CGUs underlying investment we have evaluated how the result of the most recent previous impairment test would be expected to change in the period to December 2021. We particularly focussed on changes that could negatively impact recoverable value. • We considered the potential impact of climate related risks on the recoverability of the Company's investments, in line with the considerations in the key audit matter above. • Where reference was made to the market capitalisation of Raspadskaya we confirmed this to share price as at 31 December 2021.

Key observations communicated to the Audit Committee

- We confirmed that our observations with respect to the recoverable amount of underlying CGUs are also relevant for the recoverable amount of investments in subsidiaries.
- We agreed that there is no impairment of subsidiaries in the year and that the reversal of historic impairment in EVRAZ Group S.A was appropriate.

In the prior year, our auditor's report included key audit matters in relation to the Recoverability of deferred tax assets related to EVRAZ North America and the Completeness of related party transactions. Whilst the former remains an area of audit focus, we do not consider this to be a key audit matter as a result of a reduction in these deferred tax assets and these starting to be utilised in the year and an increase to our level of materiality. The latter remains an area of audit focus and our audit procedures remain consistent with the prior year but it is not concluded to be a key audit matter given the lower extent of audit effort on this area compared to those items above.

As in prior years we continue to identify revenue recognition as a fraud risk for the audit. However, we do not consider this to be a key audit matter as the majority of the Group's sales transactions are routine and the above areas have a greater impact on the allocation of senior resources in the audit and directing the efforts of the engagement team.

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 $150 MILLION	PERFORMANCE MATERIALITY $75 MILLION	REPORTING THRESHOLD $7.5 MILLION

Materiality

We determined materiality for the Group to be $150 million (2020: $66 million), which is set at approximately 3.0% (2020: 3%) of EBITDA.

We have used an earnings-based measure as our basis of materiality. As in prior years we considered that EBITDA is a more appropriate measure than Group profit before tax due to the historic volatility of this latter 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 $14.3 million (2020: $19.1 million), which we calculated as 1.5% (2020: 1.5%) of Equity adjusted to exclude non-distributable reserves which arose due to the group restructuring in 2019.

Performance 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% (2020: 50%) of materiality, namely $75 million (2020: $33 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 $13.0 million to $42.3 million.

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.

Reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of $7.5 million (2020: $3.3 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.

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

OTHER INFORMATION

The other information comprises the information included in the annual report is set out on **pages 1 to 163** 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 contained within the annual report.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves 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

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group and company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

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 163;**
- Directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate **set out on page 97**;
- Director's statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities **set out on page 97**;
- Directors' statement on fair, balanced and understandable **set out on page 162**;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks **set out on page 85**;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems **set out on page 122**; and;
- The section describing the work of the audit committee **set out on page 127.**

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 162, 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 management either intends 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 above, 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.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are which are directly relevant to specific assertions in the financial statements are those related to the reporting framework (UK adopted international accounting standards, the Companies act 2006 and the UK Corporate Governance Code), relevant tax, legal, environmental and health and safety regulations in the jurisdictions in which the Group operates, most significantly Russia, the USA, Canada and the UK.
- We have considered the impact of the existing sanctions against Russia on the Group's operations, customer base and credit risk. Nothing has come to our attention to suggest that the operations or the liquidity of the group have, to date, been adversely affected directly by sanctions other than the negative impact on capital markets and the financing options available to management. We have reviewed management's ongoing assessment of the impact of current sanctions on the Group and external advice received by the Group.
- We understood how EVRAZ plc is complying with those frameworks by making enquiries of management, internal audit, those responsible for legal and compliance procedures, the company secretary and the Audit Committee. We corroborated our enquiries through our review of Board and Board Committee minutes as well as papers presented to the Audit Committee during the audit. We assessed legal and regulatory frameworks by involvement of the integrated Group and component team members based in Russia and the USA. We also considered the response by management to instances of suspected non-compliance that have been reported to the Audit Committee during the year.
- 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 incremental audit procedures to address each identified fraud risk, including with respect to revenue recognition, the recoverability of goodwill and other non-current assets and investment impairment considerations for the Parent Company. Our procedures also included journal entry testing with a focus on manual journals.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entry testing; enquiries of legal counsel, internal audit, group management, component management at all full and specific scope components; and focused testing, including the procedures referred to in the key audit matters section above.
- Specific enquiries were made with the component teams to confirm any non-compliance with laws and regulations and this was reported through their audit deliverables based on the procedures detailed in the previous paragraph. We have considered the effect on our audit procedures of suspected non-compliance that have been reported to us by component teams or to the Audit Committee by management during the year, determining if and what incremental audit procedures may be required.

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

- Following the recommendation from the Audit Committee, 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 eleven years, covering periods from our initial appointment in 2011 through to the year ended 31 December 2021.
- The audit opinion is consistent with the additional report to the audit committee.

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.

Daniel Trotman
(Senior statutory auditor)
London
for and on behalf of Ernst & Young LLP, Statutory Auditor

24 February 2022

CONSOLIDATED FINANCIAL STATEMENTS
Year Ended 31 December 2021

Consolidated statement of operations

(in millions of US dollars, except for per share information)

	Notes	Year ended 31 December 2021	2020*	2019*
Continuing operations				
Revenue				
Sale of goods	3	$ 13,224	$ 9,222	$ 11,117
Rendering of services	3	262	230	327
		13,486	9,452	11,444
Cost of revenue	7	(7,454)	(5,992)	(7,554)
Gross profit		6,032	3,460	3,890
Selling and distribution costs	7	(827)	(788)	(867)
General and administrative expenses	7	(545)	(493)	(536)
Social and social infrastructure maintenance expenses		(30)	(29)	(23)
Gain/(loss) on disposal of property, plant and equipment, net		(7)	(3)	6
Impairment of non-financial assets	6	(22)	(313)	(335)
Foreign exchange gains/(losses), net		11	296	(311)
Other operating income		16	19	19
Other operating expenses	7	(45)	(43)	(42)
Profit from operations		4,583	2,106	1,801
Interest income	7	4	5	7
Interest expense	7	(212)	(315)	(320)
Share of profits/(losses) of joint ventures and associates	11	14	2	9
Impairment of non-current financial assets	14	–	–	(56)
Gain/(loss) on financial assets and liabilities, net	7	(20)	(71)	17
Gain/(loss) on disposal groups classified as held for sale, net	12	2	1	29
Other non-operating gains/(losses), net		–	14	13
Profit before tax from continuing operations		4,371	1,742	1,500
Income tax expense	8	(847)	(373)	(418)
Net profit from continuing operations		3,524	1,369	1,082
Discontinued operations				
Net loss from discontinued operations	13	(417)	(511)	(717)
Net profit		3,107	$ 858	$ 365
Attributable to:				
Equity holders of the parent entity		$ 3,034	$ 848	$ 326
Non-controlling interests		73	10	39
		$ 3,107	$ 858	$ 365
Earnings per share for profit attributable to equity holders of the parent entity, US dollars:				
Basic	20	$ 2.08	$ 0.58	$ 0.23
Diluted	20	$ 2.07	$ 0.58	$ 0.22
Earnings per share for profit from continuing operations attributable to equity holders of the parent entity, US dollars:				
Basic	20	$ 2.38	$ 0.94	$ 0.74
Diluted	20	$ 2.37	$ 0.94	$ 0.73

**The amounts shown here do not correspond to the 2020 and 2019 financial statements and reflect adjustments made in connection with the presentation of discontinued operations (Note 13).*

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

(in millions of US dollars)

		Year ended 31 December		
	Notes	2021	2020	2019
Net profit		$ 3,107	$ 858	$ 365
Other comprehensive income/(loss)				
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax				
Exchange differences on translation of foreign operations into presentation currency		(36)	(894)	757
Accumulated translation (gains)/losses recycled to profit or loss on disposal of foreign operations	4, 12	(3)	–	31
Net gains/(losses) on cash flow hedges	25	–	–	27
Net (gains)/losses on cash flow hedges recycled to profit or loss	7, 25	–	–	(33)
		(39)	(894)	782
Effect of translation to presentation currency of the Group's joint ventures and associates	11	–	(13)	8
		–	(13)	8
Items not to be reclassified to profit or loss in subsequent periods, net of tax				
Gains/(losses) on re-measurement of net defined benefit liability	23	85	(3)	(15)
Income tax effect	8	(20)	2	(1)
		65	(1)	(16)
Total other comprehensive income/(loss), net of tax		26	(908)	774
Total comprehensive income/(loss), net of tax		$ 3,133	$ (50)	$ 1,139
Attributable to:				
Equity holders of the parent entity		$ 3,058	$ (41)	$ 1,078
Non-controlling interests		75	(9)	61
		$ 3,133	$ (50)	$ 1,139

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of financial position

(in millions of US dollars)

The financial statements of EVRAZ plc (registered number 7784342) on pages 180-269 were approved by the Board of Directors on 24 February 2022 and signed on its behalf by Deborah Gudgeon, director.

	Notes	31 December 2021	2020	2019
ASSETS				
Non-current assets				
Property, plant and equipment	9	$ 3,169	$ 4,314	$ 4,925
Intangible assets other than goodwill	10	126	138	185
Goodwill	5	457	457	594
Investments in joint ventures and associates	11	100	79	92
Deferred income tax assets	8	183	245	152
Receivables from related parties	17	10	–	–
Other non-current financial assets	14	18	26	40
Other non-current assets	14	62	45	55
		4,125	5,304	6,043
Current assets				
Inventories	15	1,565	1,085	1,480
Trade and other receivables	16	626	378	534
Prepayments		96	80	93
Loans receivable		–	–	32
Receivables from related parties	17	34	10	10
Income tax receivable		29	46	53
Other taxes recoverable	18	171	178	175
Other current financial assets	19	12	2	4
Cash and cash equivalents	19	1,027	1,627	1,423
		3,560	3,406	3,804
Assets of disposal groups classified as held for distribution to owners	13	2,169	–	–
		5,729	3,406	3,804
Total assets		$ 9,854	$ 8,710	$ 9,847
EQUITY AND LIABILITIES				
Equity				
Equity attributable to equity holders of the parent entity				
Issued capital	20	$ 75	$ 75	$ 75
Treasury shares	20	(148)	(154)	(169)
Additional paid-in capital		2,522	2,510	2,492
Revaluation surplus		–	109	109
Accumulated profits		3,472	2,187	2,217
Translation difference		(1,928)	(3,936)	(3,048)
Reserves of disposal group held for distribution to owners		(1,939)	–	–
		2,054	791	1,676
Non-controlling interests	32	180	129	252
		2,234	920	1,928
Non-current liabilities				
Long-term loans	22	3,440	3,759	4,599
Deferred income tax liabilities	8	194	253	352
Employee benefits	23	143	240	271
Provisions	24	182	272	321
Lease liabilities	25	49	57	83
Other long-term liabilities	25	77	102	40
		4,085	4,683	5,666
Current liabilities				
Trade and other payables	26	1,539	1,264	1,378
Contract liabilities		250	314	348
Short-term loans and current portion of long-term loans	22	101	1,078	140
Lease liabilities	25	22	30	34
Payables to related parties	17	50	38	19
Dividends payable to shareholders	20	292	–	–
Income tax payable		67	108	79
Other taxes and duties payable	27	145	169	153
Provisions	24	37	41	33
Amounts payable under put options for shares in subsidiaries	4	–	65	69
		2,503	3,107	2,253
Liabilities directly associated with disposal groups classified as held for distribution to owners	13	1,032	–	–
		3,535	3,107	2,253
Total liabilities		7,620	7,790	7,919
Total equity and liabilities		$ 9,854	$ 8,710	$ 9,847

The accompanying notes form an integral part of these consolidated financial statements.

EVRAZ

Consolidated statement of cash flows

(in millions of US dollars)

	Notes	Year ended 31 December 2021	2020	2019
Cash flows from operating activities				
Net profit		$ 3,107	$ 858	$ 365
Adjustments to reconcile net profit to net cash flows from operating activities:				
Deferred income tax (benefit)/expense	8	70	(142)	5
Depreciation, depletion and amortisation	7	563	605	578
(Gain)/loss on disposal of property, plant and equipment, net		8	3	(3)
Impairment of non-financial assets	6	30	310	442
Foreign exchange (gains)/losses, net		(34)	(408)	341
Interest income	7	(5)	(6)	(8)
Interest expense	7	232	328	336
Share of (profits)/losses of associates and joint ventures	11	(14)	(2)	(9)
Impairment of non-current financial assets	14	–	–	56
(Gain)/loss on financial assets and liabilities, net	7	21	71	(17)
(Gain)/loss on disposal groups classified as held for sale, net	12	(2)	(1)	(29)
Other non-operating (gains)/losses, net		(3)	(14)	(14)
Allowance for expected credit losses	28	(1)	(2)	3
Changes in provisions, employee benefits and other long-term assets and liabilities		17	(17)	–
Expense arising from equity-settled awards	21	12	11	13
Other		(1)	(1)	(2)
		4,000	1,593	2,057
Changes in working capital:				
Inventories		(567)	250	61
Trade and other receivables		(332)	81	304
Prepayments		(29)	3	26
Receivables from/payables to related parties		(19)	5	(114)
Taxes recoverable		(93)	(30)	29
Other assets		(11)	–	(1)
Trade and other payables		429	(35)	219
Contract liabilities		(68)	(13)	13
Taxes payable		121	84	(155)
Other liabilities		(7)	(10)	(9)
Net cash flows from operating activities		3,424	1,928	2,430
Relating to:				
Continuing operations		3,663	2,262	2,932
Discontinued operations	13	(239)	(334)	(502)
Cash flows from investing activities				
Issuance of loans receivable to related parties		(1)	(1)	–
Issuance of loans receivable		(1)	(1)	(9)
Proceeds from repayment of loans receivable, including interest		–	1	2
Purchases of subsidiaries, net of cash acquired		–	–	(3)
Purchases of disposal groups held for sale	12	–	–	(22)
Investments in associates and joint ventures	11	(10)	–	(3)
Sale of associates	17	–	–	5
Proceeds from sale of other investments	17	–	–	32
Short-term deposits at banks, including interest		4	4	7
Purchases of property, plant and equipment and intangible assets		(963)	(667)	(767)
Proceeds from government grants related to property, plant and equipment	9	53	20	5
Proceeds from disposal of property, plant and equipment		6	6	16
Proceeds from sale of disposal groups classified as held for sale, net of transaction costs	12	2	11	44
Dividends received	11,17	3	1	9
Other investing activities, net		2	2	19
Net cash flows used in investing activities		(905)	(624)	(665)
Relating to:				
Continuing operations		(689)	(482)	(435)
Discontinued operations	13	(216)	(142)	(230)

Consolidated cash flows include amounts of discontinued operations (Note 13).

Continued on the next page

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of cash flows (continued)

(in millions of US dollars)

	Notes	Year ended 31 December 2021	2020	2019
Cash flows from financing activities				
Purchases of non-controlling interests	4	$ (38)	$ (66)	$ (71)
Payments for property, plant and equipment on deferred terms		(10)	(10)	–
Payments for investments on deferred terms	11	–	–	(8)
Dividends paid by the parent entity to its shareholders	20	(1,531)	(872)	(1,086)
Dividends paid by the Group's subsidiaries to non-controlling shareholders		(18)	(5)	(5)
Proceeds from bank loans and notes	22	2,325	1,218	2,805
Repayment of bank loans and notes, including interest	22	(3,403)	(1,304)	(3,035)
Net proceeds from/(repayment of) bank overdrafts and credit lines, including interest	22	(1)	(25)	22
Payments under covenants reset	22	(10)	–	–
Restricted deposits at banks in respect of financing activities		–	1	–
Realised gains/(losses) on derivatives not designated as hedging instruments	25	12	(11)	22
Realised gains/(losses) on hedging instruments	25	–	–	(23)
Payments under leases, including interest	25	(33)	(33)	(37)
Other financing activities, net		–	–	1
Net cash flows used in financing activities		(2,707)	(1,107)	(1,415)
Relating to:				
Continuing operations		(3,031)	(1,053)	(1,366)
Discontinued operations	13	324	(54)	(49)
Effect of foreign exchange rate changes on cash and cash equivalents		(12)	7	6
Net increase/(decrease) in cash and cash equivalents		(200)	204	356
Cash and cash equivalents at the beginning of the year	19	1,627	1,423	1,067
Decrease/(increase) in cash of disposal groups classified as held for distribution to owners	13	(400)	–	–
Cash and cash equivalents at the end of the year	19	$ 1,027	$ 1,627	$ 1,423
Supplementary cash flow information:				
Cash flows during the year:				
Interest paid		$ (243)	$ (284)	$ (283)
Interest received		4	5	7
Income taxes paid (included in operating activities)		(999)	(536)	(581)

Consolidated cash flows include amounts of discontinued operations (Note 13).

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

(in millions of US dollars)

	Attributable to equity holders of the parent entity									
	Issued capital	Treasury shares	Additional paid-in capital	Revaluation surplus	Accumulated profits	Translation difference	Reserves of disposal group held for distribution to owners	Total	Non-controlling interests	Total equity
At 31 December 2020	$ 75	$ (154)	$ 2,510	$ 109	$ 2,187	$ (3,936)	$ –	$ 791	$ 129	$ 920
Net profit	–	–	–	–	3,034	–	–	3,034	73	3,107
Other comprehensive income/(loss)	–	–	–	–	63	(39)	–	24	2	26
Reclassification of revaluation surplus to accumulated profits in respect of the disposed items of property, plant and equipment	–	–	–	(1)	1	–	–	–	–	–
Total comprehensive income/(loss) for the period	–	–	–	(1)	3,098	(39)	–	3,058	75	3,133
Reclassification of cumulative income or expense recognised in other comprehensive income relating to discontinued operations	–	–	–	(108)	–	2,047	(1,939)	–	–	–
Acquisition of non-controlling interests in subsidiaries (Note 4)	–	–	–	–	(19)	–	–	(19)	(19)	(38)
Reversal of derecognition of non-controlling interest in subsidiaries (Note 4)	–	–	–	–	35	–	–	35	30	65
Transfer of treasury shares to participants of the Incentive Plans (Notes 20 and 21)	–	6	–	–	(6)	–	–	–	–	–
Share-based payments (Note 21)	–	–	12	–	–	–	–	12	–	12
Dividends declared by the parent entity to its shareholders (Note 20)	–	–	–	–	(1,823)	–	–	(1,823)	–	(1,823)
Dividends declared by the Group's subsidiaries to non-controlling shareholders (Note 32)	–	–	–	–	–	–	–	–	(35)	(35)
At 31 December 2021	$ 75	$ (148)	$ 2,522	$ –	$ 3,472	$ (1,928)	$ (1,939)	$ 2,054	$ 180	$ 2,234

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity (continued)

(in millions of US dollars)

	Attributable to equity holders of the parent entity									
	Issued capital	Treasury shares	Additional paid-in capital	Revaluation surplus	Unrealised gains and losses	Accumulated profits	Translation difference	Total	Non-controlling interests	Total equity
At 31 December 2019	$ 75	$ (169)	$ 2,492	$ 109	$ –	$ 2,217	$ (3,048)	$ 1,676	$ 252	$ 1,928
Net profit	–	–	–	–	–	848	–	848	10	858
Other comprehensive income/(loss)	–	–	–	–	–	(1)	(888)	(889)	(19)	(908)
Total comprehensive income/(loss) for the period	–	–	–	–	–	847	(888)	(41)	(9)	(50)
Acquisition of non-controlling interests in subsidiaries (Note 4)	–	–	7	–	–	–	–	7	(34)	(27)
Change in non-controlling interests due to reorganisation (Note 4)	–	–	–	–	–	45	–	45	(45)	–
Decrease in non-controlling interests due to put options (Note 4)	–	–	–	–	–	(35)	–	(35)	(30)	(65)
Transfer of treasury shares to participants of the Incentive Plans (Notes 20 and 21)	–	15	–	–	–	(15)	–	–	–	–
Share-based payments (Note 21)	–	–	11	–	–	–	–	11	–	11
Dividends declared by the parent entity to its shareholders (Note 20)	–	–	–	–	–	(872)	–	(872)	–	(872)
Dividends declared by the Group's subsidiaries to non-controlling shareholders (Note 32)	–	–	–	–	–	–	–	–	(5)	(5)
At 31 December 2020	$ 75	$ (154)	$ 2,510	$ 109	$ –	$ 2,187	$ (3,936)	$ 791	$ 129	$ 920

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity (continued)

(in millions of US dollars)

	Attributable to equity holders of the parent entity									
	Issued capital	Treasury shares	Additional paid-in capital	Revaluation surplus	Unrealised gains and losses	Accumulated profits	Translation difference	Total	Non-controlling interests	Total equity
At 31 December 2018	$ 75	$ (196)	$ 2,480	$ 110	$ 6	$ 3,026	$ (3,820)	$ 1,681	$ 257	$ 1,938
Net profit	–	–	–	–	–	326	–	326	39	365
Other comprehensive income/(loss)	–	–	–	–	(6)	(14)	772	752	22	774
Reclassification of revaluation surplus to accumulated profits in respect of the disposed items of property, plant and equipment	–	–	–	(1)	–	1	–	–	–	–
Reclassification of additional paid-in capital in respect of the disposed subsidiaries	–	–	(1)	–	–	1	–	–	–	–
Total comprehensive income/(loss) for the period	–	–	(1)	(1)	(6)	314	772	1,078	61	1,139
Acquisition of non-controlling interests in subsidiaries (Note 4)	–	–	–	–	–	(10)	–	(10)	(61)	(71)
Transfer of treasury shares to participants of the Incentive Plans (Notes 20 and 21)	–	27	–	–	–	(27)	–	–	–	–
Share-based payments (Note 21)	–	–	13	–	–	–	–	13	–	13
Dividends declared by the parent entity to its shareholders (Note 20)	–	–	–	–	–	(1,086)	–	(1,086)	–	(1,086)
Dividends declared by the Group's subsidiaries to non-controlling shareholders (Note 32)	–	–	–	–	–	–	–	–	(5)	(5)
At 31 December 2019	$ 75	$ (169)	$ 2,492	$ 109	$ –	$ 2,217	$ (3,048)	$ 1,676	$ 252	$ 1,928

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements Year ended 31 December 2021

1. CORPORATE INFORMATION

These consolidated financial statements were authorised for issue by the Board of Directors of EVRAZ plc on 24 February 2022.

EVRAZ plc ("EVRAZ plc" or "the Company") was incorporated on 23 September 2011 as a public company limited by shares under the laws of the United Kingdom. The Company was incorporated under the Companies Act 2006 with the registered number in England 7784342. The Company's address is 2 Portman street, London, W1H 6DU, United Kingdom.

The Company is a holding company which owns steel, mining and trading companies. The Company, together with its subsidiaries (the "Group"), is involved in the production and distribution of steel and related products, vanadium products and coal and iron ore mining. The Group is one of the largest steel producers globally.

At 31 December 2021, 2020 and 2019, EVRAZ plc was jointly controlled by a group of 3 shareholders: Greenleas International Holdings Limited (BVI), Abiglaze Limited (Cyprus) and Crosland Global Limited (Cyprus).

The major subsidiaries included in the consolidated financial statements of the Group were as follows at 31 December:

Subsidiary	Effective ownership interest, %			Business activity	Location
	2021	2020	2019		
EVRAZ Nizhny Tagil Metallurgical Plant ("EVRAZ NTMK")	**100.00**	100.00	100.00	Steel production	Russia
EVRAZ Consolidated West-Siberian Metallurgical Plant ("EVRAZ ZSMK")	**100.00**	100.00	100.00	Steel production	Russia
EVRAZ Inc. NA	**100.00**	100.00	100.00	Steel production	USA
EVRAZ Inc. NA Canada	**100.00**	100.00	100.00	Steel production	Canada
Raspadskaya	**93.24**	95.15*	88.17	Coal mining	Russia
Yuzhkuzbassugol	**93.24**	95.15*	100.00	Coal mining	Russia
EVRAZ Kachkanarsky Mining-and-Processing Integrated Works	**100.00**	100.00	100.00	Ore mining & processing	Russia

* In 2020, the ownership interest in Raspadskaya and Yuzhkuzbassugol reflected the potential purchase of 4.25% in Raspadskaya under the share buyback offer (Note 4 *Put Option for the Shares of Raspadskaya*).

In 2021, in connection with the highly probable demerger of Raspadskaya together with its subsidiary Yuzkuzbassugol they were classified as disposal groups held for distribution to owners (Note 13).

The full list of the Group's subsidiaries and other significant holdings as of 31 December 2021 is presented in Note 34.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These consolidated financial statements of the Group have been prepared in accordance with UK-adopted international accounting standards. These standards are International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standard Board ("IASB"), as endorsed by the UK Endorsement Board.

The consolidated financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below. Exceptions include, but are not limited to, property, plant and equipment at the date of transition to IFRS accounted for at deemed cost, equity instruments measured at fair value, assets classified as held for sale measured at the lower of their carrying amount or fair value less costs to sell and post-employment benefits measured at present value.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Preparation (continued)

Going Concern

These consolidated financial statements have been prepared on a going concern basis.

The Group's financial position at 31 December 2021 including its cash flows, liquidity position and borrowing facilities are set out in these financial statements and the Financial Review section. The Group's net debt as at 31 December 2021 was $2,667 million (31 December 2020 and 2019: $3,356 million and $3,445 million, respectively) and its cash plus committed undrawn facilities were $2,050 million (31 December 2020 and 2019: $2,564 million and $1,870 million, respectively).

As disclosed in Note 30, macroeconomic uncertainty and instability have arisen due to the COVID-19 pandemic. However, the majority of the Group's businesses were relatively unaffected with no significant issues for production, supply or shipments. Moreover, during 2021 there was a very significant increase in demand for, and prices of, almost all of the Group's products leading to the Group's strong financial performance.

The management of EVRAZ plc has considered the Group's cash flow forecasts for the period to 30 June 2023, the going concern assessment period, forecasting both liquidity and covenant compliance. It initially evaluated two financial performance scenarios, being a base case and a pessimistic case reflecting a reduction in forecast prices to the lower end of market analysts' current forecasts. Both scenarios reflect the effect of the highly probable demerger of the coal business (Note 13), the scheduled repayment of debt, most significantly $750 million of US-denominated notes due in 2023 (Note 22), and the effect of the new excise tax on liquid steel and higher taxes on mineral extraction imposed by the government of the Russian Federation from 1 January 2022 (Note 30). Management has considered whether the effects of risks associated with climate change, including decarbonisation (Note 6), will impact the going concern period, concluding that they will not have any significant impact. Under both scenarios, the Group is forecast to maintain sufficient liquidity for the period to 30 June 2023 and to operate within its debt covenants. In the pessimistic case the amount of cash is assumed to be close to the minimum operating level in the first half of 2023. These scenarios do not however include actions at management's disposal to strengthen projected liquidity, including the deferral of uncommitted capital expenditure.

In order to further test the resilience of the going concern assessment to potential uncertainties, particularly with respect to the worsening situation relating to Ukraine and heightened risk of the economic sanctions, management performed a severe downside sensitivity. This assumed that capital expenditure was reduced to $500 million per annum and then determined the extent to which EBITDA could fall throughout the period, whilst maintaining an operating level of liquidity. Such a fall would reflect a highly material interruption to the Group's current business including reducing Russian export sales outside the CIS to nil throughout the going concern period combined with a further reduction in EBITDA as a result of other possible factors, including further international sanctions. The directors have also considered additional mitigating actions that would be available in such circumstances including further reductions in costs, capital expenditure and the deferral of dividends.

None of the scenarios modelled reflect any new financing beyond that currently committed. In managing the financing of the Group, management continues to monitor opportunities for future raising of finance, including as current notes mature.

The directors, having considered the scenarios above, conclude that the likelihood of a scenario that would eliminate liquidity or breach covenants is remote. Based on this analysis and other currently available facts and circumstances the directors and management have a reasonable expectation that the Company and the Group have adequate resources to continue as a going concern.

Discontinued Operations

On 31 December 2021, the criteria for the classification of Raspadskaya and its subsidiaries ("Raspadskaya Group") as a disposal group held for distribution to owners were met. Starting from this date the Group applied the classification, measurement and presentation requirements of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" to Raspadskaya Group and re-presented the statements of operations and the relevant disclosures for prior periods. More details are provided in *Significant Accounting Judgements* section below and in Note 13.

Changes in Accounting Policies

New/Revised Standards and Interpretations Adopted in 2021:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16: Interest Rate Benchmark Reform, phase 2

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR (reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

The Group has a number of short-term and long-term borrowings with variable interest rates. It is expected that IBORs will be replaced by a rate based on Secured Overnight Financing Rate ("SOFR") in 2022-2023. All new loan agreements contain some fallback language.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in Accounting Policies (continued)

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Standards Issued But Not Yet Effective

Standards not yet effective for the financial statements for the year ended 31 December 2021	Effective for annual periods beginning on or after
• Amendment to IFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
• Amendments to IFRS 3: Reference to the Conceptual Framework	1 January 2022*
• Amendments to IAS 16: Proceeds before intended use	1 January 2022*
• Amendments to IAS 37: Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022*
• Amendments to Annual improvements 2018-2020	1 January 2022*
• IFRS 17 "Insurance Contracts", including amendments	1 January 2023*
• Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023*
• Amendments to IAS 8: Definition of Accounting Estimates	1 January 2023*
• Amendments to IAS 12: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023*
• Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 January 2024*

*Subject to UK endorsement

The Group expects that the adoption of the amendments and the standard listed above will not have a significant impact on the Group's results of operations and financial position in the period of initial application.

Significant Accounting Judgements and Estimates

Accounting Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimates, which have the most significant effect on the amounts recognised in the consolidated financial statements:

- In June 2020 and January 2021, the Board of directors discussed the possible demerger of a group of coal companies consolidated under Raspadskaya, which constitutes a major part of the coal segment. However, at 31 December 2020 and 30 June 2021 it remained uncertain whether this transaction would be finally approved by the directors and executed as there were a number of additional significant uncertainties and potential conditions pending, most significantly, the approval of the transaction by shareholders and bondholders, but also by the regulatory authorities of the UK and the Russian Federation. Accordingly, the classification, measurement and presentation requirements of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" were not applied to Raspadskaya Group in the consolidated financial statements for the year ended 31 December 2020 and for the six-month period ended 30 June 2021. On 14 December 2021, the Board of directors approved the proposed demerger, and a circular containing the details of the transaction was published. The Company assessed the potential outcome of the shareholders' voting on the demerger using an independent experts' opinion received in late 2021. As a result, it was determined that the required votes to approve the demerger are expected to be collected. At 31 December 2021, management concluded that the demerger has become highly probable within 1 year and Raspadskaya Group meets all criteria to be classified as a disposal group held for distribution to owners and, consequently, it shall be accounted for as discontinued operations (Note 13).

- In 2019, the Group concluded a contract with Xcel Energy Inc. for the construction of a solar power plant in Pueblo (Colorado, USA) to be owned and operated by a third party and for the supply of electricity to the Group's steel and rail mills in Pueblo for a long-term period on a take-or-pay basis. The Group determined based on the criteria in IFRS 16 "Leases" that the supply contract with Xcel Energy Inc. does not contain a lease. Management believes that this arrangement does not convey a right to the Group to use the assets as the Group does not have an ability to operate the assets or to direct other parties to operate the assets; it does not control physical access to the assets; and it is expected that more than an insignificant amount of the assets' output will be sold to the parties unrelated to the Group. The commitments under the contract are disclosed in Note 30.

- The Group determined based on the criteria in IFRS 16 "Leases" that the supply contracts with PraxAir Rus LLC ("PraxAir Rus") and Air Liquide Kuzbass LLC ("Air Liquide Kuzbass ") do not contain a lease. These contracts include the construction of air separation plants by PraxAir Rus and Air Liquide Kuzbass to be owned and operated by them and the supply of oxygen and other industrial gases produced by the entities to the Group's steel plants in Russia (EVRAZ NTMK and EVRAZ ZSMK) for a long-term period on a take or pay basis. Management believes that these arrangements do not convey a right to the Group to use the assets as the Group does not have an ability to operate the assets or to direct other parties to operate the assets; it does not control physical access to the assets; and it is expected that more than an insignificant amount of the assets' output will be sold to the parties unrelated to the Group. The commitments under the contracts are disclosed in Note 30.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Judgements and Estimates (continued)

Accounting Judgements (continued)

- In 2019, an independent trader entered into contracts with two of the Group's subsidiaries: for the purchase of semi-finished steel products with one subsidiary of the Steel segment and for the sale of semi-finished steel products with another subsidiary of the Steel North America segment. The Group analysed the nature of the contracts and determined that they require a separate recognition of the sales and purchase transactions as there is neither a tripartite agreement, nor a call or put option, which would require these contracts to be treated as a single arrangement. Specifically, the trader bears full inventory and market risks, and it has a full discretion in establishing prices for each contract separately based on prevailing market conditions. In 2021, the Group sold to the independent trader 144 thousand metric tonnes of slabs for $101 million (2020: 357 thousand metric tonnes of slabs for $157 million; 2019: 330 thousand metric tonnes of slabs for $161 million) and purchased from it 130 thousand metric tonnes for $98 million (2020: 308 thousand metric tonnes for $157 million; 2019: 192 thousand metric tonnes for $108 million).

- In 2021 and 2020, certain of the Group's suppliers sold their accounts receivable from the Group under factoring contracts to banks with no recourse. The Group analysed these factoring arrangements and determined that they do not significantly change the terms and conditions of payments, i.e. they do not contain a financing component and, consequently, should continue to be presented as trade payables in the consolidated statement of financial position and in cash flows from operating activities in the consolidated statement of cash flows. At 31 December 2021 and 2020, $265 million and $188 million were unpaid under these factoring liabilities.

Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

Assessment of Recoverable Amount of Property, Plant and Equipment

At each reporting date the Group assesses whether there is any indication that an asset may be impaired or if a past impairment should be reversed. A large number of factors are considered, such as changes in current competitive conditions, expectations of growth in the industry, increased cost of capital, changes in the future availability of financing, technological obsolescence, discontinuance of service, current replacement costs and other changes in circumstances. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The determination of the recoverable amount of a cash-generating unit involves the use of estimates by management. Methods used to determine the value in use include discounted cash flow-based methods, which require the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable pre-tax discount rate in order to calculate the present value of these cash flows. The pre-tax discount rate reflects current market assessment of the time value of money and the risks specific to the assets. The expected future cash flows depend on the estimated volumes of production and sales, future prices, costs, growth rates, capital and maintenance expenditure, inflation, foreign exchange rates, the future impact risks associated with climate change and other factors. These estimates, including the methodologies used, may have a material impact on the value in use and, ultimately, the amount of any impairment. The principal assumptions used in determining the recoverable amounts of cash-generating units and sensitivity to changes in assumptions are disclosed in Note 6.

In 2021, 2020 and 2019, the Group recognised a net impairment reversal/(loss) of $(30) million, $(162) million and $(142) million, respectively (Notes 6 and 9).

Management has considered how the Group's identified climate risks and climate related goals (as discussed in *Climate Change and GHG Emissions* in this Annual Report) may impact the estimation of the recoverable value of cash-generating units tested for impairment.

The anticipated extent and nature of the future impact of climate on the Group's operations and future investment, and therefore estimation of recoverable value, is not uniform across all cash-generating units. In particular, this is impacted by the activity of the cash-generating unit, current technologies and production processes employed and the current level of emissions, energy efficiency and use of renewable energy. The most significant effects are expected to arise in relation to the Group's steel production in Russia. The sensitivity of the Group's impairment assessment to these factors is also impacted by the extent that estimated recoverable value exceeds the carrying value of an individual cash-generating unit -- where this is lower there is an increased risk of a future impact. Such headroom for the Group's cash-generating units in Russia is generally materially higher than that of those in North America.

The Group is in the process of identifying a range of actions and initiatives to progress towards the Group's goals, including reduction of greenhouse gas emissions, wastewater discharges and increase of waste utilisation. In certain cases the costs of such actions have been quantified and are included in the Group's forecasts which are used to estimate recoverable value for the Group's cash-generating units, most significantly sulfur dioxide (SO2) capture at a sinter plant of EVRAZ ZSMK and closed loop water systems at EVRAZ ZSMK and EVRAZ NTMK. Other actions and initiatives continue to be explored by the Group but are not sufficiently certain to be reflected in the Group's forecasts of estimated recoverable value. The most significant of these, along with related investments, are expected to relate to the Russian steel segment -- however, related assets currently benefit from significant estimated headroom.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Judgements and Estimates (continued)

Estimation Uncertainty (continued)

Assessment of Recoverable Amount of Property, Plant and Equipment (continued)

There is a range of inherent uncertainties in the extent that responses to climate change may impact the recoverable value of the Group's cash-generating units, with many of these being outside the Group's control. These include the impact of future changes in government policies, legislation and regulation, societal responses to climate change, the future availability of new technologies and changes in supply and demand dynamics. Most significant to the Group is expected to be the nature and timing of any future carbon taxes that may be introduced in Russia. This has been considered by way of a sensitivity in Note 6.

The Group may also be impacted by changes in demand for its products. In particular, demand for products from the Large diameter pipes and Oil Country Tubular Goods cash-generating units is driven by ongoing investment in the oil and gas industry. As a result of limited headroom of recoverable value over carrying value for these cash-generating units, a sensitivity has been performed of the impact of a future decline in demand (Note 6).

At present there are few reasonable alternatives to the use of steel in areas such as construction and automotive industries. Management has not sought to estimate any beneficial impact of future opportunities or the potential for price inflation as a result of higher costs of production.

Impairment Testing of Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount of goodwill at 31 December 2021, 2020 and 2019 was $457 million, $457 million and $594 million, respectively. In 2021, 2020 and 2019, the Group recognised an impairment loss in respect of goodwill in the amount of $Nil, $132 million and $300 million, respectively. More details of the assumptions used in estimating the value in use of the cash-generating units to which goodwill is allocated are provided in Note 6.

Deferred Income Tax Assets

At 31 December 2021, 2020 and 2019, the Group recognised net deferred tax assets of $183 million, $245 million and $152 million, respectively (Note 8). These assets mostly related to the US and Canadian subsidiaries and mainly consisted of the unused tax losses and tax credits. Such assets are recognised only to the extent that there are sufficient taxable temporary differences or there is convincing evidence that sufficient taxable profits will be available against which the deductible temporary differences can be utilised.

The assumptions about generation and likelihood of future taxable profits depend on management's estimates of future cash flows and are contained in yearly budgets and long-term forecasts. Judgements and assumptions are also required about the application of income tax legislation, expiration of tax losses carried forward and tax planning strategies. The principal assumptions used in these forecasts include operating results, profitability, an appropriate outlook period and tax rates. Assumptions underlying the forecasts of future taxable profits that support the recoverability of deferred tax assets should be consistent with assumptions underlying cash flows forecasts used in the impairment test models.

All these judgements and assumptions are subject to risks and uncertainties, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the consolidated statement of financial position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances some or all of the carrying amounts of the recognised deferred tax assets may require a material adjustment within the next year, resulting in a corresponding credit or charge to the consolidated statement of operations.

Post-Employment Benefits

The Group uses an actuarial valuation method for the measurement of the present value of post-employment benefit obligations and related current service cost. This involves the use of demographic assumptions about the future characteristics of the current and former employees who are eligible for benefits (mortality, both during and after employment, rates of employee turnover, disability and early retirement, etc.) as well as financial assumptions (discount rate, future salary and benefit levels, expected rate of return on plan assets, etc.). More details are provided in Note 23.

Foreign Currency Transactions

The presentation currency of the Group is the US dollar because presentation in US dollars is most relevant for the major current and potential users of the consolidated financial statements.

The functional currencies of the Group's subsidiaries are the Russian rouble, US dollar, euro, Czech koruna and Canadian dollar. At the reporting date, the assets and liabilities of the subsidiaries with functional currencies other than the US dollar are translated into the presentation currency at the rate of exchange ruling at the end of the reporting period, and their statements of operations are translated at the exchange rates that approximate the exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of a subsidiary with functional currency other than the US dollar, the deferred cumulative amount recognised in equity relating to that particular subsidiary is recognised in the statement of operations.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following exchange rates were used in the consolidated financial statements:

	2021		2020		2019	
	31 December	Average	31 December	average	31 December	average
USD/RUB	**74.2926**	**73.6541**	73.8757	72.1464	61.9057	64.7362
EUR/USD	**1.1326**	**1.1827**	1.2271	1.1422	1.1234	1.1195
USD/CAD	**1.2632**	**1.2537**	1.2740	1.3413	1.2968	1.3269

Transactions in foreign currencies in each subsidiary of the Group are initially recorded in the functional currency at the rate ruling at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the end of the reporting period. All resulting differences are taken to the statement of operations. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Basis of Consolidation

Subsidiaries

Subsidiaries, which are those entities in which the Group has an interest of more than 50% of the voting rights and over which the Group has control, or otherwise has power to exercise control over their operations, are consolidated. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

All intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the parent's shareholders' equity.

Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Acquisition of Subsidiaries

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition costs incurred are expensed and included in administrative expenses.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

The initial accounting for a business combination involves identifying and determining the fair values to be assigned to the acquiree's identifiable assets, liabilities and contingent liabilities and the cost of the combination. If the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, the Group accounts for the combination using those provisional values. The Group recognises any adjustments to those provisional values as a result of completing the initial accounting within twelve months of the acquisition date.

Comparative information presented for the periods before the completion of initial accounting for the acquisition is presented as if the initial accounting had been completed from the acquisition date.

Increases in Ownership Interests in Subsidiaries

The differences between the carrying values of net assets attributable to interests in subsidiaries acquired and the consideration given for such increases is either added to additional paid-in capital, if positive, or charged to accumulated profits, if negative, in the consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Purchases of Controlling Interests in Subsidiaries from Entities under Common Control

Purchases of controlling interests in subsidiaries from entities under common control are accounted for using the pooling of interests method.

The assets and liabilities of the subsidiary transferred under common control are recorded in these financial statements at the historical cost of the controlling entity (the "Predecessor"). Related goodwill inherent in the Predecessor's original acquisition is also recorded in the financial statements. Any difference between the total book value of net assets, including the Predecessor's goodwill, and the consideration paid is accounted for in the consolidated financial statements as an adjustment to the shareholders' equity.

The financial statements, including corresponding figures, are presented as if a subsidiary had been acquired by the Group on the date it was originally acquired by the Predecessor.

Put Options over Non-controlling Interests

The Group derecognises non-controlling interests if non-controlling shareholders have a put option over their holdings. The difference between the amount of the liability recognised in the statement of financial position and the carrying value of the derecognised non-controlling interests is charged to accumulated profits.

Investments in Associates

Associates are entities in which the Group generally has between 20% and 50% of the voting rights, or is otherwise able to exercise significant influence, but which it does not control or jointly control.

Investments in associates are accounted for under the equity method of accounting and are initially recognised at cost including goodwill. Subsequent changes in the carrying value reflect the post-acquisition changes in the Group's share of net assets of the associate and goodwill impairment charges, if any.

The Group's share of its associates' profits or losses is recognised in the statement of operations and its share of movements in reserves is recognised in equity. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless the Group has legal or constructive obligations to make payments to, or on behalf of, the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Interests in Joint Ventures

The Group's interest in its joint ventures is accounted for under the equity method of accounting whereby an interest in jointly ventures is initially recorded at cost and adjusted thereafter for post-acquisition changes in the Group's share of net assets of joint ventures. The statement of operations reflects the Group's share of the results of operations of joint ventures.

Property, Plant and Equipment

The Group's property, plant and equipment is stated at purchase or construction cost, excluding the costs of day-to-day servicing, less accumulated depreciation and any impairment in value. Such cost includes the cost of replacing part of plant and equipment when that cost is incurred and recognition criteria are met.

The Group's property, plant and equipment include mining assets, which consist of mineral reserves, mine development and construction costs and capitalised site restoration costs. Mineral reserves represent tangible assets acquired in business combinations. Mine development and construction costs represent expenditures on developing access to mineral reserves (after technical feasibility and commercial viability of extracting a mineral resource are demonstrable) and preparations for commercial production, including sinking shafts and underground drifts, roads, infrastructure, buildings, machinery and equipment.

At each end of the reporting period management makes an assessment to determine whether there is any indication of impairment or, where relevant, impairment reversal of property, plant and equipment. If any such indication exists, management estimates the recoverable amount, which is the higher of an asset's fair value less cost to sell and its value in use. The carrying amount is reduced to the recoverable amount, and the difference is recognised as impairment loss in the statement of operations or other comprehensive income. An impairment loss recognised for an asset in previous years is reversed if there has been a change in the estimates used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Land is not depreciated. Depreciation of property, plant and equipment, except for mining assets, is calculated on a straight-line basis over the estimated useful lives of the assets. The useful lives of items of property, plant and equipment and methods of their depreciation are reviewed, and adjusted as appropriate, at each fiscal year end.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Plant and Equipment (continued)

The table below presents the useful lives of items of property, plant and equipment.

	Useful lives (years)	Weighted average remaining useful life (years)
Buildings and constructions	15–60	18
Machinery and equipment	4–45	9
Transport and motor vehicles	7–20	9
Other assets	3–15	2

The Group determines the depreciation charge separately for each significant part of an item of property, plant and equipment.

Depletion of mining assets including capitalised site restoration costs is calculated using the units-of-production method based upon proved and probable mineral reserves. The depletion calculation takes into account future development costs for reserves which are in the production phase.

Maintenance costs relating to items of property, plant and equipment are expensed as incurred. Major renewals and improvements are capitalised, and the replaced assets are derecognised.

The Group has the title to certain non-production and social assets, primarily buildings and facilities of social infrastructure, which are carried at their recoverable amount of zero. The costs to maintain such assets are expensed as incurred.

Mineral Reserves

The Group estimates its mineral reserves in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (“JORC Code”). Estimation of reserves in accordance with the JORC Code involves some degree of uncertainty. The uncertainty depends mainly on the amount of reliable geological and engineering data available at the time of the estimate and the interpretation of this data, which also requires use of subjective judgement and development of assumptions.

The changes in the pricing environment and geology-related risk factors may lead to a revision of mining plans, decisions to abandon or to mothball certain parts of a mine, to a reassessment of the capital expenditures required for the extraction of the proved and probable reserves, as well as to the changes in the resources classified as proved and probable reserves. These changes may have an impact on the depletion charge and impairment, which may arise as a result of a decline in the recoverable amounts of the affected mines.

Exploration and Evaluation Expenditures

Exploration and evaluation expenditures represent costs incurred by the Group in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. The expenditures include acquisition of rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling, activities in relation to evaluating the technical feasibility and commercial viability of extracting mineral resources. These costs are expensed as incurred.

When the technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the Group commences recognition of expenditures related to the development of mineral resources as assets. These assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Leases

Group as a Lessee

The determination of whether an arrangement is, or contains, a lease is done at contract inception and includes the assessment of whether the arrangement conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term or exercise a purchase option, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Otherwise, the lessee depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Right-of-use assets are subject to impairment. The right-of-use assets are included in the Property, plant and equipment caption of the statement of financial position (Note 9).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Group as a Lessee (continued)

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate is determined based on the Group's borrowing rates for similar terms and currencies in an economic environment, in which the lessee operates. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment of plans to purchase the underlying asset.

The lease term is a non-cancellable period for which a lessee has the right to use an underlying asset, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised.

The lease term of cancellable or renewable leases is dependent of the enforceability of the contract beyond the date on which it can be terminated. The contract is enforceable if only one party of the lease contract has the right to terminate the lease without permission from the other party with no more than an insignificant penalty. In this case the Group, as a lessee, assesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option.

Lease payments for contracts with a duration of 12 months or less or leases for which the underlying assets are of low value are not recognised as lease liabilities. They are expensed to the statement of operations on a straight-line basis over the lease term and included in cost of revenues, selling, general and administrative expenses.

Information about lease arrangements is disclosed in Note 25.

Group as a Lessor

Finance leases, in which the Group acts as a lessor, when substantially all the risks and benefits incidental to ownership of the leased item are transferred to the lessee, are recognised as net investments in finance lease from the commencement of the lease term at the present value of the minimum lease payments. Lease payments are apportioned between the finance income and reduction of the lease receivable so as to achieve a constant rate of interest on the remaining balance of receivables. Finance income is included in the interest income caption.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases (Note 9). Operating lease income is recognised within the rendering of services caption on a straight-line basis over the lease term.

Goodwill

Goodwill represents the excess of the aggregate of the consideration transferred for an acquisition of a subsidiary or an associate and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the acquiree, the difference is recognised in the consolidated statement of operations.

Goodwill on acquisition of a subsidiary is included in intangible assets. Goodwill on acquisition of an associate is included in the carrying amount of the investments in associates.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently, if events or changes in circumstances indicate that the carrying amount may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit, or the group of cash-generating units, to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operation disposed of and the portion of the cash-generating unit retained.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible Assets Other Than Goodwill

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditures on internally generated intangible assets, excluding capitalised development costs, are expensed as incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite life are reviewed at least at each year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are treated as changes in accounting estimates. Intangible assets with indefinite useful lives are not amortised, they are tested for impairment annually either individually or at the cash-generating unit level.

The table below presents the useful lives of intangible assets.

	Useful lives (years)	Weighted average remaining useful life (years)
Customer relationships	1–15	2
Contract terms	10	2
Other	5–19	4

Certain water rights and environmental permits are considered to have indefinite lives as management believes that these rights will continue indefinitely. The most part of the Group's intangible assets represents customer relationships arising on business combinations (Note 10).

Financial Assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them, i.e. how the Group manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

With the exception of trade and other receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Trade and Other Accounts Receivable

Trade and other receivables are recognised at their transaction price as defined in IFRS 15 "Revenue" if they do not contain a significant financing component or if the Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

For trade and other receivables, the Group applies a simplified approach for calculating the expected credit losses. Therefore, the Group does not track changes in credit risk, but, instead, it recognises a loss allowance based on the lifetime expected credit losses at each reporting date. The Group separately determines the expected credit losses for individually significant balances or collectively for trade and other receivables that are not individually significant.

The expected credit losses for individually significant balances are estimated using debtors' historical credit loss experience adjusted for forward-looking factors specific to the debtors and economic environment.

Inventories

Inventories are recorded at the lower of cost and net realisable value. Cost of inventory is determined on the weighted average basis and includes expenditure incurred in acquiring or producing inventories and bringing them to their existing location and condition. The cost of finished goods and work in progress includes an appropriate share of production overheads based on normal operating capacity, but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Value Added Tax

The tax authorities permit the settlement of sales and purchases value added tax ("VAT") on a net basis.

The Group's subsidiaries apply the accrual method for VAT recognition, under which VAT becomes payable upon invoicing and delivery of goods or rendering services as well upon receipt of prepayments from customers. VAT on purchases, even if not settled at the end of the reporting period, is deducted from the amount of VAT payable.

Where provision has been made for impairment of receivables, an impairment loss is recorded for the gross amount of the debtor, including VAT.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand and deposits with an original maturity of three months or less.

Non-current Assets Held for Sale or for Distribution to Owners

The Group classifies non-current assets and disposal groups as held for sale or for distribution to owners if their carrying amounts will be recovered principally through a sale transaction or distribution rather than through continuing use. Non-current assets and disposal groups classified as held for sale/distribution to owners are measured at the lower of their carrying amount and fair value less costs to sell/distribute. Costs to sell/distribute are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale/distribution classification is regarded as met only when the sale/distribution is highly probable, and the asset or disposal group is available for immediate sale/distribution in its present condition. Actions required to complete the sale/distribution should indicate that it is unlikely that significant changes to the sale/distribution plan will be made or that the decision to sell or to distribute to owners will be withdrawn. Management must be committed to the plan to sell/to distribute the asset and the sale/distribution is expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale or distribution. Assets and liabilities classified as held for sale or distribution are presented separately as current items in the statement of financial position.

Further details are provided in Notes 2 *(Accounting Judgements)*, 12 and 13.

Discontinued Operations

A discontinued operation is a component of an entity that has been disposed of, or is classified as held for sale or distribution to owners and represents a separate major line of business or geographical area of operations.

According to IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

Statements of operations for prior periods are re-presented so that all operations that have been classified as discontinued by the end of the current reporting period are presented according to IFRS 5 requirements. No adjustments to comparative data are made for the assets and liabilities in the statement of financial position and statement of cash flows.

Intragroup transactions between continuing and discontinued operations are eliminated on consolidation. Only transactions with external parties are presented as discontinued operations. Consequently, the prescibed approach does not present real results of both operations, continuing and discontinued. The statement of operations for the current period and the re-presented comparatives do not reflect the amounts, which could be recognised and presented had the disposal of the discontinued operation already occurred.

In case of a subsidiary with functional currency other than the US dollar, upon its disposal the deferred cumulative amount of exchange difference recognised in equity relating to that particular subsidiary is written down to the statement of operations and recognised within the "Profit/(loss) after tax from discontinued operations" caption.

Discontinued operations are disclosed in Note 13.

Non-cash Distributions to Owners

Dividends in specie refer to a distribution to owners settled by assets other than cash. For accounting of such transactions the Group applies IFRIC 17 "Distributions of Non-cash Assets to Owners", IFRS 13 "Fair Value Measurement" and IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

The liability to pay a dividend is recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity. An entity measures a liability to distribute non-cash assets as a dividend to its owners at the fair value of the assets to be distributed.

If an entity gives its owners a choice of receiving either a non-cash asset or a cash alternative, the entity estimates the dividend payable by calculating the fair value of each alternative and the associated probability of owners selecting each alternative.

At the end of each reporting period and at the date of settlement, the entity reviews and adjusts the carrying amount of the dividend payable, with any changes in the carrying amount of the dividend payable recognised in equity as adjustments to the amount of the distribution.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-cash Distributions to Owners (continued)

When an entity settles the dividend liability, it recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the dividend payable in profit or loss.

Information about non-cash distributions to owners is disclosed in Note 13.

Equity

Share Capital

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares are shown as a deduction in equity from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recognised as additional paid-in capital.

Treasury Shares

Own equity instruments which are acquired by the Group (treasury shares) are deducted from equity. No gain or loss is recognised in statement of operations on the purchase, sale, issue or cancellation of the treasury shares. Any difference between the carrying amount and the consideration, if reissued, is recognised in additional paid-in capital.

Dividends

Dividends are recognised as a liability and deducted from equity only if they are declared before the end of the reporting period. Dividends are disclosed when they are proposed before the end of the reporting period or proposed or declared after the end of the reporting period but before the financial statements are authorised for issue.

Borrowings

Borrowings are initially recognised at fair value, net of directly attributable transaction costs. After initial recognition, borrowings are measured at amortised cost using the effective interest rate method; any difference between the amount initially recognised and the redemption amount is recognised as interest expense over the period of the borrowings.

Borrowing costs relating to qualifying assets are capitalised (Note 9).

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

Site Restoration Provisions

The Group reviews site restoration provisions at each reporting date and adjusts them to reflect the current best estimate in accordance with IFRIC 1 “Changes in Existing Decommissioning, Restoration and Similar Liabilities”.

Provisions for site restoration costs are capitalised within property, plant and equipment.

Employee Benefits

Social and Pension Contributions

Defined contributions are made by the Group to the Russian state pension, social insurance and medical insurance funds at the statutory rates in force based on gross salary payments. The Group has no legal or constructive obligation to pay further contributions in respect of those benefits. Its only obligation is to pay contributions as they fall due. These contributions are expensed as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee Benefits (continued)

Defined Benefit Plans

The Group companies provide pensions and other benefits to their employees (Note 23). The entitlement to these benefits is usually conditional on the completion of a minimum service period. Certain benefit plans require the employee to remain in service up to retirement age. Other employee benefits consist of various compensations and non-monetary benefits. The amounts of benefits are stipulated in the collective bargaining agreements and/or in the plan documents.

The Group involves independent qualified actuaries in the measurement of employee benefit obligations.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses on post-employment benefit obligations, the effect of the asset ceiling, and the return on plan assets (excluding amounts included in interest income), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment, and the date that the Group recognises restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. It is recorded within interest expense in the consolidated statement of operations.

The Group recognises current service costs, past-service costs, gains and losses on curtailments and non-routine settlements in the consolidated statement of operations within “cost of sales”, “general and administrative expenses” and “selling and distribution expenses”.

Other Costs

The Group incurs employee costs related to the provision of benefits such as health services, kindergartens and other services. These amounts principally represent an implicit cost of employment and, accordingly, have been charged to cost of sales.

Share-based Payments

The Group has Incentive Plans (Note 21), under which certain senior executives and employees of the Group receive remuneration in the form of share-based payment transactions, whereby they render services as consideration for equity instruments (“equity-settled transactions”).

The cost of equity-settled transactions with grantees is measured by reference to the fair value of the Company’s shares at the date on which they are granted. The fair value is determined using the Black-Scholes-Merton model. In valuing equity-settled transactions, no account is taken of any conditions, other than market conditions.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity (additional paid-in capital), over the period in which service conditions are fulfilled, ending on the date on which the relevant persons become fully entitled to the award (“the vesting date”). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit in the statement of operations for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards if EBITDA-related conditions are not satisfied or participants lose the entitlement for the shares due to the termination of their employment. Accumulated share-based expense is adjusted to reflect the number of share options that eventually vest. For market-related performance conditions, such as total shareholder return (“TSR”), if the conditions are not met and the share options do not vest, then no reversal is made for the share-based expense previously recognised.

The TSR-related vesting condition of Incentive Plans adopted in 2017-2021 was considered by the Group as a market condition. As such, it was included in the estimation of the fair value of the granted shares and will not be subsequently revised. Vesting condition related to EBITDA was not taken into account when estimating the fair value of the share options at the grant date. Instead, this will be taken into account by adjusting the share-based expense based on the number of share options that eventually vest.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

The dilutive effect of outstanding share-based awards is reflected as additional share dilution in the computation of earnings per share (Note 20).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

The following specific recognition criteria must also be met before revenue is recognised:

Sale of Goods

The Group recognises revenues from sales of goods at the point in time when control of the asset is transferred to the customer and it is probable that the amount of consideration is collectible. The moment of transfer of control is determined by the contract terms and usually occurs at the date of shipment.

Some contracts with customers provide a right of return, trade discounts or volume rebates. The Group recognises revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of the estimated returns and price concessions, trade discounts and volume rebates. The variable consideration is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Group enters into contracts with its customers, under which the Group provides transportation and handling services using third party providers (i.e. the Group selects suitable firms and manages the shipment and delivery). These services are provided to the customers before, or after, they obtain control over the goods. The cost of services is included in the contract price. Under IFRS 15, transportation and handling services rendered by the Group before control over the goods is transferred to the customers do not represent a separate performance obligation. Therefore, the Group recognises these services at the moment when control over the goods is passed to the customers. With respect to the contracts when the Group provides transportation and handling services after obtaining control over the goods by the customers, the Group concluded that these services represent a separate performance obligation and the Group acts as a principal rather than an agent. Consequently, the control over its services is transferred over time. Transportation and handling services rendered by the Group in contracts, in which it acts as a principal, are presented within the caption "Sales of goods" in the consolidated statement of operations.

Rendering of Services

The Group's revenues from rendering of services include electricity, transportation and other services. The pattern of revenue recognition reflects the transfer of services to customers and may occur at a point in time or over time.

Advances from Customers

The Group receives only short-term advances from its customers. The Group uses the practical expedient provided in IFRS 15, which allows not to adjust the promised amount of consideration for the effects of a significant financing component in the contracts where the Group expects, at contract inception, that the period between the Group's transfer of a promised good or service to a customer and when the customer pays for that good or service will be one year or less. Therefore, for short-term advances, the Group does not account for a financing component even if it is significant.

Interest

Interest is recognised using the effective interest method.

Dividends

Dividend income is recognised when the shareholders' right to receive the payment is established.

Rental Income

Rental income is accounted for on a straight-line basis over the lease term on ongoing leases.

Government Grants

Government grants are recognised at their fair value, when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Grants related to non-monetary assets are presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset and are recognised as a deduction from depreciation expense over the life of the asset. Government grants related to costs are deducted from the relevant expenses to be compensated in the same period.

Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Current income tax relating to items recognised outside profit or loss is recognised in other comprehensive income or equity and not in the statement of operations.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Income Tax

Deferred tax assets and liabilities are calculated in respect of temporary differences using the liability method. Deferred income taxes are provided for all temporary differences arising between the tax basis of assets and liabilities and their carrying values for financial reporting purposes, except where the deferred income tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

A deferred tax asset is recorded only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Various factors are considered to assess the probability of the future utilisation of deferred tax assets, including past operating results, operational plans, expiration of tax losses carried forward, tax legislation and tax planning strategies.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

3. SEGMENT INFORMATION

For management purposes the Group has four reportable operating segments:

- *Steel* segment includes production of steel and related products at all mills except for those located in North America. Extraction of vanadium ore and production of vanadium products, iron ore mining and enrichment and certain energy-generating companies are also included in this segment as they are closely related to the main process of steel production.
- *Steel, North America* is a segment, which includes production of steel and related products in the USA and Canada.
- *Coal* segment includes coal mining and enrichment.
- *Other operations* include energy-generating companies, shipping and railway transportation companies.

Management and investment companies are not allocated to any of the segments. Operating segments have been aggregated into reportable segments if they show a similar long-term economic performance, have comparable production processes, customer industries and distribution channels, operate in the same regulatory environment, and are generally managed and monitored together.

Transfer prices between operating segments are on an arm’s length basis in a manner similar to transactions with third parties.

The Group’s chief operating decision maker (the Board of directors of EVRAZ plc) monitors the results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on EBITDA. This performance indicator is calculated based on management accounts and differs from the IFRS consolidated financial statements for the following reasons:

1) for the last month of the reporting period management accounts are prepared using a forecast for that month;

2) before 2021 certain unallocated costs were treated as segment expenses in management accounts.

Before 2020 there were additional differences between the IFRS indicators and the figures of management accounts, such as non-consolidation of certain subsidiaries in management accounts, use of the adjusted local GAAP figures and simplified methods of translation into presentation currency.

Segment revenue is revenue reported in the Group's statement of operations that is directly attributable to a segment and the relevant portion of the Group’s revenue that can be allocated to it on a reasonable basis, whether from sales to external customers or from transactions with other segments.

Segment expense is expense resulting from the operating activities of a segment that is directly attributable to the segment and the relevant portion of an expense that can be allocated to it on a reasonable basis, including expenses relating to external counterparties and expenses relating to transactions with other segments. Segment expense does not include social and social infrastructure maintenance expenses.

Segment result is segment revenue less segment expense that is equal to earnings before interest, tax, depreciation and amortisation (“EBITDA”) for that segment.

Segment EBITDA is determined as a segment’s profit/(loss) from operations adjusted for social and social infrastructure maintenance expenses, impairment of assets, profit/(loss) on disposal of property, plant and equipment and intangible assets, foreign exchange gains/(losses) and depreciation, depletion and amortisation expense. Management believes that this measure is useful and relevant for the users and gives a better comparison with the Russian steel peers.

Segment information is presented together with the discontinued operations as this is a way how this information was reviewed by management.

3. SEGMENT INFORMATION (CONTINUED)

The following tables present measures of segment profit or loss based on management accounts.

Year ended 31 December 2021

US$ million	Steel	Steel, North America	Coal	Other operations	Eliminations	Total
Revenue						
Sales to external customers	$ 10,127	$ 2,324	$ 1,555	$ 153	$ –	$ 14,159
Inter-segment sales	61	–	766	382	(1,209)	–
Total revenue	10,188	2,324	2,321	535	(1,209)	14,159
Relating to:						
Continuing operations	10,188	2,324	882	535	(443)	13,486
Discontinued operations (Note 13)	–	–	1,439	–	(766)	673
Segment result – EBITDA	$ 3,593	$ 322	$ 1,288	$ 16	$ (80)	$ 5,139

Year ended 31 December 2020

US$ million	Steel	Steel, North America	Coal	Other operations	Eliminations	Total
Revenue						
Sales to external customers	$6,902	$ 1,779	$952	$ 121	$ –	$ 9,754
Inter-segment sales	67	–	538	289	(894)	–
Total revenue	6,969	1,779	1,490	410	(894)	9,754
Relating to:						
Continuing operations	6,969	1,779	650	410	(356)	9,452
Discontinued operations (Note 13)	–	–	840	–	(538)	302
Segment result – EBITDA	$ 1,888	$ (22)	$ 396	$ 17	$ 20	$ 2,299

Year ended 31 December 2019

US$ million	Steel	Steel, North America	Coal	Other operations	Eliminations	Total
Revenue						
Sales to external customers	$ 7,903	$ 2,517	$ 1,273	$ 186	$ –	$ 11,879
Inter-segment sales	175	–	735	303	(1,213)	–
Total revenue	8,078	2,517	2,008	489	(1,213)	11,879
Relating to:						
Continuing operations	8,078	2,517	814	489	(478)	11,420
Discontinued operations (Note 13)	–	–	1,194	–	(735)	459
Segment result – EBITDA	$ 1,668	$ 38	$ 883	$ 19	$ 32	$ 2,640

Starting 2020 the Group's chief operating decision maker reviews the revenue based on IFRS accounts. The comparative information for prior periods for revenue based on management accounts has not been restated since it contains necessary reconciliation to IFRS accounts.

3. SEGMENT INFORMATION (CONTINUED)

The following table shows a reconciliation of revenue and EBITDA used by the Group's chief operating decision maker for decision making and revenue and profit or loss before tax per the consolidated financial statements prepared under IFRS.

Year ended 31 December 2021

US$ million	Steel	Steel, North America	Coal	Other operations	Eliminations	Total
Revenue per IFRS financial statements	$ 10,188	$ 2,324	$ 2,321	$ 535	$(1,209)	$ 14,159
EBITDA	$ 3,593	$ 322	$ 1,288	$ 16	$ (80)	$ 5,139
Reclassifications and other adjustments	16	(1)	4	3	–	22
EBITDA based on IFRS financial statements	$ 3,609	$ 321	$ 1,292	$ 19	$ (80)	$ 5,161
Unallocated subsidiaries						(146)
						$ 5,015
Social and social infrastructure maintenance expenses	(27)	–	(5)	–	–	(32)
Depreciation, depletion and amortisation expense	(275)	(121)	(159)	(4)	–	(559)
Impairment of assets	(13)	(9)	(8)	–	–	(30)
Gain on disposal of property, plant and equipment and intangible assets	–	(7)	(1)	–	–	(8)
Foreign exchange gains/(losses), net	(36)	6	25	–	–	(5)
	$ 3,258	$ 190	$ 1,144	$ 15	$ (80)	$ 4,381
Unallocated income/(expenses), net						32
Profit from operations						$ 4,413
Interest income/(expense), net						(227)
Share of profits/(losses) of joint ventures and associates						14
Gain/(loss) on financial assets and liabilities						(21)
Gain/(loss) on disposal groups classified as held for sale						2
Other non-operating gains/(losses), net						3
Profit before tax						$ 4,184

3. SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2020

US$ million	Steel	Steel, North America	Coal	Other operations	Eliminations	Total
Revenue per IFRS financial statements	$ 6,969	$ 1,779	$ 1,490	$ 410	$(894)	$ 9,754
EBITDA	$ 1,888	$ (22)	$ 396	$ 17	$ 20	$ 2,299
Unrealised profits adjustment	(48)	(4)	–	–	1	(51)
Reclassifications and other adjustments	90	(2)	4	(2)	–	90
	42	(6)	4	(2)	1	39
EBITDA based on IFRS financial statements	$ 1,930	$ (28)	$ 400	$ 15	$ 21	$ 2,338
Unallocated subsidiaries						(126)
						$ 2,212
Social and social infrastructure maintenance expenses	(24)	–	(2)	–	–	(26)
Depreciation, depletion and amortisation expense	(261)	(147)	(189)	(3)	–	(600)
Impairment of assets	(5)	(308)	3	–	–	(310)
Gain on disposal of property, plant and equipment and intangible assets	–	(3)	–	–	–	(3)
Foreign exchange gains/(losses), net	(55)	2	122	–	–	69
	$ 1,585	$ (484)	$ 334	$ 12	$ 21	$ 1,342
Unallocated income/(expenses), net						329
Profit from operations						$ 1,671
Interest income/(expense), net						(322)
Share of profits/(losses) of joint ventures and associates						2
Gain/(loss) on financial assets and liabilities						(71)
Gain/(loss) on disposal groups classified as held for sale						1
Other non-operating gains/(losses), net						14
Profit before tax						$ 1,295

3. SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2019

US$ million	Steel	Steel, North America	Coal	Other operations	Eliminations	Total
Revenue	$ 8,078	$ 2,517	$ 2,008	$ 489	$(1,213)	$ 11,879
Reclassifications and other adjustments	65	(17)	13	(6)	(29)	26
Revenue per IFRS financial statements	$ 8,143	$ 2,500	$ 2,021	$483	$(1,242)	$ 11,905
EBITDA	$ 1,668	$ 38	$ 883	$ 19	$ 32	$ 2,640
Unrealised profits adjustment	81	–	41	–	17	139
Reclassifications and other adjustments	46	–	(81)	(1)	(1)	(37)
	127	–	(40)	(1)	16	102
EBITDA based on IFRS financial statements	$ 1,795	$ 38	$ 843	$ 18	$ 48	$ 2,742
Unallocated subsidiaries						(141)
						$ 2,601
Social and social infrastructure maintenance expenses	(17)	–	(3)	–	–	(20)
Depreciation, depletion and amortisation expense	(254)	(147)	(168)	(4)	–	(573)
Impairment of assets	(26)	(309)	(107)	–	–	(442)
Gain on disposal of property, plant and equipment and intangible assets	1	4	(3)	–	–	2
Foreign exchange gains/(losses), net	(10)	46	(30)	10	–	16
	$ 1,489	$ (368)	$ 532	$ 24	$ 48	$ 1,584
Unallocated income/(expenses), net						(367)
Profit from operations						$ 1,217
Interest income/(expense), net						(328)
Share of profits/(losses) of joint ventures and associates						9
Impairment of non-current financial assets						(56)
Gain/(loss) on financial assets and liabilities						17
Gain/(loss) on disposal groups classified as held for sale						29
Other non-operating gains/(losses), net						14
Profit before tax						$ 902

The Group's EBITDA was allocated to continuing and discontinued operations as follows:

US$ million	2021	2020	2019
Continuing operations	**$ 3,692**	$ 1,830	$ 1,731
Discontinued operations (Note 13)	**1,323**	382	870
	$ 5,015	$ 2,212	$ 2,601

3. SEGMENT INFORMATION (CONTINUED)

The revenues from contracts with external customers for each group of similar products and services and rental income are presented in the following table:

US$ million	2021	2020	2019
Steel			
Construction products	**$ 3,177**	$ 2,013	$ 2,166
Flat-rolled products	**237**	146	386
Railway products	**1,083**	1,099	1,181
Semi-finished products	**3,779**	2,479	2,528
Other steel products	**566**	342	377
Other products	**449**	257	365
Iron ore	**234**	146	190
Vanadium in slag	**103**	64	109
Vanadium in alloys and chemicals	**412**	285	539
Rendering of services	**87**	71	103
	10,127	6,902	7,944
Steel, North America			
Construction products	**268**	183	200
Flat-rolled products	**900**	323	518
Railway products	**392**	326	405
Tubular products	**637**	743	1,128
Other products	**105**	170	211
Rendering of services	**22**	34	38
	2,324	1,779	2,500
Coal			
Coal	**882**	646	814
Rendering of services	**–**	4	12
	882	650	826
Other operations			
Rendering of services	**153**	121	174
	153	121	174
Continuing operations	**13,486**	9,452	11,444
Coal			
Coal	**649**	283	437
Other products	**20**	9	15
Rendering of services	**4**	10	9
Discontinued operations	**673**	302	461
	$ 14,159	$ 9,754	$ 11,905

Revenue from rendering of services included rental income, which was mainly attributable to the subsidiaries of the steel segment.

US$ million	2021	2020	2019
Revenues from contracts with customers	**$ 13,460**	$ 9,427	$ 11,412
Rental income	**26**	25	32
Continuing operations	**$ 13,486**	$ 9,452	$ 11,444

3. SEGMENT INFORMATION (CONTINUED)

Distribution of the Group's revenues by geographical area based on the location of customers for the years ended 31 December was as follows:

US$ million	2021		2020		2019	
	Continuing and discontinued operations	Continuing operations	Continuing and discontinued operations	Continuing operations	Continuing and discontinued operations	Continuing operations
CIS						
Russia	$ 5,521	$ 5,089	$ 3,722	$ 3,514	$ 4,373	$ 4,056
Kazakhstan	489	485	279	253	297	270
Ukraine	250	71	80	40	291	179
Kyrgyzstan	63	63	46	46	49	49
Belarus	47	47	58	58	71	71
Uzbekistan	43	43	63	63	81	81
Others	42	42	58	58	76	76
	6,455	5,840	4,306	4,032	5,238	4,782
America						
USA	1,441	1,441	1,060	1,060	1,701	1,701
Canada	953	953	735	735	847	847
Mexico	550	550	61	60	119	119
Others	72	72	59	55	42	42
	3,016	3,016	1,915	1,910	2,709	2,709
Asia						
Taiwan	1,084	1,084	525	525	680	680
China	712	711	1,052	1,051	478	476
Republic of Korea	435	379	255	255	282	282
Indonesia	365	365	271	271	244	244
Philippines	358	358	338	338	387	387
Japan	239	239	106	106	243	243
Vietnam	170	170	64	64	57	57
Thailand	129	129	69	69	247	247
Mongolia	81	81	77	77	61	61
United Arab Emirates	34	34	95	95	124	124
Others	77	77	97	97	90	90
	3,684	3,627	2,949	2,948	2,893	2,891
Europe						
European Union	582	581	314	304	767	764
Turkey	337	337	135	135	166	166
Others	27	27	12	12	23	23
	946	945	461	451	956	953
Africa						
Kenya	46	46	87	87	63	63
Egypt	12	12	5	5	27	27
Others	–	–	30	18	17	17
	58	58	122	110	107	107
Other countries	–	–	1	1	2	2
	$ 14,159	$ 13,486	$ 9,754	$ 9,452	$ 11,905	$ 11,444

None of the Group's customers amounts to 10% or more of the consolidated revenues.

3. SEGMENT INFORMATION (CONTINUED)

Non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets were located in the following countries at 31 December:

US$ million	2021	2020	2019
Russia	**$ 2,241**	$ 3,500	$ 3,967
Canada	**638**	643	981
USA	**966**	818	827
Kazakhstan	**30**	32	38
Czech Republic	**36**	37	35
Other countries	**3**	3	3
	$ 3,914	$ 5,033	$ 5,851

In 2021, non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets do not include the assets of the discontinued operations ($1,442 million).

4. CHANGES IN THE COMPOSITION OF THE GROUP

Purchase of Non-controlling Interests

Raspadskaya

In 2021, the Group acquired an additional 2.51% ownership interest in Raspadskaya for cash consideration of $38 million. The excess of consideration over the carrying values of non-controlling interests acquired amounting to $19 million was charged to the consolidated accumulated profits. More details are provided in Note 4 (*Put Option for the Shares of Raspadskaya*).

In 2020, the Group acquired an additional 2.73% ownership interest in Raspadskaya, a subsidiary of the Group, for cash consideration of $27 million. The excess of the carrying values of non-controlling interests acquired over consideration amounting to $7 million was credited to additional paid-in capital.

In 2019, the Group acquired an additional 1.8% ownership interest in Raspadskaya for cash consideration of $25 million. The excess of consideration over the carrying values of non-controlling interests acquired amounting to $3 million was charged to accumulated profits.

In addition, in June 2019 Raspadskaya purchased its own shares in course of the tender offer for cash consideration of $46 million. The Group derecognised 2.53% of non-controlling interests and charged to accumulated profits $7 million representing the excess of consideration over the carrying values of non-controlling interests acquired.

In the course of the closed subscription in September 2019 Raspadskaya issued 80,285 new shares, and Evraz Group S.A. acquired 80,284 shares, thus increasing the Group's stake in the subsidiary by 0.0014%.

Mezhegeyugol

On 14 March 2017, the Group signed an option agreement with a non-controlling shareholder in respect of shares of Mezhegeyugol, a coal mining subsidiary of the Group. Under the agreement, the non-controlling shareholder had the right to sell to the Group (the put option) all its shares in Mezhegeyugol (39.9841%) for $39 million and to settle the loan payable to the Group for $25 million. As a result, the Group would hold 100% ownership interest in the subsidiary. The option could be exercised from 1 December 2019 to 1 December 2020.

In 2017, the Group determined that the terms of the option agreement give the Group the rights to the beneficial interests in Mezhegeyugol and derecognised the non-controlling interests in full and recognised a liability under the put option in the amount of $60 million. From March 2017 and until the put option exercise the Group accrued $9 million interest on this liability ($1 million and $3 million in 2020 and 2019, respectively).

In June 2020, the non-controlling shareholder sold its interest to the Group. The consideration for the purchased non-controlling interest comprised of a non-cash settlement of a loan owed to the Group with a carrying value of $30 million, which approximated the fair value, and $39 million of cash consideration, which was fully paid in 2020.

Change in Non-controlling Interests due to Reorganisation

In 2020, EVRAZ plc decided to reorganise its business structure combining all coal operations in one group consolidated under Raspadskaya.

On 30 December 2020, Nizhny Tagil Metallurgical Plant, a wholly-owned subsidiary of the Group, sold its 100% ownership interest in Yuzhkuzbassugol (which is in turn the parent entity of Mezhegeyugol) to Raspadskaya for cash consideration of RUB 67,741 million ($920 million at the date of the transaction). As a result, the Group's interest in Yuzhkuzbassugol was diluted from 100% to 90.90%. The carrying value of non-controlling interests decreased by $45 million, being the share of non-controlling shareholders in the excess of cost of acquisition of Yuzhkuzbassugol over its consolidated net assets, with a corresponding increase in the Group's accumulated profits through the consolidated statement of changes in equity.

4. CHANGES IN THE COMPOSITION OF THE GROUP (CONTINUED)

Put Option for the Shares of Raspadskaya

In the course of the Group's business and ownership structure reorganisation, as described above in *Change in Non-controlling Interests due to Reorganisation*, Raspadskaya followed the Russian legislation, which, in particular, required the approval of the potential acquisition of Yuzhkuzbassugol by the majority of the voted non-controlling shareholders of Raspadskaya. The non-controlling shareholders who voted against or did not vote have the right to sell their stakes to Raspadskaya at a price being the fair value determined by an independent appraiser (RUB 164 per share). At the same time the liability for the share repurchase is limited to 10% of net assets of JSC Raspadskaya, thus, the number of shares to be repurchased is proportionately reduced if all potential shareholders cannot be satisfied.

Consequently, the Group derecognised the non-controlling interests relating to the shareholders, which have a put option over their holding (4.25% of the total shares of Raspadskaya), with the carrying value of $30 million, and recognised a $65 million liability to these shareholders at fair value. The difference between the amount of the recognised liability and the carrying value of the derecognised non-controlling interests was charged to accumulated profits.

On 1 February 2021, Raspadskaya completed the collection of the share repurchase requests from eligible non-controlling shareholders. The actual number of shares to be repurchased amounted to 2.51% of Raspadskaya's share capital, which is equal to a $38 million liability. On expiry of the put option in February 2021 the related amounts recognised in 2020 were reversed and the purchase of non-controlling interests ($19 million) was recorded. The excess of consideration over the carrying values of non-controlling interests acquired amounting to $19 million was charged to the consolidated accumulated profits.

Sale of Subsidiaries

In 2019, the Group sold EVRAZ Stratcor Inc, EVRAZ Palini e Bertoli, and Evraztrans-Ukraine. Further details of these transactions are disclosed in Note 12.

5. GOODWILL

Goodwill relates to the assembled workforce and synergy from integration of the acquired subsidiaries into the Group. The table below presents movements in the carrying amount of goodwill.

US$ million	Gross amount	Impairment losses	Carrying amount
At 31 December 2018	**$ 2,221**	**$ (1,357)**	**$ 864**
Sale of subsidiaries (Note 12)	(63)	63	–
Impairment of Large diameter pipes	–	(300)	(300)
Translation difference	34	(4)	30
At 31 December 2019	**$ 2,192**	**$ (1,598)**	**$ 594**
Impairment			
Large diameter pipes	–	(65)	(65)
Oil Country Tubular Goods	–	(67)	(67)
Translation difference	7	(12)	(5)
At 31 December 2020	**$ 2,199**	**$ (1,742)**	**$ 457**
Translation difference	5	(5)	–
At 31 December 2021	**$ 2,204**	**$ (1,747)**	**$ 457**

The carrying amount of goodwill was allocated among cash-generating units as follows at 31 December:

US$ million	2021	2020	2019
EVRAZ Inc. NA/EVRAZ Inc. NA Canada	**$ 393**	$ 392	$ 525
Large diameter pipes	**–**	*–*	*68*
Oil Country Tubular Goods	***77***	*76*	*141*
Long products	***316***	*316*	*316*
EVRAZ Vanady-Tula	**27**	27	32
EVRAZ Nikom, a.s.	**34**	35	33
Others	**3**	3	4
	$ 457	$ 457	$ 594

6. IMPAIRMENT OF NON-FINANCIAL ASSETS

A summary of impairment losses recognition and reversals relating to non-financial assets is presented below.

Year ended 31 December 2021

US$ million	Goodwill and intangible assets	Property, plant and equipment	Total
EVRAZ Consolidated West-Siberian Metallurgical Plant	$ –	$ (13)	$ (13)
EVRAZ Inc. NA	–	(9)	(9)
	–	(22)	(22)
Recognised in profit or loss from continuing operations	–	(22)	(22)
Discontinued operations (Note 13)	–	(8)	(8)
	$ –	$ (30)	$ (30)

Year ended 31 December 2020

US$ million	Goodwill and intangible assets	Property, plant and equipment	Total
EVRAZ Inc. NA Canada	$ (148)	$ (153)	$ (301)
EVRAZ Inc. NA	–	(7)	(7)
Others, net	–	(5)	(5)
	(148)	(165)	(313)
Recognised in profit or loss from continuing operations	(148)	(165)	(313)
Discontinued operations (Note 13)	–	3	3
	$ (148)	$ (162)	$ (310)

Year ended 31 December 2019

US$ million	Goodwill and intangible assets	Property, plant and equipment	Total
EVRAZ Inc. NA Canada	$ (300)	$ (1)	$ (301)
EVRAZ Consolidated West-Siberian Metallurgical Plant	–	(18)	(18)
EVRAZ Nizhny Tagil Metallurgical Plant	–	(11)	(11)
Others, net	–	(5)	(5)
	(300)	(35)	(335)
Recognised in profit or loss from continuing operations	(300)	(35)	(335)
Discontinued operations (Note 13)	–	(107)	(107)
	$ (300)	$ (142)	$ (442)

Impairment losses were recognised both for individual assets and for cash-generating units.

	Obsolescence or adverse changes in the extent or manner in which an asset is being used			Impairment of cash-generating units		
US$ million	2021	2020	2019	2021	2020	2019
Continuing operations	$ (9)	$ (7)	$ (21)	$ (13)	$ (306)	$ (314)
Discontinued operations	(8)	3	(107)	–	–	–
	$ (17)	$ (4)	$ (128)	$ (13)	$ (306)	$ (314)

In 2019-2021, the Group made a write-off of certain functionally obsolete items of property, plant and equipment. In 2019, the Group decided to postpone reopening of a coal mine MUK-96, a subsidiary of Raspadskaya. In connection with this decision the recoverable amount of mining assets relating to this mine ($84 million) was reassessed and fully impaired.

6. IMPAIRMENT OF NON-FINANCIAL ASSETS (CONTINUED)

In addition, the Group recognised impairment losses as a result of impairment testing at the level of cash-generating units.

In 2020, the Group recognised a $234 million impairment loss with respect to the Large diameter pipes cash-generating unit, which was allocated to goodwill ($65 million), intangible assets ($16 million) and property, plant and equipment ($153 million) and a $67 million impairment loss with respect to the Oil Country Tubular Goods cash-generating unit, which was allocated to goodwill. The impairment was caused by the reassessment of demand on the steel, oil and commodities markets in the USA and Canada.

In 2019, the Group recognised a $300 million impairment loss with respect to goodwill allocated to the Large diameter pipes cash-generating unit. The impairment was caused by the use of a more conservative valuation model due to the increased current market volatility.

Measurement of Recoverable Amount

For the purpose of the impairment testing the Group assessed the recoverable amount of each cash-generating unit to which goodwill was allocated or where indicators of impairment were identified. In 2021, and in the previous years, the impairment testing was performed as of 30 September, the conclusions were reassessed at 31 December and no further impairment indicators were identified.

In 2021, the recoverable amounts for all cash-generating units have been determined based on the calculation of value-in-use. This valuation technique uses cash flow projections based on the actual operating results and business plans approved by management and appropriate discount rates reflecting the time value of money and risks associated with respective cash-generating units. For the periods not covered by management business plans, terminal value is used. The terminal value is calculated based on the cash flow projections by extrapolating the results of the respective business plans using a zero real growth rate. Key assumptions are discussed further below.

In connection with the classification of Raspadskaya Group as a disposal group held for distribution to owners management performed an analysis of the related cash-generating units as of 31 December 2021 and concluded that based on market capitalisation of Raspadskaya Group the respective recoverable value is above the respective carrying value.

The impairment test model of EVRAZ ZSMK took into account the impact of the new excise tax on liquid steel and higher taxes on mineral extraction imposed by the government of the Russian Federation from 1 January 2022, which was considered as an impairment indicator for EVRAZ ZSMK.

The impairment test models of Steel North America took into account the impact of Section 232 tariffs imposed on imports to the US and anti-dumping duties imposed by the US against Canada on large-diameter pipes (Note 30). The effect of the anti-dumping duties is expected to last until 2024 when they will be subject to a five-year (sunset) review by the US Department of Commerce. The Section 232 tariffs are not expected to be cancelled and this was considered as an indicator of impairment for Large diameter pipes and Flat-rolled products. The models were based on the assumption that these tariffs will be in place in perpetuity.

The key assumptions used by management in the impairment tests with respect to the cash-generating units to which goodwill is allocated or units containing intangible assets with indefinite useful lives are presented in the table below.

	Commodity	Period of forecast prior to applying terminal value, years		Pre-tax discount rate, %		Average price of commodity per tonne in the next reporting year		Recoverable amount of CGU at 30 September, US$ million		Carrying amount of CGU before impairment at 30 September*, US$ million	
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Steel North America											
Oil Country Tubular Goods	steel products	5	5	10.36	10.17	$1,493	$1,121	293	279	278	346
Long products	steel products	5	5	9.41	10.05	$924	$799	1,114	865	689	553
EVRAZ Vanady-Tula	vanadium products	5	5	11.44	12.22	$18,504	$17,548	698	575	54	48
EVRAZ Nikom, a.s.	ferrovanadium products	5	5	13.20	13.71	$26,031	$18,569	40	39	36	34

* Carrying amounts represent the sum of net book values of property, plant and equipment, intangible assets and goodwill recorded in the balance sheets at 30 September excluding an impairment recognised in the first half of the reporting year.

6. IMPAIRMENT OF NON-FINANCIAL ASSETS (CONTINUED)

In addition, the Group determined that there were indicators of impairment in other cash generating units, which do not contain goodwill or intangible assets with indefinite useful lives, and tested them for impairment using the following assumptions.

	Period of forecast prior to applying terminal value, years	Pre-tax discount rate, %	Commodity	Average price of commodity per tonne in the next reporting year
EVRAZ ZSMK	5	9.64	steel products	$ 505
Steel North America				
Large diameter pipes	5	10.20	steel products	$ 1,553
Flat-rolled products	5	14.38	steel products	$ 1,398

The estimations of recoverable amounts are most sensitive to the following assumptions:

Discount Rates

Discount rates reflect the current market assessment of the risks specific to each cash-generating unit. The discount rates have been determined using the Capital Asset Pricing Model and analysis of industry peers. Reasonably possible changes in discount rates could lead to an additional impairment at Oil Country Tubular Goods, Flat-rolled products and Nikom. If discount rates were 10% higher, this would lead to an additional impairment of $20 million.

Sales and Purchases Prices

The price assumptions for the products sold and purchased by the Group were estimated based on industry research using analysts' views published by Alfa Bank, Citi, Credit Suisse, CRU, Goldman Sachs, J.P. Morgan, Morgan Stanley and UBS during the period from July to November 2021, as well as on an internal analysis. The Group expects that the nominal prices will fluctuate with a compound annual growth rate of (4.2)-2.0% in 2022 – 2025 and 2% in 2026 and thereafter. Reasonably possible changes in sales and purchases prices could lead to an additional impairment at Nikom, Large diameter pipes, Oil Country Tubular Goods, and Flat-rolled products. If the prices assumed for 2022 and 2023 in the impairment test were 10% lower, this would lead to an additional impairment of $174 million.

Sales Volumes

Based on signed contracts and market analysis management expects that the sales volumes of steel products in 2022 will change by (39)%-37% for Oil Country Tubular Goods and Large diameter pipes, and by (9)%-10% for other cash-generating units as compared to 2021. Future dynamics will be driven by a gradual market recovery and removal of anti-dumping duties allowing the Group to utilise assets' capacities to a greater extent. Reasonably possible changes in sales volumes could lead to an additional impairment at Flat-rolled products. If the sales volumes were 10% lower than those assumed for 2022 and 2023 in the impairment test (which could be, for example, a consequence of lower oil prices), this would lead to an additional impairment of $6 million.

Costs

The recoverable amounts of cash-generating units are based on the business plans approved by management. A reasonably possible deviation in operating costs from these plans could lead to an additional impairment at Large diameter pipes, Oil Country Tubular Goods, Flat-rolled products, EVRAZ ZSMK and Nikom. If the actual costs were 10% higher than those assumed for 2022 and 2023 in the impairment test, this would lead to an additional impairment of $443 million.

Decarbonisation

Decarbonisation, a reduction of carbon dioxide (CO2) emissions resulting from human activity, has become a global commitment and a priority for governments, companies and society in recent years. Transitioning to a lower-carbon economy may trigger adverse effects in the technological, market, economic or legal environment in which the Group operates. Climate-related risks and opportunities may affect revenues, costs and capital expenditure.

The Group analysed the climate change matters and performed a stress test to assess the impact of a carbon tax. At present the countries have not yet developed a clear legislation on a carbon tax. Consequently, the Group did not include this tax in a base scenario of the impairment models. If a carbon tax is introduced in Russia and the rates for CO2 emissions approximate those in Europe, this may lead to an additional impairment of $768 million at EVRAZ ZSMK.

6. IMPAIRMENT OF NON-FINANCIAL ASSETS (CONTINUED)

The impact of reasonably possible changes in assumptions is summarised in the table below.

US$ million	Discount rates	Sales prices	Sales volumes	Costs	Carbon Tax
Nikom	$ (3)	$ –	$ –	$ (17)	$ –
EVRAZ ZSMK	–	–	–	(283)	(768)
Steel North America					
Large diameter pipes	–	(35)	–	(18)	–
Oil Country Tubular Goods	(11)	(41)	–	(38)	–
Flat-rolled products	(6)	(198)	(6)	(87)	–
	$ (20)	**$ (274)**	**$ (6)**	**$ (443)**	**$ (768)**

Sensitivity Analysis

For the cash-generating units, which were not impaired in the reporting period and for which the reasonably possible changes could lead to impairment, the recoverable amounts would become equal to their carrying amounts if any of the assumptions used to measure the recoverable amounts changed by the following percentages:

	Discount rates	Sales prices	Sales volumes	Costs
Nikom	5.8%	(10.0)%	–	2.0%
EVRAZ ZSMK	–	–	–	5.8%
Steel North America				
Flat-rolled products	2.7%	(0.3)%	(2.9)%	0.3%
Oil Country Tubular Goods	5.6%	(2.6)%	–	2.7%
Large diameter pipes	–	(5.4)%	–	6.5%

7. INCOME AND EXPENSES

Cost of revenues, selling and distribution costs, general and administrative expenses include the following for the years ended 31 December:

US$ million	2021	2020	2019
Continuing operations			
Cost of inventories recognised as expense	**$ (4,625)**	$ (3,344)	$ (4,471)
Staff costs, including social security taxes	**(1,058)**	(1,073)	(1,213)
Depreciation, depletion and amortisation	**(404)**	(416)	(410)
Taxes other than on income and duties	**(349)**	(54)	(58)
Discontinued operations			
Cost of inventories recognised as expense	**(96)**	(151)	(124)
Staff costs, including social security taxes	**(274)**	(258)	(251)
Depreciation, depletion and amortisation	**(159)**	(189)	(168)
Taxes other than on income and duties	**(22)**	(19)	(35)
Total expenses			
Cost of inventories recognised as expense	**$ (4,721)**	$ (3,495)	$ (4,595)
Staff costs, including social security taxes	**(1,332)**	(1,331)	(1,464)
Depreciation, depletion and amortisation	**(563)**	(605)	(578)
Taxes other than on income and duties	**(371)**	(73)	(93)

Taxes other than on income and duties mainly include tax on property, tax on land, tax on extraction of minerals and export duties. In 2021, an increase in the expense was connected with new duties on steel products exported outside the Eurasian Economic Union in the amount of $275 million, which were in effect from 1 August to 31 December 2021 (Note 30). These duties were mainly recorded within the “Cost of revenue” caption of the consolidated statement of operations ($271 million).

In 2021, 2020 and 2019, the Group recognised expense on allowance for net realisable value of $(2) million, $(2) million and $(4) million, respectively.

7. INCOME AND EXPENSES (CONTINUED)

The Group's costs relating to the COVID-19 pandemic included contributions to funds and hospitals, payments to employees during sick leave, laboratory testing, purchase of medical supplies and equipment. In 2021 and 2020, these costs in the total amount of $14 million and $25 million, respectively, were recorded mainly in Cost of revenue, General and administrative expenses and Social expenses. Also in 2021 and 2020 the Canadian subsidiaries received $8 million and $19 million, respectively, of the Canada Emergency Wage Subsidy. This income-related government grant reduced the amounts of staff costs and the related expense captions of the consolidated statement of operations.

Staff costs include the following:

US$ million	2021	2020	2019
Wages and salaries	**$ (937)**	$ (989)	$ (1,047)
Social insurance contributions (Note 23)	**(287)**	(257)	(274)
Net benefit expense (Note 23)	**(36)**	(37)	(41)
Share-based awards (Note 21)	**(12)**	(11)	(13)
Other compensations	**(68)**	(56)	(89)
Income-related government grants (Note 7)	**8**	19	–
	$ (1,332)	$ (1,331)	$ (1,464)
Continuing operations	**(1,058)**	(1,073)	(1,213)
Discontinued operations	**(274)**	(258)	(251)

The average number of staff employed under contracts of service was as follows:

	2021	2020	2019
Steel	**45,648**	45,332	44,512
Steel, North America	**2,777**	3,199	4,295
Coal	**15,767**	15,440	14,655
Other operations	**848**	837	927
Unallocated	**2,688**	2,531	2,345
	67,728	67,339	66,734
Continuing operations	**51,961**	51,977	52,168
Discontinued operations	**15,767**	15,362	14,566

The major components of other operating expenses were as follows:

US$ million	2021	2020	2019
Stoppage of production, including termination benefits	**$ (21)**	$ (23)	$ (17)
Restoration works and casualty compensations in connection with accidents	**(2)**	–	–
Other	**(22)**	(20)	(25)
Continuing operations	**(45)**	(43)	(42)
Discontinued operations	**(19)**	(22)	(12)
	$ (64)	$ (65)	$ (54)

Operating costs incurred during production stoppages for an extended period of time, such as preparatory works for stoppage of workshops, maintenance expenses relating to the idle assets, termination benefits for the dismissed employees or compensations to those who were on temporary leave, have been classified as "stoppage of production" costs within other operating expenses.

7. INCOME AND EXPENSES (CONTINUED)

Interest expense consisted of the following for the years ended 31 December:

US$ million	2021	2020	2019
Interest on bank and other loans	$ (51)	$ (63)	$ (60)
Interest on bonds and notes	(137)	(228)	(231)
Interest on lease liabilities (Note 25)	(4)	(6)	(8)
Net interest expense on employee benefits obligations (Note 23)	(7)	(8)	(9)
Discount adjustment on provisions	(9)	(8)	(9)
Other	(4)	(2)	(3)
Continuing operations	(212)	(315)	(320)
Discontinued operations	(20)	(13)	(16)
	$ (232)	$ (328)	$ (336)

Interest income consisted of the following for the years ended 31 December:

US$ million	2021	2020	2019
Interest on bank accounts and deposits	$ 3	$ 4	$ 6
Interest on loans and accounts receivable	–	–	1
Other	1	1	–
Continuing operations	4	5	7
Discontinued operations	1	1	1
	$ 5	$ 6	$ 8

Gain/(loss) on financial assets and liabilities included the following for the years ended 31 December:

US$ million	2021	2020	2019
Gain/(loss) on extinguishment of debts (Notes 22, 25)	$ (10)	$ 2	$ (27)
Gain/(loss) on derivatives not designated as hedging instruments (Note 25)	(4)	(69)	38
Realised gain/(loss) on hedging instruments (Note 25)	–	–	(23)
Net gains/(losses) on cash flow hedges recycled to profit or loss (Notes 22, 25)	–	–	33
Factoring fees	(6)	(4)	(4)
Continuing operations	(20)	(71)	17
Discontinued operations	(1)	–	–
	$ (21)	$ (71)	$ 17

8. INCOME TAXES

The Group's income was subject to tax at the following tax rates:

	2021	2020	2019
Russia	20.00% and 16.50%	20.00% and 16.50%	20.00% and 16.50%
Canada	24.63%	25.09%	26.08%
Cyprus	12.50%	12.50%	12.50%
Czech Republic	19.00%	19.00%	19.00%
Italy	–	–	27.90%
Switzerland	9.08%	9.10%	9.62%
Ukraine	–	–	18.00%
United Kingdom	19.00%	19.00%	19.00%
USA	24.81%	24.57%	24.87%

In 2018, EVRAZ Nizhny Tagil Metallurgical Plant completed capital construction works, which make it eligible for an investment tax credit from the regional government. The income tax rate was reduced from 20% to 16.5% for a period from 2018 to 2022. The Group determined that the investment tax credit is in the scope of IAS 12 "Income taxes". As a result, in 2021, 2020 and 2019, EVRAZ Nizhny Tagil Metallurgical Plant and other subsidiaries included in the group of consolidated taxpayers received a current income tax benefit amounting to $61 million, $28 million and $33 million, respectively.

8. INCOME TAXES (CONTINUED)

Major components of income tax expense attributable to continuing operations for the years ended 31 December were as follows:

US$ million	2021	2020	2019
Current income tax expense	**$ (778)**	$ (500)	$ (435)
Adjustment in respect of income tax of previous years	**7**	(3)	8
Deferred income tax benefit/(expense) relating to origination and reversal of temporary differences	**(96)**	132	8
Deferred income tax recognised directly in other comprehensive income	**20**	(2)	1
Income tax (expense)/benefit reported in the consolidated statement of operations	**$ (847)**	$ (373)	$ (418)

Income tax benefit/(expense) consisted of the following:

US$ million	2021	2020	2019
Current income tax expense	**$ (1,007)**	$ (579)	$ (532)
Continuing operations	**(771)**	(503)	(427)
Discontinued operations	**(236)**	(76)	(105)
Deferred income tax benefit/(expense) recognised in profit or loss	**(70)**	142	(5)
Continuing operations	**(76)**	130	9
Discontinued operations	**6**	12	(14)
Income tax expense	**$ (1,077)**	$ (437)	$ (537)
Attributable to:			
Continuing operations	**(847)**	(373)	(418)
Discontinued operations	**(230)**	(64)	(119)

The major part of income taxes is paid in the Russian Federation. A reconciliation of income tax expense applicable to profit before income tax using the Russian statutory tax rate to income tax expense as reported in the Group's consolidated financial statements for the years ended 31 December is as follows:

US$ million	2021	2020	2019
Profit/(loss) before income tax from continuing operations	**$ 4,371**	$ 1,742	$ 1,500
Profit/(loss) before income tax from discontinued operations	**(187)**	(447)	(598)
Profit/(loss) before income tax	**$ 4,184**	$ 1,295	$ 902
At the Russian statutory income tax rate of 20%	**(837)**	(259)	(180)
Adjustment in respect of income tax of previous years	**7**	(4)	8
Current income tax benefit from investment tax credit	**61**	28	33
Other tax credits recognised/(utilised)	**(3)**	16	–
Current tax on dividends distributed by the Group's subsidiaries	**(202)**	(213)	(178)
Change in deferred tax on undistributed earnings of the Group's subsidiaries	**(53)**	8	(19)
Effect of non-deductible expenses and other non-temporary differences	**(57)**	(95)	(96)
Unrecognised temporary differences recognition/reversal	**4**	70	(130)
Effect of the difference in tax rates in countries other than the Russian Federation	**–**	12	23
Share of profits in joint ventures and associates	**3**	–	2
Income tax (expense)/benefit reported in the consolidated statement of operations	**$ (1,077)**	$ (437)	$ (537)

As of 31 December 2021, the Group accrued deferred income taxes of $99 million (2020: $46 million, 2019: $54 million) in respect of undistributed earnings of the Group's subsidiaries. The current tax rate on intra-group dividend income varies from 0% to 15%. For those temporary differences associated with investments in subsidiaries, for which the Group is able to control the timing of the reversal of temporary differences and does not intend to reverse them in the foreseeable future, deferred tax liabilities were not recognised. At 31 December 2021, the aggregate amount of such temporary differences, for which deferred tax liabilities have not been recognised, amounted to $46 million (2020: $63 million, 2019: $59 million).

In the context of the Group's current structure, tax losses and current tax assets of the different companies may not be set off against current tax liabilities and taxable profits of other companies in the same jurisdiction, except for the companies registered in Cyprus, Russia, the USA and the United Kingdom where group relief and tax consolidation can be applied.

8. INCOME TAXES (CONTINUED)

As of 31 December 2021, unused tax losses carried forward approximated $9,738 million (2020: $10,503 million, 2019: $8,620 million). The Group recognised deferred tax assets of $197 million (2020: $275 million, 2019: $234 million) in respect of unused tax losses. This includes deferred tax assets in respect of unused tax losses in Canada which expire after 20 years if not utilised.

US$ million	2021	2020	2019
Canada	$ 125	$ 172	$ 156
USA	53	55	28
Switzerland	11	15	9
Kazakhstan	4	4	5
Russia	4	29	36
	$ 197	$ 275	$ 234

Deferred tax assets of $2,160 million (2020: $2,244 million, 2019: $1,878 million) have not been recorded as it is not probable that sufficient taxable profits will be available in the foreseeable future to offset these losses. Tax losses of $8,722 million (2020: $9,071 million, 2019: $7,592 million) for which deferred tax assets were not recognised arose in companies registered in Canada, Kazakhstan, Luxembourg, Russia, the United Kingdom and the USA. Losses of $8,677 million (2020: $8,975 million, 2019: $7,499 million) are available indefinitely for offset against future taxable profits of the companies in which the losses arose and $55 million will expire within 10 years (2020: $96 million, 2019: $93 million).

Deferred income tax assets and liabilities and their movements for the years ended 31 December were as follows:

Year ended 31 December 2021

US$ million	2020	Change recognised in statement of operations	Change recognised in other comprehensive income	Transfer to disposal groups held for distribution to owners	Translation difference	Other movements	2021
Deferred income tax liabilities:							
Valuation and depreciation of property, plant and equipment	$ 402	(31)	–	(129)	(1)	–	$ 241
Valuation and amortisation of intangible assets	30	(5)	–	–	–	–	25
Other	96	85	–	(20)	–	–	161
	528	49	–	(149)	(1)	–	427
Deferred income tax assets:							
Tax losses available for offset	275	(67)	–	(16)	5	–	197
Accrued liabilities	115	14	(20)	(28)	–	–	81
Impairment of accounts receivable	4	2	–	(1)	–	–	5
Other	126	30	–	(19)	(4)	–	133
	520	(21)	(20)	(64)	1	–	416
Net deferred income tax asset	245	(35)	(20)	(8)	1	–	183
Net deferred income tax liability	$ 253	35	–	(93)	(1)	–	$ 194

8. INCOME TAXES (CONTINUED)

Year ended 31 December 2020

US$ million	2019	Change recognised in statement of operations	Change recognised in other comprehensive income	Change due to disposal of subsidiaries	Translation difference	Other movements	2020
Deferred income tax liabilities:							
Valuation and depreciation of property, plant and equipment	$ 519	(57)	–	–	(60)	–	$ 402
Valuation and amortisation of intangible assets	43	(12)	–	–	(1)	–	30
Other	146	(41)	–	–	(9)	–	96
	708	(110)	–	–	(70)	–	528
Deferred income tax assets:							
Tax losses available for offset	234	45	–	–	(4)	–	275
Accrued liabilities	129	(3)	2	–	(13)	–	115
Impairment of accounts receivable	15	(8)	–	–	(3)	–	4
Other	130	(2)	–	–	(2)	–	126
	508	32	2	–	(22)	–	520
Net deferred income tax asset	152	91	2	–	–	–	245
Net deferred income tax liability	$ 352	(51)	–	–	(48)	–	$ 253

Year ended 31 December 2019

US$ million	2018	Change recognised in statement of operations	Change recognised in other comprehensive income	Change due to disposal of subsidiaries	Translation difference	Other movements	2019
Deferred income tax liabilities:							
Valuation and depreciation of property, plant and equipment	$ 469	(3)	–	(6)	46	13	$ 519
Valuation and amortisation of intangible assets	50	(9)	–	–	2	–	43
Other	96	43	–	–	7	–	146
	615	31	–	(6)	55	13	708
Deferred income tax assets:						–	
Tax losses available for offset	199	29	–	(7)	13	–	234
Accrued liabilities	95	14	(1)	(1)	9	13	129
Impairment of accounts receivable	3	11	–	–	1	–	15
Other	152	(28)	–	1	5	–	130
	449	26	(1)	(7)	28	13	508
Net deferred income tax asset	92	55	(1)	(1)	7	–	152
Net deferred income tax liability	$ 258	60	–	–	34	–	$ 352

In 2019, other movements in deferred tax assets and liabilities represent adjustments in connection with the adoption of IFRS 16 “Leases” (Note 2).

9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, including right-of-use assets, consisted of the following as of 31 December:

US$ million	2021	2020	2019
Cost			
Land	**$ 90**	$ 97	$ 102
Buildings and constructions	**1,759**	1,786	1,899
Machinery and equipment	**3,842**	4,595	4,758
Transport and motor vehicles	**288**	333	369
Mining assets	**318**	2,126	2,468
Other assets	**35**	36	34
Assets under construction	**834**	707	681
	7,166	9,680	10,311
Accumulated depreciation, depletion and impairment losses			
Buildings and constructions	**(934)**	(903)	(943)
Machinery and equipment	**(2,582)**	(3,051)	(2,904)
Transport and motor vehicles	**(195)**	(207)	(200)
Mining assets	**(178)**	(1,152)	(1,308)
Other assets	**(28)**	(26)	(25)
	(3,917)	(5,339)	(5,380)
Government grants	**(80)**	(27)	(6)
	$ 3,169	$ 4,314	$ 4,925

The movement in property, plant and equipment, including right-of-use assets, was as follows:

Year ended 31 December 2021

US$ million	Land	Buildings and constructions	Machinery and equipment	Transport and motor vehicles	Mining assets	Other assets	Assets under construction	Total
At 31 December 2019, cost, net of accumulated depreciation	$ 97	$ 883	$ 1,544	$ 126	$ 974	$ 10	$ 680	$ 4,314
Additions	–	8	9	29	–	–	906	952
Assets put into operation	–	110	448	37	51	1	(647)	–
Disposals	(2)	(1)	(9)	–	(1)	–	(1)	(14)
Depreciation and depletion charge	–	(83)	(362)	(43)	(64)	(4)	–	(556)
Impairment losses recognised in statement of operations	–	–	(14)	–	(23)	–	(2)	(39)
Impairment losses reversed through statement of operations	–	–	1	–	8	–	–	9
Change in site restoration and decommissioning provision	–	(1)	–	–	9	–	–	8
Government grants	–	–	–	–	–	–	(53)	(53)
Transfer to assets held for distribution to owners (Note 13)	(5)	(89)	(352)	(54)	(810)	–	(126)	(1,436)
Translation difference	–	(2)	(5)	(2)	(4)	–	(3)	(16)
At 31 December 2021, cost, net of accumulated depreciation	$ 90	$ 825	$ 1,260	$ 93	$ 140	$ 7	$ 754	$ 3,169

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Year ended 31 December 2020

US$ million	**Land**	**Buildings and constructions**	**Machinery and equipment**	**Transport and motor vehicles**	**Mining assets**	**Other assets**	**Assets under construction**	**Total**
At 31 December 2019, cost, net of accumulated depreciation	$ 102	$ 956	$ 1,854	$ 169	$ 1,160	$ 9	$ 675	$ 4,925
Additions	–	–	7	2	–	–	725	734
Assets put into operation	–	128	401	24	68	3	(624)	–
Disposals	–	(1)	(7)	–	–	–	–	(8)
Depreciation and depletion charge	–	(78)	(356)	(44)	(64)	(2)	–	(544)
Impairment losses recognised in statement of operations	–	–	(163)	–	(3)	–	(3)	(169)
Impairment losses reversed through statement of operations	–	–	1	–	5	–	1	7
Change in site restoration and decommissioning provision	–	–	–	–	(3)	–	–	(3)
Government grants	–	–	–	–	–	–	(20)	(20)
Translation difference	(5)	(122)	(193)	(25)	(189)	–	(74)	(608)
At 31 December 2020, cost, net of accumulated depreciation	$ 97	$ 883	$ 1,544	$ 126	$ 974	$ 10	$ 680	$ 4,314

Year ended 31 December 2019

US$ million	**Land**	**Buildings and constructions**	**Machinery and equipment**	**Transport and motor vehicles**	**Mining assets**	**Other assets**	**Assets under construction**	**Total**
At 31 December 2018, cost, net of accumulated depreciation	$ 100	$ 895	$ 1,655	$ 81	$ 1,086	$ 7	$ 378	$ 4,202
IFRS 16 adoption: recognition of right-of-use assets (Note 2)	–	12	40	68	–	–	–	120
At 1 January 2019, cost, net of accumulated depreciation	$ 100	$ 907	$ 1,695	$ 149	$ 1,086	$ 7	$ 378	$ 4,322
Additions	1	–	11	4	–	–	828	844
Assets put into operation	–	50	387	46	66	6	(555)	–
Assets acquired in business combinations	4	–	–	–	–	–	–	4
Disposals	(3)	(1)	(6)	–	–	–	(4)	(14)
Depreciation and depletion charge	–	(82)	(331)	(46)	(87)	(4)	–	(550)
Impairment losses recognised in statement of operations	–	(13)	(25)	–	(101)	–	(10)	(149)
Impairment losses reversed through statement of operations	–	1	2	–	1	–	3	7
Transfer to assets held for sale	(4)	(8)	(25)	(2)	–	–	–	(39)
Change in site restoration and decommissioning provision	–	12	3	–	64	–	–	79
Government grants	–	–	–	–	–	–	(6)	(6)
Translation difference	4	90	143	18	131	–	41	427
At 31 December 2019, cost, net of accumulated depreciation	$ 102	$ 956	$ 1,854	$ 169	$ 1,160	$ 9	$ 675	$ 4,925

Assets under construction include prepayments to constructors and suppliers of property, plant and equipment of $55 million, $22 million and $77 million as of 31 December 2021, 2020 and 2019, respectively.

Impairment losses were identified in respect of certain items of property, plant and equipment that were recognised as functionally obsolete or as a result of the testing at the level of cash-generating units (Note 6).

No borrowing costs were capitalised during the period from 2019 to 2021.

Government Grants Related to Assets

The Group receives government grants in the USA and Canada. In 2021, the Group received $50 million from the Pueblo Urban Renewal Authority. In return, the Group is required to comply with certain conditions relating to the operating activities of the entity, including timely completion of the rail mill construction in the City of Pueblo. The total amount of the financing to be received from the Pueblo Urban Renewal Authority is $100 million.

In 2021, the Strategic Innovation Fund of Canada provided $7 million (2020: $10 million) to the Group as partial financing of undergoing major capital projects at various Group's facilities in Canada. The Group has committed to complying with certain conditions including timely completion of the financed capital projects and maintaining determined employment levels. 50% of the financing received is repayable starting from April 2025.
The Group accounts for the non-repayable financing and the difference between the fair value of the repayable financing and the proceeds received as government grants.

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Right-of-Use Assets

In 2019–2021, the movement in right-of-use assets was as follows:

US$ million	Land	Buildings and constructions	Machinery and equipment	Transport and motor vehicles	Total
At 1 January 2019, assets under finance leases, cost, net of accumulated depreciation	$ 3	$ 1	$ 3	$ –	$ 7
Newly recognised right-of-use assets	–	12	40	68	120
Total right-of-use assets at 1 January 2019	$ 3	$ 13	$ 43	$ 68	$ 127
Additions	–	–	11	4	15
Purchase of right-of-use assets	(3)	(1)	–	–	(4)
Depreciation charge	–	(1)	(7)	(22)	(30)
Transfer to assets held for sale	–	–	–	(2)	(2)
Translation difference	–	–	1	8	9
At 31 December 2019, cost, net of accumulated depreciation	$ –	$ 11	$ 48	$ 56	$ 115
Additions	–	–	7	2	9
Disposals	–	–	(2)	–	(2)
Depreciation charge	–	(2)	(8)	(19)	(29)
Impairment	–	–	(2)	–	(2)
Translation difference	–	–	(1)	(8)	(9)
At 31 December 2020, cost, net of accumulated depreciation	**$ –**	**$ 9**	**$ 42**	**$ 31**	**$ 82**
Additions	**–**	**8**	**–**	**29**	**37**
Depreciation charge	**–**	**(2)**	**(6)**	**(20)**	**(28)**
Transfer to assets held for distribution to owners	**–**	**–**	**–**	**(25)**	**(25)**
At 31 December 2021, cost, net of accumulated depreciation	**$ –**	**$ 15**	**$ 36**	**$ 15**	**$ 66**

The liabilities related to the right-of-use assets are disclosed in Note 25.

Assets under Operating Leases

The Group acts as a lessor in some operating lease contracts. The carrying value of assets under operating leases at 31 December 2021, 2020 and 2019 was $18 million, $31 million and $66 million, respectively, the main part of which relates to railroad cars representing the right-of-use assets in sublease.

US$ million	Land	Buildings and constructions	Machinery and equipment	Transport and motor vehicles	Total
At 31 December 2021, cost, net of accumulated depreciation	**$ –**	**$ 5**	**$ 3**	**$ 10**	**$ 18**
At 31 December 2020, cost, net of accumulated depreciation	$ –	$ 3	$ 1	$ 27	$ 31
At 31 December 2019, cost, net of accumulated depreciation	$ 1	$ 5	$ 8	$ 52	$ 66

In 2021, 2020 and 2019, rental income amounted to $26 million, $25 million and $32 million, respectively, including $19 million, $19 million and $25 million, respectively, of income from subleasing of right-of-use assets.

At 31 December 2021, the undiscounted lease payments to be received under operating leases were as follows:

US$ million	2022	2023	2024	2025	2026	In more than 5 years	Total
Lease payments under operating leases	**$ 13**	**$ 2**	**$ 2**	**$ 2**	**$ 2**	**$ 14**	**$ 35**

At 31 December 2020, the undiscounted lease payments to be received under operating leases were as follows:

US$ million	2021	2022	2023	2024	2025	In more than 5 years	Total
Lease payments under operating leases	$ 22	$12	$ 2	$ 2	$ 2	$ 11	$ 51

At 31 December 2019, the undiscounted lease payments to be received under operating leases were as follows:

US$ million	2020	2021	2022	2023	2024	In more than 5 years	Total
Lease payments under operating leases	$ 25	$ 26	$ 15	$ 3	$ 3	$ 20	$ 92

10. INTANGIBLE ASSETS OTHER THAN GOODWILL

Intangible assets consisted of the following as of 31 December:

US$ million	2021	2020	2019
Cost:			
Customer relationships	**$ 608**	$ 686	$ 678
Water rights and environmental permits	**57**	57	57
Contract terms	**20**	20	24
Other	**68**	64	67
	753	827	826
Accumulated amortisation and impairment:			
Customer relationships	**(562)**	(617)	(567)
Water rights and environmental permits	**(13)**	(13)	(13)
Contract terms	**(16)**	(14)	(15)
Other	**(36)**	(45)	(46)
	(627)	(689)	(641)
	$ 126	$ 138	$ 185

As of 31 December 2021, 2020 and 2019, water rights with a carrying value of $44 million relating to the Long products cash-generating unit had an indefinite useful life.

The movement in intangible assets was as follows:

Year ended 31 December 2021

US$ million	Customer relationships	Water rights and environmental permits	Contract terms	Other	Total
At 31 December 2020, cost, net of accumulated amortisation	**$ 69**	**$ 44**	**$ 6**	**$ 19**	**$ 138**
Additions	**–**	**–**	**–**	**24**	**24**
Amortisation charge	**(23)**	**–**	**(2)**	**(7)**	**(32)**
Transfer to assets held for distribution to owners	**–**	**–**	**–**	**(4)**	**(4)**
At 31 December 2021, cost, net of accumulated amortisation	**$ 46**	**$ 44**	**$ 4**	**$ 32**	**$ 126**

Year ended 31 December 2020

US$ million	Customer relationships	Water rights and environmental permits	Contract terms	Other	Total
At 31 December 2019, cost, net of accumulated amortisation	$ 111	$ 44	$ 9	$ 21	$ 185
Additions	–	–	–	7	7
Amortisation charge	(27)	–	(2)	(6)	(35)
Impairment	(16)	–	–	–	(16)
Translation difference	1	–	(1)	(3)	(3)
At 31 December 2020, cost, net of accumulated amortisation	$ 69	$ 44	$ 6	$ 19	$ 138

Year ended 31 December 2019

US$ million	Customer relationships	Water rights and environmental permits	Contract terms	Other	Total
At 31 December 2018, cost, net of accumulated amortisation	$ 131	$ 44	$ 10	$ 21	$ 206
Additions	–	–	–	6	6
Amortisation charge	(26)	–	(2)	(6)	(34)
Translation difference	6	–	1	–	7
At 31 December 2019, cost, net of accumulated amortisation	$ 111	$ 44	$ 9	$ 21	$ 185

11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

The Group accounted for investments in joint ventures and associates under the equity method.

The movement in investments in joint ventures and associates was as follows:

US$ million	Timir	Streamcore	Other associates	Total
Investment at 31 December 2018	**$ 17**	**$ 47**	**$ 10**	**$ 74**
Additional investments	–	3	–	3
Share of profit/(loss)	(1)	7	3	9
Dividends paid	–	–	(2)	(2)
Translation difference	1	6	1	8
Investment at 31 December 2019	**$ 17**	**$ 63**	**$ 12**	**$ 92**
Disposal of investments	–	–	(1)	(1)
Share of profit/(loss)	–	1	1	2
Dividends paid	–	–	(1)	(1)
Translation difference	(3)	(10)	–	(13)
Investment at 31 December 2020	**$ 14**	**$ 54**	**$ 11**	**$ 79**
Additional investments	–	–	10	10
Share of profit/(loss)	–	9	5	14
Dividends paid	–	–	(3)	(3)
Investment at 31 December 2021	**$ 14**	**$ 63**	**$ 23**	**$ 100**

Timir Iron Ore Project

In April 2013, the Group acquired a 51% ownership interest in the joint venture with Alrosa for the development of 4 iron ore deposits in the southern part of the Yakutia region in Russia. Under the joint venture agreement major operating and financial decisions are made by unanimous consent of the Group and Alrosa, and no single venturer is in a position to control the activity unilaterally. Consequently, the Group accounts for its interest in Timir under the equity method.

The Group's consideration for this stake amounted to 4,950 million roubles ($159 million at the exchange rate as of the date of the transaction) payable in instalments to 15 July 2014. The consideration was measured as the present value of the expected cash outflows. Later the payment schedule was changed by extending the payment period until 2019. From the dates of the amendments the Group incurred interest charges on the unpaid liability.

In 2019, the Group paid 480 million roubles ($8 million) of purchase consideration and $1 million of interest charges. Previously, the Group paid the principal of 4,470 million roubles ($113 million).

Subsequently the investment in Timir was impaired due to postponement of production and additionally decreased as a result of devaluation of the Russian rouble.

The table below sets out Timir's assets and liabilities as of 31 December:

US$ million	2021	2020	2019
Mineral reserves and property, plant and equipment	**$ 46**	$ 46	$ 54
Other non-current assets	**6**	6	7
Total assets	**52**	52	61
Non-current liabilities	**25**	–	–
Current liabilities	**–**	24	27
Total liabilities	**25**	24	27
Net assets	**27**	28	34
Net assets attributable to 51% ownership interest	**$ 14**	$ 14	$ 17

In 2021, 2020 and 2019, Timir's statement of operations included only other income and expenses amounting to $Nil, $Nil and $(1) million, respectively.

At 31 December 2021, 2020 and 2019 Timir owed to the Group $10 million, $9 million and $9 million, respectively, which were recorded within the receivables from related parties caption in non-current assets in 2021 and in current assets in 2020 and 2019. The amounts represent a loan bearing interest equal to the Bank of Russia key rate, which ranged from 4.25% to 8.5% per annum in 2021. In 2019-2020, the loan bore interest at a fixed rate of 6.45% per annum.

11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

Streamcore

The Group owns a 50% interest in Streamcore Limited (Cyprus), a joint venture established for the purpose of exercising joint control over facilities for scrap procurement and processing in Siberia, Russia.

The table below sets out Streamcore's assets and liabilities as of 31 December:

US$ million	2021	2020	2019
Property, plant and equipment	**$ 30**	$ 23	$ 25
Other non-current assets	**–**	3	–
Inventories	**135**	95	10
Accounts receivable	**169**	96	94
Total assets	**334**	217	129
Deferred income tax liabilities	**1**	1	1
Current liabilities	**207**	108	3
Total liabilities	**208**	109	4
Net assets	**126**	108	125
Net assets attributable to 50% ownership interest	**$ 63**	$ 54	$ 63

The table below sets out Streamcore's income and expenses:

US$ million	2021	2020	2019
Revenue	**$ 657**	$ 385	$ 502
Cost of revenue	**(619)**	(367)	(478)
Other expenses, including income taxes	**(20)**	(16)	(10)
Net profit	**18**	2	14
Group's share of profit of the joint venture	**9**	1	7

12. DISPOSAL GROUPS HELD FOR SALE

The table below demonstrates the carrying values of assets and liabilities, at the dates of disposal, of the subsidiaries and other business units disposed of during 2019–2021.

US$ million	2021	2020	2019
Property, plant and equipment	**$ –**	$ –	$ 39
Goodwill	**–**	–	–
Other non-current assets	**–**	–	26
Inventories	**–**	–	34
Accounts receivable	**–**	–	22
Cash and cash equivalents	**–**	–	47
Total assets	**–**	–	168
Employee benefits	**–**	–	7
Other non-current liabilities	**–**	–	13
Current liabilities	**–**	–	110
Total liabilities	**–**	–	130
Non-controlling interests	**–**	–	–
Net assets	**$ –**	$ –	$38

12. DISPOSAL GROUPS HELD FOR SALE (CONTINUED)

The net assets of disposal groups sold in 2019–2021 related to the following reportable segments:

US$ million	2021	2020	2019
Assets classified as held for sale	**$ –**	$ –	$ 168
Steel	**–**	–	155
Coal	**–**	–	–
Other operations	**–**	–	13
Liabilities directly associated with assets classified as held for sale	**–**	–	130
Steel	**–**	–	124
Coal			
Other operations	**–**	–	6

Cash flows on disposal of subsidiaries and other business units were as follows:

US$ million	2021	2020	2019
Net cash disposed of with subsidiaries	**$ –**	$ –	$ (47)
Cash received	**2**	12	99
Tax and transaction costs paid	**–**	(1)	(8)
Net cash inflow	**2**	11	44

The disposal groups sold during 2019–2021 and cash receipts relating to the disposed assets are described below.

Stratcor Inc.

On 11 October 2019, the Group sold its wholly-owned subsidiary EVRAZ Stratcor Inc. to a third party for cash consideration of 1 US dollar. EVRAZ Stratcor Inc. is a vanadium producer located in the USA, it was included in the steel segment of the Group's operations. The Group recognised a $19 million gain on sale of the subsidiary within the Gain/(loss) on disposal groups classified as held for sale caption of the consolidated statement of operations. Cash disposed with the subsidiary amounted to $Nil.

Evraztrans Ukraine

On 15 November 2019, the Group sold its wholly-owned subsidiary Evraztrans Ukraine to a third party for cash consideration of $8 million. Evraztrans Ukraine is a railway forwarder located in Ukraine, it was included in 2 segments of the Group's operations – other operations and steel.

The Group recognised a $(36) million loss on sale of the subsidiary, including $(37) million of cumulative exchange losses reclassified from other comprehensive income to the consolidated statement of operations. The result was included in the Gain/(loss) on disposal groups classified as held for sale caption of the consolidated statement of operations. Cash disposed with the subsidiary amounted to $Nil. At 31 December 2019, the sale consideration was unsettled. In 2020, it was fully received in cash.

Yartsevo Rolling Mill

Historically, the Group was one of major creditors of a steel-rolling mill in Yartsevo located in the Smolensk region of Russia. The mill went into bankruptcy proceedings and in the 1st half of 2019 the Group impaired the non-current financial asset relating to the mill, recognising a $56 million loss, which was recorded in the Impairment of non-current financial assets caption of the consolidated statement of operations. At 30 June 2019, the resulting carrying value of the non-current financial asset was $21 million. In November 2019, the Group acquired property, plant and equipment and inventory of this rolling mill from the auction undertaken in the course of the bankruptcy proceedings for $22 million with the purpose of subsequent sale to a third party. The proceeds from the sale were used by the bankruptcy administrator to partially repay the debts of the mill, the majority of which were the debts to the Group. Upon acquisition the acquired non-current asset was classified as a disposal group held for sale. Shortly after the acquisition the Group sold the mill for cash consideration of $66 million to a third-party acquirer. The gain on sale before tax amounting to $44 million was included in the Gain/(loss) on disposal groups classified as held for sale caption of the consolidated statement of operations. Income tax paid on a resale margin amounted to $8 million. At the moment of the acquisition the Group did not have any arrangement for the sale of the mill to a new purchaser, therefore, the purchase and sale transactions were not treated as linked.

Palini e Bertoli

On 2 December 2019, the Group sold its wholly-owned subsidiary EVRAZ Palini e Bertoli to a third party for cash consideration of $36 million. EVRAZ Palini e Bertoli, an Italian rolling mill, was included in the steel segment of the Group's operations.

The Group recognised a $2 million gain on sale of the subsidiary, including $(5) million of cumulative exchange losses reclassified from other comprehensive income to the consolidated statement of operations and $(1) of transaction costs. The result was included in the Gain/(loss) on disposal groups classified as held for sale caption of the consolidated statement of operations. Cash disposed with the subsidiary amounted to $47 million. At 31 December 2019, $3 million of the sale consideration was unsettled. In 2020, it was fully received in cash.

12. DISPOSAL GROUPS HELD FOR SALE (CONTINUED)

Strategic Minerals Corporation

In 2017, the Group sold Strategic Minerals Corporation, which owns a vanadium business in the Republic of South Africa. According to an agreement the purchaser is obliged to pay earn-out payments to the Group until 31 December 2025, if benchmark prices for ferro-vanadium are met. In 2021 and 2020, the Group received $2 million and $1 million, respectively, of earn-out payments.

13. DISCONTINUED OPERATIONS

In 2020, the Board of directors discussed the potential demerger of a group of coal companies consolidated under Raspadskaya ("Raspadskaya Group"), which constitutes a major part of the coal segment. Raspadskaya Group includes coal mines, coal processing plants and supporting services of Raspadskaya, Yuzhkuzbassugol and Mezhegeyugol. The Raspadskaya Group's business meets the criteria of a major business line, consequently, the potential demerger should be treated as discontinued operations, if all criteria for the disposal group classified as held for distribution to owners are met.

In January 2021, the Board of directors agreed that the management should proceed with investigating the options for the potential demerger of the Raspadskaya Group. During 2021 the Board of directors and management conducted a comprehensive review of the rationale and feasibility of the demerger to ensure that it serves the long-term interests of the Group'shareholders, employees, clients and other stakeholders.

In December 2021 the plan of the potential demerger was finalised and on 14 December 2021, the Board of directors approved the proposed demerger. The plan included, among other things, a voting for the relevant resolutions at the General Meeting scheduled for 11 January 2022 and a creation of sufficient distributable reserves, which requires the issue of bonus shares and subsequent capital reduction through the cancellation of bonus shares. Such capital reduction requires the UK Court's approval.

On 15 December 2021 a circular containing the details of the transaction was published for the review of shareholders, together with a notice of General Meeting. The overall reaction in late 2021 of the investment community to the proposal was positive. Three major independent agencies, which are highly rated by non-controlling shareholders, supported the demerger and gave the recommendation to vote for it, ahead of 31 December 2021. The Company hired an independent consultant to evaluate the potential outcome of the shareholders' voting on the demerger. In late December 2021 the consultant prepared and presented to management and the Audit Committee 3 potential voting scenarios using the available data and historical voting patterns. In all these scenarios the threshold required for the approval of the demerger was expected to be overcome.

Based on these facts and circumstances management concluded that Raspadskaya Group met the criteria for classification as disposal groups held for distribution to owners at 31 December 2021. Consequently, the classification, measurement and presentation requirements of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" were applied in the consolidated financial statements as at, and for the year ended, 31 December 2021.

On 11 January 2022, approximately 79.41% of EVRAZ plc's shareholders took part in the voting at the General Meeting. Almost 100% of the voters approved the demerger of Raspadskaya Group. The demerger is planned to be executed in the first half of 2022 through an interim in specie distribution of Raspadskaya's shares quoted on the Moscow Stock Exchange to EVRAZ plc's shareholders. Other subsequent developments are disclosed in Note 33.

Profit/(loss) from discontinued operations shown as a single amount in the consolidated statements of operations comprised of the following components:

US$ million	2021	2020	2019
Post-tax profit/(loss) of discontinued operations	**$ (409)**	$ (511)	$ (717)
Transaction costs directly attributable to the distribution of Raspadskaya Group	**(8)**	–	–
	(417)	(511)	(717)

13. DISCONTINUED OPERATIONS (CONTINUED)

Raspadskaya Group Disclosures

The statements of operations of the discontinued operations are presented below. The consolidated results of Raspadskaya Group are divided into transactions with external parties, which are classified as discontinued operations, and intra-group transactions between continuing and discontinued operations, which were eliminated in EVRAZ plc's consolidated financial statements.

US$ million	2021			2020			2019		
	Total	Discontinued operations	Intra-group operations	Total	Discontinued operations	Intra-group operations	Total	Discontinued operations	Intra-group operations
Revenue									
Sale of goods	$ 2,092	669	$ 1,423	$ 1,093	$ 292	$ 801	$ 1,663	$ 452	$ 1,211
Rendering of services	6	4	2	12	10	2	10	9	1
	2,098	673	1,425	1,105	302	803	1,673	461	1,212
Cost of revenue	(752)	(685)	(67)	(775)	(720)	(55)	(781)	(719)	(62)
Gross profit	1,346	(12)	1,358	330	(418)	748	892	(258)	1,150
Selling and distribution costs	(82)	(80)	(2)	(52)	(52)	–	(99)	(99)	–
General and administrative expenses	(74)	(64)	(10)	(66)	(59)	(7)	(82)	(75)	(7)
Social and social infrastructure maintenance expenses	(5)	(5)	–	(2)	(2)	–	(3)	(3)	–
Gain/(loss) on disposal of property, plant and equipment, net	(1)	(1)	–	–	–	–	(3)	(3)	–
Impairment of non-financial assets	(8)	(8)	–	3	3	–	(107)	(107)	–
Foreign exchange gains/(losses), net	23	23	–	112	112	–	(30)	(30)	–
Other operating income	4	4	–	3	3	–	3	3	–
Other operating expenses	(22)	(19)	(3)	(22)	(22)	–	(12)	(12)	–
Profit from operations	1,181	(162)	1,343	306	(435)	741	559	(584)	1,143
Interest income	2	1	1	10	1	9	9	1	8
Interest expense	(31)	(20)	(11)	(19)	(13)	(6)	(17)	(16)	(1)
Gain/(loss) on financial assets and liabilities, net	(1)	(1)	–	–	–	–	–	–	–
Other non-operating gains/(losses), net	3	3	–	–	–	–	1	1	–
Profit/(loss) before tax	1,154	(179)	1,333	297	(447)	744	552	(598)	1,150
Income tax expense	(230)	(230)	–	(64)	(64)	–	(119)	(119)	–
Net profit/(loss)	924	(409)	1,333	233	(511)	744	433	(717)	1,150
Net profit/(loss) attributable to:									
Equity holders of the parent entity	910	(423)	1,333	216	(528)	744	398	(752)	1,150
Non-controlling interests	14	14	–	17	17	–	35	35	–
	924	(409)	1,333	$ 233	$ (511)	$ 744	$ 433	$ (717)	$ 1,150

Intra-group revenues of Raspadskaya Group consisted of the following:

US$ million	2021	2020	2019
Revenues from sales to segments other than the Coal segment – inter-segment sales (Note 3)	$ 766	$ 538	$ 721
Revenues from sales to the Coal segment – intra-segment sales	659	265	491
	$ 1,425	$ 803	$ 1,212

13. DISCONTINUED OPERATIONS (CONTINUED)

Raspadskaya Group Disclosures (continued)

The cash flows of Raspadskaya Group were as follows:

US$ million	2021			2020			2019		
	Total	Discontinued operations	Intra-group operations	Total	Discontinued operations	Intra-group operations	Total	Discontinued operations	Intra-group operations
Net cash provided by/(used in) operating activities	**$ 869**	**$ (239)**	**$ 1,108**	$ 103	$ (334)	$ 437	$ 947	$ (502)	$ 1,449
Net cash provided by/(used in) investing activities	**(1,121)**	**(216)**	**(905)**	113	(142)	255	(272)	(230)	(42)
Net cash provided by/(used in) financing activities	**75**	**324**	**(249)**	(228)	(54)	(174)	(176)	(49)	(127)

The major classes of assets and liabilities of a disposal group held for distribution to owners, which were measured at the lower of carrying amount and fair value less costs of distribution, are presented in the table below. These assets and liabilities do not include balances of Raspadskaya Group receivable from or payable to EVRAZ plc and its other subsidiaries as they were eliminated on consolidation.

US$ million	31 December 2021
Non-current assets	
Property, plant and equipment	**$ 1,436**
Intangible assets other than goodwill	**4**
Deferred income tax assets	**8**
Other non-current assets	**3**
	1,451
Current assets	
Inventories	**104**
Accounts receivable and other current assets	**97**
Taxes receivable	**117**
Cash and cash equivalents	**400**
	718
Assets of disposal groups classified as held for distribution to owners	**2,169**
Non-current liabilities	
Long-term loans	**400**
Deferred income tax liabilities	**93**
Employee benefits	**44**
Provisions	**105**
Lease liabilities	**15**
Other non-current liabilities	**11**
	668
Current liabilities	
Trade and other payables	**123**
Income tax and other taxes payable	**197**
Provisions	**20**
Lease liabilities	**6**
Other current liabilities	**18**
	364
Liabilities directly associated with disposal groups classified as held for distribution to owners	**1,032**

Supplementary disclosures illustrating the assets, liabilities and financial results of the Group excluding Raspadskaya Group are provided in Note 35.

13. DISCONTINUED OPERATIONS (CONTINUED)

Re-presentation of Consolidated Statement of Operations of EVRAZ plc

The Group's consolidated statement of operations was prepared so that the discontinued operations would be excluded from the consolidated amounts and presented as a single amount. The comparatives in the statement of operations were re-presented in the same way. No adjustments to comparative data were made for the assets and liabilities in the statement of financial position. The consolidated amounts below represent the income statements as if Raspadskaya Group had not met the criteria of a discontinued operation at 31 December 2021.

US$ million	2021			2020			2019		
	Consolidated	Less: discontinued operations	As reported	Consolidated (as previously reported)	Less: discontinued operations	As reported	Consolidated (as previously reported)	Less: discontinued operations	As reported
Continuing operations									
Revenue									
Sale of goods	$ 13,893	(669)	$ 13,224	$ 9,514	$ (292)	$ 9,222	$ 11,569	$ (452)	$ 11,117
Rendering of services	266	(4)	262	240	(10)	230	336	(9)	327
	14,159	(673)	13,486	9,754	(302)	9,452	11,905	(461)	11,444
Cost of revenue	(8,139)	685	(7,454)	(6,712)	720	(5,992)	(8,273)	719	(7,554)
Gross profit	6,020	12	6,032	3,042	418	3,460	3,632	258	3,890
Selling and distribution costs	(907)	80	(827)	(840)	52	(788)	(966)	99	(867)
General and administrative expenses	(617)	72*	(545)	(552)	59	(493)	(611)	75	(536)
Social and social infrastructure maintenance expenses	(35)	5	(30)	(31)	2	(29)	(26)	3	(23)
Gain/(loss) on disposal of property, plant and equipment, net	(8)	1	(7)	(3)	–	(3)	3	3	6
Impairment of non-financial assets	(30)	8	(22)	(310)	(3)	(313)	(442)	107	(335)
Foreign exchange gains/(losses), net	34	(23)	11	408	(112)	296	(341)	30	(311)
Other operating income	20	(4)	16	22	(3)	19	22	(3)	19
Other operating expenses	(64)	19	(45)	(65)	22	(43)	(54)	12	(42)
Profit from operations	4,413	170	4,583	1,671	435	2,106	1,217	584	1,801
Interest income	5	(1)	4	6	(1)	5	8	(1)	7
Interest expense	(232)	20	(212)	(328)	13	(315)	(336)	16	(320)
Share of profits/(losses) of joint ventures and associates	14	–	14	2	–	2	9	–	9
Impairment of non-current financial assets	–	–	–	–	–	–	(56)	–	(56)
Gain/(loss) on financial assets and liabilities, net	(21)	1	(20)	(71)	–	(71)	17	–	17
Gain/(loss) on disposal groups classified as held for sale, net	2	–	2	1	–	1	29	–	29
Other non-operating gains/(losses), net	3	(3)	–	14	–	14	14	(1)	13
Profit before tax	4,184	187	4,371	1,295	447	1,742	902	598	1,500
Income tax expense	(1,077)	230	(847)	(437)	64	(373)	(537)	119	(418)
Net profit from continuing operations	3,107	417	3,524	858	511	1,369	365	717	1,082
Net loss from discontinued operations	–	(417)	(417)	–	(511)	(511)	–	(717)	(717)
Net profit	3,107	–	3,107	858	–	858	365	–	365
Net profit from continuing operations attributable to:									
Equity holders of the parent entity	3,034	431	3,465	848	528	1,376	326	752	1,078
Non-controlling interests	73	(14)	59	10	(17)	(7)	39	(35)	4
	3,107	417	3,524	858	511	1,369	365	717	1,082
Net loss from discontinued operations attributable to:									
Equity holders of the parent entity	–	(431)	(431)	–	(528)	(528)	–	(752)	(752)
Non-controlling interests	–	14	14	–	17	17	–	35	35
	–	(417)	(417)	–	(511)	(511)	–	(717)	(717)
Net profit attributable to:									
Equity holders of the parent entity	3,034	–	3,034	848	–	848	326	–	326
Non-controlling interests	73	–	73	10	–	10	39	–	39
	$ 3,107	$ –	$ 3,107	$ 858	$ –	$ 858	$ 365	$ –	$ 365

*including $8 million of transaction costs directly attributable to the distribution of Raspadskaya Group

Supplementary disclosures illustrating the assets, liabilities and financial results of the Group excluding Raspadskaya Group are provided in Note 35.

14. OTHER NON-CURRENT ASSETS

Other non-current assets consisted of the following as of 31 December:

Non-current Financial Assets

US$ million	2021	2020	2019
Derivatives not designated as hedging instruments (Note 25)	**$ 2**	$ 2	$ 17
Trade and other receivables	**12**	18	16
Loans receivable	**–**	–	1
Restricted deposits	**4**	6	6
	$ 18	$ 26	$ 40

Other Non-current Assets

US$ million	2021	2020	2019
Safety stock inventories	**$ 22**	$ 28	$ 29
Defined benefit asset (Note 23)	**25**	–	12
Income tax receivable	**8**	8	6
Other	**7**	9	8
	$ 62	$ 45	$ 55

15. INVENTORIES

Inventories consisted of the following as of 31 December:

US$ million	2021	2020	2019
Raw materials and spare parts	**$ 686**	$ 542	$ 811
Work-in-progress	**237**	136	185
Finished goods	**642**	407	484
	$ 1,565	$ 1,085	$ 1,480

All respective inventory lines presented above are shown at lower of cost and net realisable value. As of 31 December 2021, 2020 and 2019, the net realisable value allowance was $24 million, $29 million and $39 million, respectively.

As of 31 December 2021, 2020 and 2019, certain items of inventory with an approximate carrying amount of $556 million, $414 million and $512 million, respectively, were pledged to banks as collateral against loans provided to the Group (Note 22).

16. TRADE AND OTHER RECEIVABLES

Trade and other receivables consisted of the following as of 31 December:

US$ million	2021	2020	2019
Trade accounts receivable	**$ 612**	$ 345	$ 481
Other receivables	**45**	70	99
	657	415	580
Allowance for expected credit losses	**(31)**	(37)	(46)
	$ 626	$ 378	$ 534

Ageing analysis and movement in allowance for expected credit losses are provided in Note 28.

17. RELATED PARTY DISCLOSURES

Related parties of the Group include associates and joint venture partners, key management personnel and other entities that are under the control or significant influence of the key management personnel and the Group's ultimate controlling parties. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Amounts owed by/to related parties, included in current and non-current assets and liabilities, at 31 December were as follows:

	Amounts due from related parties			Amounts due to related parties		
US$ million	2021	2020	2019	2021	2020	2019
Loans						
Timir (Note 11)	$ 10	$ 9	$ 9	$ –	$ –	$ –
Sale of investments						
Streamcore	–	–	–	–	–	5
Trade balances						
Nakhodka Trade Sea Port	–	–	–	4	10	7
Vtorresource-Pererabotka	30	–	1	44	28	5
Other entities	4	1	–	2	–	2
	44	10	10	50	38	19
Less: allowance for expected credit losses	–	–	–	–	–	–
	$ 44	$ 10	$ 10	$ 50	$ 38	$ 19

In 2019–2021, the Group did not recognise any expense or income in relation to the expected credit losses of related parties.

Transactions with related parties were as follows for the years ended 31 December:

	Sales to related parties			Purchases from related parties		
US$ million	2021	2020	2019	2021	2020	2019
Allegro	$ 5	$ –	$ 4	$ –	$ –	$ –
Genalta Recycling Inc.	–	–	–	11	8	10
Nakhodka Trade Sea Port	–	–	–	67	77	72
Vtorresource-Pererabotka	4	3	6	653	376	498
Yuzhny GOK	13	7	28	–	–	77
Other entities	1	1	1	2	2	1
	$ 23	$ 11	$ 39	$ 733	$ 463	$ 658

In addition to the disclosures presented in this note, some of the balances and transactions with related parties are disclosed in Note 11.

Allegro is a Group's joint venture, which will produce railway wheels once the current construction of plant is completed. In 2021, the Group sold constructon steel products to Allegro. In 2021, the Group invested $10 million in cash in the share capital of Allegro. In addition, the Group issued a guarantee in respect of the bank loan received by Allegro (Note 30).

Genalta Recycling Inc. is a joint venture of a Canadian subsidiary of the Group. It sells scrap metal to the Group.

Lanebrook Limited (Cyprus) is an entity under common control with EVRAZ plc. The Group had other receivables from Lanebrook Limited, amounting to $32 million, in connection with the acquisition of a 1% ownership interest in Yuzhny GOK in 2008. In 2019, these receivables were settled by cash.

Nakhodka Trade Sea Port ("NTSP") is an entity under common control with EVRAZ plc. NTSP is located at the Far East of Russia, in a bay of the Sea of Japan, and it renders handling services to the Group.

Streamcore Limited ("Streamcore") is a joint venture of the Group (Note 11). In 2019, the Group received from Streamcore an advance payment for the sale of another associate of the Group, RVK Limited, to Streamcore for $5 million. At the end of 2019 this transaction was not completed. In 2020, the share in RVK Limited was transferred to Streamcore and the Group recognised a $5 million gain on sale, which was recorded within the Other non-operating expense caption of the consolidated statement of operations.

Vtorresource-Pererabotka is a subsidiary of Streamcore, the Group's joint venture (Note 11). It sells scrap metal to the Group and provides scrap processing and other services. In 2021, 2020 and 2019, the purchases of scrap metal from Vtorresource-Pererabotka amounted to $621 million (1,618,871 tonnes), $344 million (1,378,211 tonnes) and $424 million (1,640,750 tonnes), respectively. Vtorresource-Pererabotka also provides to the Group services, such as scrap cutting, slag processing, cleaning of slag ladles. At 31 December 2021, 2020 and 2019, $187 million, $131 million and $156 million payable by the Group to Vtorresource-Pererabotka were classified as trade payables to third parties as Vtorresource-Pererabotka sold its receivables under factoring contracts to several banks with no recourse (Note 26). In addition, at 31 December 2020, $10 million receivable by the Group from Vtorresource-Pererabotka was classified as trade receivables from third parties due to factoring arrangements.

17. RELATED PARTY DISCLOSURES (CONTINUED)

Yuzhny GOK, an ore mining and processing plant, is an associate of an entity, which is under common control with EVRAZ plc. The Group sold steel products to Yuzhny GOK and purchased sinter from the entity. In 2019 and 2018, the Group recognised dividend income from Yuzhny GOK amounting to $3 million and $4 million, respectively, within the other non-operating gains/(losses) caption in the consolidated statement of operations. All these dividends were received by the Group in 2019.

The transactions with related parties were based on prevailing market terms.

Compensation to Key Management Personnel

Key management personnel include the following positions within the Group:

- directors of the Company,
- vice presidents,
- senior management of major subsidiaries.

In 2021, 2020 and 2019, key management personnel totalled 28, 28 and 30 people, respectively. Total compensation to key management personnel were included in general and administrative expenses in the consolidated statement of operations and consisted of the following:

US$ million	**2021**	**2020**	**2019**
Salary	**$ 12**	$ 13	$ 14
Performance bonuses	**12**	7	12
Social insurance contributions	**3**	3	4
Share-based payments (Note 21)	**6**	7	7
Termination benefits	**1**	1	1
	$ 34	$ 31	$ 38

Other disclosures on directors' remuneration required by Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts & Reports) regulations 2008 are included in the Directors' Remuneration Report.

18. OTHER TAXES RECOVERABLE

Taxes recoverable consisted of the following as of 31 December:

US$ million	**2021**	**2020**	**2019**
Input VAT	**$ 39**	$ 45	$ 73
Other taxes	**132**	133	102
	$ 171	$ 178	$ 175

Input VAT, representing amounts payable or paid to suppliers, is recoverable from the tax authorities via offset against VAT payable to the tax authorities on the Group's revenue or direct cash receipts from the tax authorities. Management periodically reviews the recoverability of the balance of input value added tax and believes it is fully recoverable within one year.

19. CASH AND CASH EQUIVALENTS

Cash and cash equivalents, mainly consisting of cash at banks, were denominated in the following currencies as of 31 December:

US$ million	**2021**	**2020**	**2019**
US dollar	**$ 884**	$ 1,461	$ 774
Euro	**36**	34	484
Russian rouble	**74**	124	134
Other	**33**	8	31
	$ 1,027	$ 1,627	$ 1,423

At 31 December 2021, the assets of disposal groups classified as held for distribution to owners included cash amounting to $400 million.

19. CASH AND CASH EQUIVALENTS (CONTINUED)

In addition, the Group had bank deposits with restrictions on their use, which are presented within the Other current financial assets caption of the consolidated statement of financial position. They include either cash advances received from customers, which cannot be used by the Group until fulfilment of contracts, or cash blocked under guarantees for tenders and guaranteed quality of products.

US$ million	2021	2020	2019
Restricted deposits	**$ 12**	$ 2	$ 4

20. EQUITY

Share Capital

		31 December	
Number of shares	2021	2020	2019
Ordinary shares, issued and fully paid	**1,506,527,294**	1,506,527,294	1,506,527,294

Treasury Shares

		31 December	
Number of shares	2021	2020	2019
Treasury shares	**47,837,582**	49,654,691	54,620,233

In 2015, EVRAZ plc repurchased 108,458,508 of its own shares ($336 million). Since that time treasury shares were used only in the Company's Incentive Plans for employees (Note 21).

In 2021, 2020 and 2019, 1,817,109 shares, 4,965,542 shares and 8,556,954 shares, respectively, were transferred to the participants of Incentive Plans. The cost of treasury shares transferred to the participants of Incentive Plans, amounted to $6 million, $15 million and $27 million in 2021, 2020 and 2019, respectively.

Earnings per Share

Earnings per share are calculated by dividing the net income attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period. Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the potential dilutive ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2021	2020	2019
Weighted average number of ordinary shares outstanding during the period	**1,458,027,587**	1,455,054,617	1,448,789,048
Effect of dilution: share options	**6,858,318**	7,949,696	11,996,310
Weighted average number of ordinary shares adjusted for the effect of dilution	**1,464,885,905**	1,463,004,313	1,460,785,358
Net profit for the year attributable to equity holders of the parent, US$ million	**$ 3,034**	$ 848	$ 326
of which net profit from continuing operations (Note 13)	**3,465**	1,376	1,078
of which net loss from discontinued operations (Note 13)	**(431)**	(528)	(752)
Earnings/(losses) per share:			
from continuing operations			
- basic	**$ 2.38**	$ 0.94	$ 0.74
- diluted	**$ 2.37**	$ 0.94	$ 0.73
from discontinued operations			
- basic	**$ (0.30)**	$ (0.36)	$ (0.51)
- diluted	**$ (0.30)**	$ (0.36)	$ (0.51)
from continuing and discontinued operations			
- basic	**$ 2.08**	$ 0.58	$ 0.23
- diluted	**$ 2.07**	$ 0.58	$ 0.22

20. EQUITY (CONTINUED)

Dividends

Dividends declared by EVRAZ plc during 2019–2021 were as follows:

Date of declaration	To holders registered at	Dividends declared, US$ million	US$ per share
27/02/2019	08/03/2019	577.3	0.40
07/08/2019	16/08/2019	508.2	0.35
26/02/2020	06/03/2020	580.8	0.40
05/08/2020	21/08/2020	291.3	0.20
24/02/2021	12/03/2021	437.1	0.30
15/04/2021	28/05/2021	291.7	0.20
04/08/2021	13/08/2021	802.3	0.55
14/12/2021	24/12/2021	291.7	0.20

21. SHARE-BASED PAYMENTS

In 2019-2021, the Group had a number of Incentive Plans under which certain senior executives and employees ("participants") could be awarded shares of the parent company upon vesting. These plans were adopted on 26 October 2015, 15 September 2016, 25 September 2017, 26 September 2018, 25 September 2019, 28 September 2020 and 20 September 2021.

The vesting under Incentive Plans adopted before 2017 does not depend on the achievement of any performance conditions. The new Plans adopted in 2017 and later provide that the number of shares transferred to participants upon vesting is dependent on the Group's performance versus a selected group of peers. EBITDA and total shareholder return ("TSR") are used as the key performance indicators. If the Group's EBITDA achieves a specific ranking in the peer group (not lower than the 7th place in terms of EBITDA dynamics), then 50% of the shares of a particular tranche become vested, otherwise they are forfeited. If the Group's TSR is not lower than the 7th place in the peer group, then the other 50% of the shares of a particular tranche become vested, otherwise they are forfeited. Subject to the resolution of the Remuneration Committee, EBITDA can become the only metric in the performance evaluation (in case if the net debt to EBITDA ratio is equal to 3 or higher). The TSR-related vesting condition was considered by the Group as a market condition. As such, it was included in the estimation of the fair value of the granted shares and will not be subsequently revised. The vesting condition related to EBITDA was not taken into account when estimating the fair value of the share options at the grant date. Instead, this is taken into account by adjusting the share-based expense based on the number of share options that eventually vest.

The vesting date for each tranche occurs within the 90-day period after announcement of the annual results. The expected vesting dates of the awards outstanding at 31 December 2021 are presented below:

Number of Shares of EVRAZ plc	Total	Incentive Plan 2021	Incentive Plan 2020	Incentive Plan 2019	Incentive Plan 2018
March 2022	2,650,867	493,793	909,289	621,163	626,622
March 2023	2,478,996	493,793	1,363,942	621,261	–
March 2024	2,104,643	740,677	1,363,966	–	–
March 2025	740,676	740,676	–	–	–
	7,975,182	2,468,939	3,637,197	1,242,424	626,622

The plans are administered by the Board of Directors of EVRAZ plc. The Board of Directors has the right to accelerate vesting of the grant. In the event of a participant's employment termination, unless otherwise determined by the Board or by a decision of the authorised person, a participant loses the entitlement for the shares that were not awarded up to the date of termination.

There have been no modifications or cancellations to the plans during 2019–2021.

The Group accounted for share-based compensation at fair value pursuant to the requirements of IFRS 2 "Share-based Payment". The weighted average fair value of share-based awards granted in 2021, 2020 and 2019 was $5.76, $3.23 and $4.25 per share, respectively. The fair value of these awards was estimated at the date of grant and measured at the market price of the shares of the parent company reduced by the present value of dividends expected to be paid during the vesting period. The following inputs, including assumptions, were used in the valuation of Incentive Plans, which were effective during 2018-2020:

	Incentive Plan 2021	Incentive Plan 2020	Incentive Plan 2019	Incentive Plan 2018	Incentive Plan 2017	Incentive Plan 2016	Incentive Plan 2015
Dividend yield (%)	1.7 – 2.25	3.2 – 4.1	2.3 – 3.0	1.8 – 2.3	2.1 – 2.9	n/a	7.3 – 9.1
Expected life (years)	0.5 – 3.5	0.5 – 3.5	0.5 – 3.5	0.5 – 3.5	0.5 – 3.5	0.5 – 3.5	0.6 – 3.6
Market prices of the shares of EVRAZ plc at the grant dates	$7.73	$4.31	$5.75	$7.36	$3.86	$1.73	$1.36

21. SHARE-BASED PAYMENTS (CONTINUED)

The following table illustrates the number of, and movements in, share-based awards during the years.

Number of shares	2021	2020	2019
Outstanding at 1 January	**9,922,485**	10,771,774	17,755,977
Granted during the year	**2,468,939**	5,100,822	2,578,803
Forfeited during the year	**(2,599,133)**	(984,569)	(1,006,052)
Vested and exercised during the year	**(1,817,109)**	(4,965,542)	(8,556,954)
Outstanding at 31 December	**7,975,182**	9,922,485	10,771,774

The weighted average share price at the dates of exercise was $9.46, $2.97 and $7.21 in 2021, 2020 and 2019, respectively. The weighted average remaining contractual life of the share-based awards outstanding as of 31 December 2021, 2020 and 2019 was 1.4, 1.4 and 1.1 years, respectively.

In the years ended 31 December 2021, 2020 and 2019, the expense arising from the equity-settled share-based compensations was as follows:

US$ million	2021	2020	2019
Expense arising from equity-settled share-based payment transactions	**$ 12**	$ 11	$ 13

22. LOANS AND BORROWINGS

The Group had the following loans and borrowings as of 31 December:

	2021			2020			2019		
US$ million	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Bank loans	**$ 1,756**	**$ 1,697**	**$ 59**	$ 1,550	$ 1,506	$ 44	$ 1,342	$ 1,300	$ 42
Other loans	**51**	**41**	**10**	58	48	10	62	52	10
US dollar-denominated									
8.25% notes due 2021	**–**	**–**	**–**	735	–	735	750	750	–
6.75% notes due 2022	**–**	**–**	**–**	500	500	–	500	500	–
5.375% notes due 2023	**750**	**750**	**–**	750	750	–	750	750	–
5.25% notes due 2024	**700**	**700**	**–**	700	700	–	700	700	–
Rouble-denominated									
12.95% rouble bonds due 2019	**–**	**–**	**–**	–	–	–	–	–	–
12.60% rouble bonds due 2021	**–**	**–**	**–**	203	–	203	242	242	–
7.95% rouble bonds due 2024	**269**	**269**	**–**	271	271	–	323	323	–
Unamortised debt issue costs	**(17)**	**(17)**	**–**	(16)	(16)	–	(18)	(18)	–
Interest payable	**32**	**–**	**32**	86	–	86	88	–	88
	$ 3,541	**$ 3,440**	**$ 101**	$ 4,837	$ 3,759	$ 1,078	$ 4,739	$ 4,599	$ 140

At 31 December 2021, the borowings relating to Raspadskaya Group amounted to $400 million of long-term loans. In the statement of financial position at 31 December 2021 they were included in liabilities directly associated with disposal groups classified as held for distribution to owners (Note 13).

The average effective annual interest rates were as follows at 31 December:

	Long-term borrowings			Short-term borrowings		
	2021	2020	2019	2021	2020	2019
US dollar	**3.73%**	4.76%	5.74%	**–**	8.00%	3.31%
Russian rouble	**7.80%**	7.22%	9.94%	**–**	12.59%	7.83%
Euro	–	2.23%	2.39%	**0.54%**	1.03%	0.70%
Canadian dollar	**0%**	2.56%	4.08%	**–**	–	–

The liabilities are denominated in the following currencies at 31 December:

US$ million	2021	2020	2019
US dollar	**$ 3,186**	$ 3,993	$ 4,027
Russian rouble	**346**	761	586
Canadian dollar	**13**	75	120
Euro	**13**	24	24
Unamortised debt issue costs	**(17)**	(16)	(18)
	$ 3,541	$ 4,837	$ 4,739

22. LOANS AND BORROWINGS (CONTINUED)

The movement in loans and borrowings was as follows:

US$ million	2021	2020	2019
1 January	**$ 4,837**	$ 4,739	$ 4,563
Cash changes:			
Cash proceeds from bank loans and notes, net of debt issues costs	**2,325**	1,218	2,805
Repayment of bank loans and notes, including interest	**(3,403)**	(1,304)	(3,035)
Net proceeds from/(repayment of) bank overdrafts and credit lines, including interest	**(1)**	(25)	22
Covenants reset charges	**(10)**	–	–
Non-cash changes:			
Interest and other charges expensed relating to continuing operations (Note 7)	**188**	291	291
Interest and other charges expensed relating to discontinued operations (Note 7)	**8**	–	–
Accrual of premiums and other charges on early repayment of borrowings (Note 7)	**9**	–	27
Transfer to disposal groups held for distribution (Note 13)	**(400)**	–	–
Effect of exchange rate changes	**(12)**	(82)	66
31 December	**$ 3,541**	$ 4,837	$ 4,739

Pledged Assets

The Group's pledged assets at carrying value included the following at 31 December:

US$ million	2021	2020	2019
Property, plant and equipment	**$ 55**	$ 47	$ 72
Inventory	**556**	414	512

Issuer Substitution

On 13 March 2019, EVRAZ plc assumed the liabilities of Evraz Group S.A. as the issuer of all outstanding US dollar-denominated notes with the total nominal value of $2,700 million.

Issue of Notes and Bonds

In April 2019, EVRAZ plc issued 5.25% US dollar-denominated notes due 2024 in the amount of $700 million. The proceeds from the issue of the notes were used to finance the purchase of 6.50% notes due 2020 at the tender offer in April 2019 and make whole call in May 2019.

In August 2019, EvrazHolding Finance, the Group's subsidiary, issued 7.95% rouble-denominated bonds due 2024 in the amount of 20,000 million roubles ($317 million at the exchange rate at the date of the transaction).

Repurchase of Notes and Bonds

In January and March 2021, the Group fully settled its 8.25% notes and 12.6% rouble-denominated bonds, respectively, which were due in 2021. There was no gain or loss on these transactions.

In addition, in June and August 2021 the Group partially repurchased the 6.75% notes, which were due in 2022, and in October 2021 fully settled the remaining liabilities under these notes, which resulted in a $9 million loss included in the Gain/(loss) on financial assets and liabilities caption of the consolidated statement of operations.

In November 2020, the Group partially repurchased its 8.25% notes due 2021 ($15 million). There was no gain or loss on the transaction.

In April and May 2019, the Group fully settled its 6.50% notes due 2020 ($700 million). The premium over the carrying value on the repurchase and other costs relating to the transaction in the total amount of $26 million were charged to the Gain/(loss) on financial assets and liabilities caption of the consolidated statement of operations.

In June 2019, the Group fully settled its 12.95% rouble bonds due 2019, there was no gain or loss on this transaction. Upon repayment of these bonds, the related swap contracts matured and the Group recycled $33 million of the accumulated unrecognised gains on cash flow hedges from other comprehensive income to the statement of operations.

Compliance with Financial Covenants

Some of the loan agreements and terms and conditions of notes provide for certain covenants in respect of EVRAZ plc and its subsidiaries. The covenants impose restrictions in respect of certain transactions and financial ratios, including restrictions in respect of indebtedness. EBITDA used for covenants compliance calculations is determined based on the definitions of the respective loan agreements and may differ from that used by management for evaluation of performance.

22. LOANS AND BORROWINGS (CONTINUED)

Several bank credit facilities totalling $1,697 million contain certain financial maintenance covenants. These covenants require EVRAZ plc to maintain two key ratios, consolidated net indebtedness to 12-month consolidated EBITDA and 12-month consolidated EBITDA to adjusted 12-month consolidated interest expense, within certain limits. A breach of one or both of these ratios would constitute an event of default under the facilities, which in turn may trigger cross default events under other debt instruments of the Group. The terms of certain facilities also set certain limitations on acquisitions and disposals by EVRAZ plc.

At 31 December 2021 notes due in 2023 and 2024, totalling $1,450 million have covenants restricting the incurrence of indebtedness by the issuer and its consolidated subsidiaries conditional on a gross leverage ratio. While the ratio level itself does not constitute a breach of covenants, exceeding the threshold of 3.5 times triggers a restriction on incurrence of consolidated indebtedness, which is removed once the ratio goes back below the threshold. The effect of the restriction is such that EVRAZ plc and its subsidiaries would not be allowed to increase the consolidated indebtedness, but are allowed to refinance existing indebtedness subject to certain conditions. As of 31 December 2021, the Group’s gross leverage ratio was below 3.5.

Two bank credit facilities of Raspadskaya totalling $400 million contain financial maintenance covenants based on the consolidated financial statements of Raspadskaya. These covenants require Raspadskaya to maintain 2 key ratios within certain limits (consolidated net indebtedness to 12-month consolidated EBITDA and 12-month consolidated EBITDA to adjusted 12-month consolidated interest expense). A breach of one or both of these ratios would constitute an event of default under the facilities, which in turn may trigger cross default events under other debt instruments of the Group. If Raspadskaya Group ceases to be a subsidiary of EVRAZ plc as a result of the potential demerger (Notes 2 and 13), a breach of covenants under these facilities will not trigger a cross default event under the debt instruments of EVRAZ plc and its other subsidiaries.

Several bank credit facilities totalling $83 million provide for certain covenants restricting the incurrence of indebtedness by EVRAZ North America plc and its subsidiaries conditional on a fixed charge ratio. Once the threshold for the ratio is exceeded, it triggers restrictions on incurrence of additional indebtedness by EVRAZ North America plc and its subsidiaries.

The incurrence covenants are in line with the Group’s financial strategy and, therefore, do not constitute any excessive restriction on its operations.

During 2021 the Group was in compliance with all financial and non-financial covenants. In 2021, in connection with the noteholders’ and lenders’ consent to the potential demerger of Raspadskaya Group (Note 13) and the related amendments of the notes and bank loans' terms the Group paid $10 million. These charges will be amortised during the term of the respective notes and bank loans.

Unamortised Debt Issue Costs

Unamortised debt issue costs represent bank fees and transaction costs paid by the Group in relation to the arrangement and reset of loans and notes.

Unutilised Borrowing Facilities

The Group had the following unutilised borrowing facilities as of 31 December:

US$ million	2021	2020	2019
Committed	**623**	937	447
Uncommitted	**848**	424	1,165
Total unutilised borrowing facilities	**$ 1,471**	$ 1,361	$ 1,612

23. EMPLOYEE BENEFITS

Russian Plans

Certain Russian subsidiaries of the Group provide regular lifetime pension payments and lump-sum amounts payable at retirement date. These benefits generally depend on years of service, level of remuneration and amount of pension payment under the collective bargaining agreements. Other post-employment benefits consist of various compensations and certain non-cash benefits. The Group funds the benefits when the amounts of benefits fall due for payment.

In addition, some subsidiaries have defined benefit plans under which contributions are made to a separately administered non-state pension fund. The Group matches 100% of the employees' contributions to the fund up to 4% of their monthly salary. The Group's contributions become payable at the participants' retirement dates. At the end of the reporting year the benefit obligation was valued based on the terms of the pension plan assuming that all defined benefit plan participants will continue to participate in the plan.

Defined contribution plans represent payments made by the Group to the Russian state pension, social insurance and medical insurance funds at the statutory rates in force, based on gross salary payments. The Group has no legal or constructive obligation to pay further contributions in respect of those benefits.

US and Canadian Plans

The Group's subsidiaries in the USA and Canada have defined benefit pension plans that cover specified eligible employees. Benefits are based on pensionable years of service, pensionable compensation, or a combination of both depending on the individual plan. The subsidiaries also have U.S. and Canadian supplemental retirement plans ("SERP's"), which are non-qualified plans designed to maintain benefits for eligible employees at the plan formula level. The subsidiaries provide other unfunded post-retirement medical and life insurance plans ("OPEB's") for certain of their eligible employees upon retirement after completion of a specified number of years of service. For the pension plans, SERP's and OPEB's, the subsidiaries use a measurement date for plan assets and obligations of 31 December.

Certain employees that were hired after specified dates are no longer eligible to participate in the defined benefit pension plans. Those employees are instead enrolled in defined contribution plans and receive a contribution funded by the Group's subsidiaries equal to 3–7% of annual wages, including applicable bonuses. The defined contribution plans are funded throughout the year and, depending on their work location, participants' benefits vesting dates range from immediate to after three years of service. In two Canadian locations, employees hired after a specific date participate in hybrid defined benefit/defined contribution pension plans. The benefits in the hybrid pension plans are at a reduced benefit for the defined benefit, and the defined contribution portion is funded at 1.5-1.6% of annual wages. In addition, the subsidiaries have defined contribution plans available for eligible U.S. and Canadian-based employees in which the subsidiaries generally match a percentage of the participants' contributions.

Some Canadian employees participate in a retirement savings plan. For these employees, the participation may be voluntary, employee contributions are matched by the employer at 1-1.5% of annual wages, including applicable bonuses, and depending on the group of employees, are funded either annually or throughout the year.

Other Plans

Defined benefit pension plans and defined contribution plans are maintained by the subsidiaries located in Europe.

Defined Contribution Plans

The Group's expenses under defined contribution plans were as follows:

US$ million	2021	2020	2019
Expense under defined contribution plans	**$ 287**	$ 257	$ 274
Continuing operations	**212**	191	204
Discontinued operations	**75**	66	70

Defined Benefit Plans

The Russian and other defined benefit plans were mostly unfunded and the US and Canadian plans were partially funded.

Except as disclosed above in 2021 there were no significant plan amendments, curtailments or settlements.

The Group's defined benefit plans are exposed to the risks of unexpected growth in benefit payments as a result of increases in life expectancy, inflation, and salaries. As the plan assets include significant investments in quoted and unquoted equity shares, corporate and government bonds and notes, the Group is also exposed to equity market risk.

The components of net benefit expense recognised in the consolidated statement of operations for the years ended 31 December 2021, 2020 and 2019 and amounts recognised in the consolidated statement of financial position as of 31 December 2021, 2020 and 2019 for the defined benefit plans were as follows:

23. EMPLOYEE BENEFITS (CONTINUED)

Net benefit expense (recognised in the statement of operations within cost of sales and selling, general and administrative expenses and interest expense)

Year ended 31 December 2021

US$ million	Russian plans	US & Canadian plans	Other plans	Total
Current service cost	$ (2)	$ (19)	$ –	$ (21)
Net interest expense	(4)	(3)	–	(7)
Other	–	(3)	–	(3)
Continuing operations	$ (6)	$ (25)	$ –	$ (31)
Discontinued operations	(5)	$ –	–	(5)
Net benefit expense	$ (11)	$ (25)	$ –	$ (36)

In 2021, net benefit expense relating to the discontinued operations includes $(1) million of current service cost, $(2) million of net interest expense and $(2) million of net actuarial losses on other long-term employee benefits obligation.

Year ended 31 December 2020

US$ million	Russian plans	US & Canadian plans	Other plans	Total
Current service cost	$ (2)	$ (18)	$ –	$ (20)
Net interest expense	(4)	(4)	–	(8)
Past service cost	(2)	–	–	(2)
Other	–	(3)	–	(3)
Continuing operations	$ (8)	$ (25)	$ –	$ (33)
Discontinued operations	(4)	–	–	(4)
Net benefit expense	$ (12)	$ (25)	$ –	$ (37)

In 2020, net benefit expense relating to the discontinued operations includes $(1) million of current service cost and $(3) million of net interest expense.

Year ended 31 December 2019

US$ million	Russian plans	US & Canadian plans	Other plans	Total
Current service cost	$ (1)	$ (17)	$(1)	$ (19)
Net interest expense	(4)	(5)	–	(9)
Past service cost	(1)	–	–	(1)
Other	–	(3)	–	(3)
Continuing operations	$ (6)	$ (25)	$ (1)	$ (32)
Discontinued operations	(9)	–	–	(9)
Net benefit expense	$ (15)	$ (25)	$ (1)	$ (41)

In 2019, net benefit expense relating to the discontinued operations includes $(1) million of current service cost, $(4) million of net interest expense and $(4) million of net actuarial losses on other long-term employee benefits obligation.

23. EMPLOYEE BENEFITS (CONTINUED)

Gains/(losses) recognised in other comprehensive income

Year ended 31 December 2021

US$ million	Russian plans	US & Canadian plans	Other plans	Total
Return on plan assets, excluding amounts included in net interest expense	$ –	$ 31	$ –	$ 31
Net actuarial gains/(losses) on post-employment benefit obligation	1	54	–	55
Effect of asset ceiling	–	(1)	–	(1)
	$ 1	$ 84	$ –	$ 85

Year ended 31 December 2020

US$ million	Russian plans	US & Canadian plans	Other plans	Total
Return on plan assets, excluding amounts included in net interest expense	$ –	$63	$ –	$63
Net actuarial gains/(losses) on post-employment benefit obligation	6	(74)	–	(68)
Effect of asset ceiling	–	2	–	2
	$ 6	$ (9)	$ –	$ (3)

Year ended 31 December 2019

US$ million	Russian plans	US & Canadian plans	Other plans	Total
Return on plan assets, excluding amounts included in net interest expense	$ –	$ 84	$ –	$ 84
Net actuarial gains/(losses) on post-employment benefit obligation	(15)	(81)	(3)	(99)
	$ (15)	$ 3	$ (3)	$ (15)

Actual return on plan assets was as follows:

US$ million	2021	2020	2019
Actual return on plan assets	$ 46	$ 82	$ 105
including:			
US & Canadian plans	46	82	105
Russian plans	–	–	–

Net defined benefit liability

Year ended 31 December 2021

US$ million	Russian plans	US & Canadian plans	Other plans	Total
Benefit obligation	$ 59	$ 802	$ 10	$ 871
Plan assets	–	(746)	(7)	(753)
Net defined benefit asset (Note 14)	–	25	–	25
Net defined benefit liability	$ 59	$ 81	$ 3	$ 143

23. EMPLOYEE BENEFITS (CONTINUED)

Net defined benefit liability (continued)

Year ended 31 December 2020

US$ million	Russian plans	US & Canadian plans	Other plans	Total
Benefit obligation	$ 102	$858	$ 10	$ 970
Plan assets	–	(724)	(6)	(730)
Net defined benefit asset (Note 14)	–	–	–	–
Net defined benefit liability	$ 102	$ 134	$ 4	$ 240

Year ended 31 December 2019

US$ million	Russian plans	US & Canadian plans	Other plans	Total
Benefit obligation	$ 123	$ 785	$ 11	$ 919
Plan assets	–	(653)	(7)	(660)
Net defined benefit asset (Note 14)	–	12	–	12
Net defined benefit liability	$ 123	$ 144	$ 4	$ 271

Movements in net defined benefit liability/(asset)

US$ million	Russian plans	US & Canadian plans	Other plans	Total
At 31 December 2018	**$ 91**	**$ 132**	**$ –**	**$ 223**
Net benefit expense recognised in the statement of operations	15	25	1	41
Contributions by employer	(10)	(15)	–	(25)
(Gains)/losses recognised in other comprehensive income	15	(3)	3	15
Reclassification to liabilities directly associated with disposal groups classified as held for sale	–	(7)	–	(7)
Translation difference	12	–	–	12
At 31 December 2019	**$ 123**	**$ 132**	**$ 4**	**$ 259**
Net benefit expense recognised in the statement of operations	12	25	–	37
Contributions by employer	(7)	(33)	(1)	(41)
(Gains)/losses recognised in other comprehensive income	(6)	9	–	3
Translation difference	(20)	1	1	(18)
At 31 December 2020	**$ 102**	**$ 134**	**$ 4**	**$ 240**
Net benefit expense recognised in the statement of operations	11	25	–	36
Contributions by employer	(8)	(20)	–	(28)
(Gains)/losses recognised in other comprehensive income	(1)	(84)	–	(85)
Reclassification to liabilities directly associated with disposal groups classified as held for distribution to owners	(44)	–	–	(44)
Translation difference	(1)	1	(1)	(1)
At 31 December 2021	**$ 59**	**$ 56**	**$ 3**	**$ 118**

23. EMPLOYEE BENEFITS (CONTINUED)

Movements in benefit obligation

US$ million	Russian plans	US & Canadian plans	Other plans	Total
At 31 December 2018	**$ 91**	**$ 687**	**$ –**	**$ 778**
Interest cost on benefit obligation	8	26	–	34
Current service cost	2	17	1	20
Past service cost	1	–	–	1
Benefits paid	(10)	(36)	(1)	(47)
Actuarial (gains)/losses on benefit obligation related to changes in demographic assumptions	3	(2)	–	1
Actuarial (gains)/losses on benefit obligation related to changes in financial assumptions	15	83	3	101
Actuarial (gains)/losses on benefit obligation related to experience adjustments	1	–	–	1
Reclassification to liabilities directly associated with disposal groups classified as held for sale	–	(8)	–	(8)
Other	–	–	8	8
Translation difference	12	18	–	30
At 31 December 2019	**$ 123**	**$ 785**	**$ 11**	**$ 919**
Interest cost on benefit obligation	7	23	–	30
Current service cost	3	18	–	21
Past service cost	2	–	–	2
Benefits paid	(7)	(51)	(4)	(62)
Actuarial (gains)/losses on benefit obligation related to changes in demographic assumptions	1	(6)	–	(5)
Actuarial (gains)/losses on benefit obligation related to changes in financial assumptions	(1)	84	–	83
Actuarial (gains)/losses on benefit obligation related to experience adjustments	(6)	(4)	–	(10)
Effect of asset ceiling	–	(2)	–	(2)
Other	–	1	2	3
Translation difference	(20)	10	1	(9)
At 31 December 2020	**$ 102**	**$ 858**	**$ 10**	**$ 970**
Interest cost on benefit obligation	6	18	–	24
Current service cost	3	19	–	22
Benefits paid	(8)	(44)	–	(52)
Actuarial (gains)/losses on benefit obligation related to changes in demographic assumptions	–	(7)	–	(7)
Actuarial (gains)/losses on benefit obligation related to changes in financial assumptions	1	(48)	–	(47)
Actuarial (gains)/losses on benefit obligation related to experience adjustments	–	1	–	1
Effect of asset ceiling	–	1	–	1
Reclassification to liabilities directly associated with disposal groups classified as held for distribution to owners	(44)	–	–	(44)
Translation difference	(1)	4	–	3
At 31 December 2021	**$ 59**	**$ 802**	**$ 10**	**$ 871**

The weighted average duration of the defined benefit obligation was as follows:

Years	2021	2020	2019
Russian plans	**10.7**	11.0	10.9
US & Canadian plans	**14.4**	15.0	14.3
Other plans	**18.3**	20.4	20.3

23. EMPLOYEE BENEFITS (CONTINUED)

Changes in the fair value of plan assets

US$ million	Russian plans	US & Canadian plans	Other plans	Total
At 31 December 2018	**$ –**	**$ 555**	**$ –**	**$ 555**
Interest income on plan assets	–	21	–	21
Return on plan assets (excluding amounts included in net interest expense)	–	84	–	84
Contributions of employer	10	15	–	25
Benefits paid	(10)	(36)	(1)	(47)
Reclassification to liabilities directly associated with disposal groups classified as held for sale	–	(1)	–	(1)
Other	–	(3)	8	5
Translation difference	–	18	–	18
At 31 December 2019	**$ –**	**$ 653**	**$ 7**	**$ 660**
Interest income on plan assets	–	19	–	19
Return on plan assets (excluding amounts included in net interest expense)	–	63	–	63
Contributions of employer	7	33	1	41
Benefits paid	(7)	(51)	(4)	(62)
Other	–	(2)	2	–
Translation difference	–	9	–	9
At 31 December 2020	**$ –**	**$ 724**	**$ 6**	**$ 730**
Interest income on plan assets	–	15	–	15
Return on plan assets (excluding amounts included in net interest expense)	–	31	–	31
Contributions of employer	8	20	–	28
Benefits paid	(8)	(44)	–	(52)
Other	–	(3)	–	(3)
Translation difference	–	3	1	4
At 31 December 2021	**$ –**	**$ 746**	**$ 7**	**$753**

The amount of contributions expected to be paid to the defined benefit plans during 2022 approximates $37 million.

The major categories of plan assets as a percentage of total plan assets were as follows at 31 December:

	2021		2020		2019	
	Quoted	Unquoted	Quoted	Unquoted	Quoted	Unquoted
US & Canadian plans:						
Equity funds and investment trusts	**43%**	**–**	45%	–	48%	34%
Governmental bonds	**22%**	**–**	17%	–	–	–
Corporate bonds and notes	**21%**	**–**	24%	–	14%	–
Cash	**3%**	**–**	3%	–	3%	–
Other	**3%**	**8%**	3%	8%	–	1%
	92%	**8%**	92%	8%	65%	35%

23. EMPLOYEE BENEFITS (CONTINUED)

The principal assumptions used in determining pension obligations for the Group's plans are shown below:

	2021			2020			2019		
	Russian plans	US & Canadian plans	Other plans	Russian plans	US & Canadian plans	Other plans	Russian plans	US & Canadian plans	Other plans
Discount rate	**6.7%**	**2.4-3%**	**0.25%**	6.2%	2-2.6%	0.2%	7%	3.3-3.4%	0.2%
Future benefits increases	**4-7.5%**	**–**	**1%**	4-7%	–	1%	5%	–	–
Future salary increase	**4-7.5%**	**3%**	**1%**	4-7%	3%	1%	5%	3%	1%
Average life expectation, male, years	**71**	**87**	**89**	71	86.5	88	70	86	88
Average life expectation, female, years	**80**	**88.5**	**91**	80	88.5	91	80	88.5	90
Healthcare costs increase rate	**–**	**6.3%**	**–**	–	6.5%	–	–	5-6.8%	–

The following table demonstrates the sensitivity analysis of reasonable changes in the significant assumptions used for the measurement of the defined benefit obligations, with all other variables held constant.

		Impact on the defined benefit obligation at 31 December 2021, US$ million			Impact on the defined benefit obligation at 31 December 2020, US$ million			Impact on the defined benefit obligation at 31 December 2019, US$ million		
	Reasonable change in assumption	Russian plans	US & Canadian plans	Other plans	Russian plans	US & Canadian plans	Other plans	Russian plans	US & Canadian plans	Other plans
Discount rate	10%	**$ (7)**	**$ (33)**	**$ –**	$ (8)	$ (32)	$ (1)	$ (8)	$ (34)	$ (1)
	(10%)	**7**	**35**	**–**	9	33	1	9	36	1
Future benefits increases	10%	**4**	**–**	**–**	7	–	–	6	–	–
	(10%)	**(4)**	**–**	**–**	(6)	–	–	(9)	–	–
Future salary increase	10%	**1**	**1**	**–**	1	1	–	1	1	–
	(10%)	**(1)**	**(1)**	**–**	(1)	(1)	–	(1)	(1)	–
Average life expectation, male, years	1	**1**	**14**	**–**	1	14	–	1	12	–
	(1)	**(1)**	**(13)**	**–**	(1)	(14)	–	(1)	(12)	–
Average life expectation, female, years	1	**1**	**8**	**–**	1	9	–	1	7	–
	(1)	**(1)**	**(8)**	**–**	(1)	(9)	–	(1)	(7)	–
Healthcare costs increase rate	10%	**–**	**1**	**–**	–	1	–	–	–	–
	(10%)	**–**	**(1)**	**–**	–	(1)	–	–	–	–

24. PROVISIONS

At 31 December the provisions were as follows:

US$ million	2021		2020		2019	
	Non-current	Current	Non-current	Current	Non-current	Current
Site restoration and decommissioning costs	$ 182	$ 18	$ 272	$ 24	$ 321	$ 21
Other provisions	–	19	–	17	–	12
	$ 182	$ 37	$ 272	$ 41	$ 321	$ 33

In the years ended 31 December 2021, 2020 and 2019, the movement in provisions was as follows:

US$ million	Site restoration and decommissioning costs	Other provisions	Total
At 31 December 2018	$ 244	$ 13	$ 257
Additional provisions	31	21	52
Increase from passage of time	18	–	18
Effect of change in the discount rate	73	–	73
Effect of changes in estimated costs and timing	(20)	–	(20)
Utilised in the year	(21)	(10)	(31)
Unused amounts reversed	–	(4)	(4)
Reclassification to liabilities directly associated with disposal groups classified as held for sale	(9)	(8)	(17)
Translation difference	26	–	26
At 31 December 2019	$ 342	$ 12	$ 354
Additional provisions	5	18	23
Increase from passage of time	17	–	17
Effect of changes in estimated costs and timing	1	–	1
Utilised in the year	(10)	(4)	(14)
Unused amounts reversed	(10)	(8)	(18)
Translation difference	(49)	(1)	(50)
At 31 December 2020	$ 296	$ 17	$ 313
Additional provisions	14	24	38
Increase from passage of time	17	–	17
Effect of changes in estimated costs and timing	5	–	5
Utilised in the year	(11)	(14)	(25)
Unused amounts reversed	–	(3)	(3)
Reclassification to disposal groups held for distribution to owners (Notes 2 and 13)	(119)	(6)	(125)
Translation difference	(2)	1	(1)
At 31 December 2021	$ 200	$ 19	$ 219

Site Restoration Costs

The major part of the provision for site restoration and decommissioning costs relates to the Russian subsidiaries. The Land Code, the Forest Code of the Russian Federation, Federal Law on environmental protection, Resolution of the Government of the Russian Federation on restoration and conservation of land define the legal basis and state policy in the field of environmental protection. Under this legislation, mining companies and steel mills have obligations to restore mining sites and contaminated land. The majority of costs are expected to be paid after 2038.

At 31 December the respective liabilities were measured based on estimates of restoration costs, which are expected to be incurred in the future discounted at the following annual rates:

	2021	2020	2019
Russia	**7%**	7%	7%
USA	**2%**	2%	2%

25. LEASE AND OTHER LONG-TERM LIABILITIES

Lease Liabilities

The Group has a number of lease contracts, under which it leases railroad cars, coating equipment, warehouses, offices and other machinery and equipment (Note 9). The movement in lease liabilities is disclosed in the table below:

US$ million	2021 Total	2021 Non-current lease liabilities	2021 Current portion of lease liabilities	2020 Total	2020 Non-current lease liabilities	2020 Current portion of lease liabilities	2019 Total	2019 Non-current lease liabilities	2019 Current portion of lease liabilities
1 January	$ 87	$ 57	$ 30	$ 117	$ 83	$ 34	$ 124	$ 90	$ 34
Recognition of liabilities under new contracts	33	26	7	9	8	1	15	14	1
Sale of subsidiaries	–	–	–	–	–	–	(2)	–	(2)
Interest accrued	5	2	3	6	4	2	8	6	2
Payment of principal	(30)	–	(30)	(31)	–	(31)	(35)	–	(35)
Payment of interest	(3)	–	(3)	(2)	–	(2)	(2)	–	(2)
Termination of lease arrangements	–	–	–	(2)	(1)	(1)	–	–	–
Reclassification into short-term portion	–	(21)	21	–	(31)	31	–	(33)	33
Reclassification to disposal groups held for distribution to owners	(21)	(15)	(6)	–	–	–	–	–	–
Translation difference	–	–	–	(10)	(6)	(4)	9	6	3
31 December	$ 71	$ 49	$ 22	$ 87	$ 57	$ 30	$ 117	$ 83	$ 34

Total expenses under lease contracts are summarised in the table below.

US$ million	2021	2020	2019
Interest accrued under lease liabilities	$ 4	$ 6	$ 8
Expense relating to variable lease payments not included in the measurement of opening lease liabilities	5	7	7
Expense relating to leases, which were not recognised as lease liabilities (leases of low-value assets and short-term leases)	12	11	12
Continuing operations	$ 21	$ 24	$ 27
Discontinued operations	1	–	–
	$ 22	$ 24	$ 27

The maturity of contractual undiscounted and discounted cash flows under lease payments at 31 December was as follows:

US$ million	2021 Lease payments	2021 Present value of lease payments	2020 Lease payments	2020 Present value of lease payments	2019 Lease payments	2019 Present value of lease payments
Not later than 1 year from the reporting date	$ 22	$ 22	$ 31	$ 30	$ 35	$ 34
Later than 1 year and not later than 2 years	24	19	34	29	38	34
Later than 2 years and not later than 5 years	18	15	18	15	40	34
Later than 5 years and not later than 10 years	13	9	12	9	14	10
Later than 10 years	11	6	6	4	8	5
Total lease payments	88	71	101	87	135	117
Less: amounts representing finance charges	(17)	–	(14)	–	(18)	–
31 December	$ 71	$ 71	$ 87	$ 87	$ 117	$ 117

25. LEASE AND OTHER LONG-TERM LIABILITIES (CONTINUED)

Other Long-Term Liabilities

Other liabilities consisted of the following as of 31 December:

US$ million	2021	2020	2019
Financial liabilities			
Derivatives not designated as hedging instruments	$ 66	$ 49	$ 6
Long-term trade and other payables	11	34	44
	77	83	50
Less: current portion (Note 26)	(4)	(10)	(24)
	73	73	26
Non-financial liabilities			
Tax liabilities	–	16	4
Other non-financial liabilities	5	16	13
	5	32	17
Less: current portion (Note 26)	(1)	(3)	(3)
	4	29	14
	$ 77	$ 102	$ 40

Derivatives Not Designated as Hedging Instruments

In 2019-2021 derivatives not designated as hedging instruments comprised of those swap contracts, which either were not designated as cash flow or fair value hedges or ceased to be effective, and forward contracts.

The aggregate amounts under swap contracts translated at the year end exchange rates are summarised in the table below.

US$ million	2021	2020	2019
Bonds and loans, principal	$ 337	$ 338	$ 323
Hedged amount	337	338	323
Swap amount	381	381	317

To manage the currency exposure on the rouble-denominated bonds, the Group partially economically hedged these transactions. In 2020, the Group concluded a currency and interest rate swap contract under which it agreed to deliver US dollar-denominated interest payments at a fixed rate of 3.335% rate per annum plus the US dollar notional amount, in exchange for variable rouble-denominated CBR key rate-based interest payments plus the rouble notional amount during a period of 3 years until 27 March, 2023. The exchange is exercised on approximately the same dates as the payments under the bank loan.

In 2019, the Group concluded a currency and interest rate swap contract under which it agreed to deliver US dollar-denominated interest payments at a fixed rate of 3.75% per annum plus the US dollar notional amount, in exchange for fixed rouble-denominated interest payments plus the rouble notional amount during a period of 5 years until 25 July, 2024. The exchange is exercised on approximately the same dates as the payments under the bonds.

The swap contracts, which were effective at 31 December 2021, 2020 and 2019, are summarised in the table below.

	Year of issue	Borrowings principal, millions of roubles	Hedged amount, millions of roubles	Swap amount, US$ million	Interest rates on the swap amount
7.95 per cent bonds due 2024	2019	20,000	20,000	317	3.75%
EVRAZ ZSMK bank loan agreement due 2023	2020	5,000	5,000	64	3.335%

The discount rates used in the valuation were the non-deliverable forward rate curve and the interest rate swap curve for US dollar at the reporting dates.

In 2021, 2020 and 2019, a change in fair value of these derivatives of $(16) million, ($64) million and $20 million, respectively, together with a realised gain/(loss) on the swap transactions, amounting to $12 million, $13 million and $8 million, respectively, was recognised within gain/(loss) on financial assets and liabilities in the consolidated statement of operations (Note 7).

In 2019-2020, the Group had EUR/USD forward contracts, which were accounted for at fair value. In 2020 and 2019, the change in fair value of the derivatives of $6 million and $(4) million, respectively, together with a realised gain/(loss) on the currency forward transactions, amounting to $(24) million and $14 million, respectively, was recognised within gain/(loss) on financial assets and liabilities in the consolidated statement of operations (Note 7).

25. LEASE AND OTHER LONG-TERM LIABILITIES (CONTINUED)

Hedging Instruments

In July 2015, the Group issued bonds in the total amount of 15,000 million Russian roubles ($269 million at the issue date), which bore interest of 12.95% per annum and had a put date in June 2019. The Group used an intercompany loan to transfer the proceeds from the bonds within the Group. To manage the currency exposure, the Group entered into a series of cross currency swap contracts with several banks under which it agreed to deliver US-dollar denominated interest payments at rates ranging from 5.90% to 6.55% per annum plus the notional amount, totaling approximately $265 million, in exchange for rouble-denominated interest payments at the rate of 12.95% per annum plus notional, totaling 14,948 million roubles ($268 million at the date of the bonds issue).

	Year of issue	Bonds principal, millions of roubles	Hedged amount, millions of roubles	Swap amount, US$ million	Interest rates on the swap amount
12.95 per cent bonds due 2019	2015	15,000	13,310	239	5.90% - 6.55%

The Group accounted for these swap contracts as cash flow hedges. In 2017, one of these swap contracts with the notional amount of $26 million did not meet the criteria for efficiency and ceased to be classified as hedging instruments. In 2019, the change in fair value of these derivatives amounted to $46 million. The realised gain/(loss) on the swap transactions amounting to $(23) million was related to the interest portion of the change in fair value of the swap.

Under IFRS the lesser of the cumulative gain or loss on the hedging instrument from inception of the hedge and the cumulative change in present value of the expected future cash flows on the hedged item from inception of the hedge is recognised in other comprehensive income and the remaining loss on the hedging instrument is recorded through the statement of operations. In 2019, the Group recognised a gain/(loss) in other comprehensive income amounting to $27 million. Most of the swaps were assessed as effective. Those swaps, which ceased to be effective, were reclassified into Derivatives Not Designated as Hedging Instruments. In 2019, $19 million were recorded in the Foreign exchange gains/(losses) caption in the consolidated statement of operations. In June 2019, upon repayment of the 12.95% rouble bonds, the related swap contracts matured and the Group recycled $33 million of the accumulated unrecognised gains on cash flow hedges from other comprehensive income to the statement of operations.

26. TRADE AND OTHER PAYABLES

Trade and other payables consisted of the following as of 31 December:

US$ million	**2021**	2020	2019
Trade accounts payable	**$ 1,228**	$ 844	$ 982
Liabilities for purchases of property, plant and equipment, including VAT	**135**	200	132
Accrued payroll	**145**	157	162
Other payables	**26**	50	75
Other long-term obligations with current maturities (Note 25)	**5**	13	27
	$ 1,539	$ 1,264	$ 1,378

The maturity profile of the accounts payable is shown in Note 28.

At 31 December 2021, 2020 and 2019, trade accounts payable included $187 million, $131 million and $156 million, respectively, owed by the Group for purchases of scrap from Vtorresource-Pererabotka, a related party (Note 17). These amounts were classified as trade payables to third parties as Vtorresource-Pererabotka sold its receivables from the Group under factoring contracts to several banks with no recourse.

27. OTHER TAXES AND DUTIES PAYABLE

Other taxes and duties payable were mainly denominated in roubles and consisted of the following as of 31 December:

US$ million	**2021**	2020	2019
VAT	**$ 72**	$ 89	$ 67
Social insurance contributions (Note 23)	**37**	47	48
Property tax	**7**	8	7
Land tax	**5**	6	6
Personal income tax	**5**	7	8
Export and import duties	**13**	–	7
Other taxes, fines and penalties	**6**	12	10
	$ 145	$ 169	$ 153

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Financial instruments that potentially expose the Group to concentrations of credit risk consist primarily of cash and trade accounts receivable.

To manage credit risk related to cash, the Group maintains its available cash, mainly in US dollars and euros, in reputable international banks and major Russian banks. Management periodically reviews the creditworthiness of the banks in which it deposits cash.

The Group's trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. There are no significant concentrations of credit risk within the Group. The Group defines counterparties as having similar characteristics if they are related entities. In 2021, the major customers were Russian Railways (3.8% of total sales), Ternium Procurement SA (3.8%) and Shang Chen Steel Co (3.3%).

Part of the Group's sales is made on terms of letter of credit. In addition, the Group requires prepayments from certain customers. The Group does not require collateral in respect of trade and other receivables, except when a customer applies for credit terms which are longer than normal. In this case, the Group requires bank guarantees or other collateral. The Group has developed standard credit terms and constantly monitors the status of accounts receivable collection and the creditworthiness of the customers.

Certain of the Group's long-standing Russian customers for auxiliary products, such as heat and electricity, represent municipal enterprises and governmental organisations that experience financial difficulties. The significant part of allowance for expected credit losses consists of receivables from such customers. The Group has no practical ability to terminate the supply to these customers and negotiates with regional and municipal authorities the terms of recovery of these receivables.

At 31 December the maximum exposure to credit risk is equal to the carrying amount of financial assets, which is disclosed below.

US$ million	2021	2020	2019
Restricted deposits at banks (Notes 14 and 19)	**$ 16**	$ 8	$ 10
Financial instruments included in other non-current and current assets (Note 14)	**2**	2	17
Trade and other receivables (Notes 14 and 16)	**638**	396	550
Loans receivable	**–**	–	33
Receivables from related parties (Notes 14 and 17)	**44**	10	10
Cash and cash equivalents (Note 19)	**1,027**	1,627	1,423
	$ 1,727	$ 2,043	$ 2,043

The ageing analysis of trade and other receivables, loans receivable and receivables from related parties at 31 December is presented in the table below.

US$ million	2021		2020		2019	
	Gross amount	Impairment	Gross amount	Impairment	Gross amount	Impairment
Not past due	**$ 612**	**$ (2)**	$ 343	$ (1)	$ 446	$ (1)
Past due	**104**	**(32)**	100	(36)	193	(45)
less than 6 months	**69**	**–**	46	–	107	(1)
between 6 months and 1 year	**3**	**(1)**	5	(2)	31	–
over 1 year	**32**	**(31)**	49	(34)	55	(44)
	$ 716	**$ (34)**	$ 443	$ (37)	$ 639	$ (46)

In the years ended 31 December 2021, 2020 and 2019, the movement in allowance for expected credit losses was as follows:

US$ million	2021	2020	2019
At 1 January	**$ (37)**	$ (46)	$ (42)
Charge for the year	**1**	2	(3)
Utilised	**1**	2	2
Transfer to disposal groups held for distribution to owners	**1**	–	–
Translation difference	**–**	5	(3)
At 31 December	**$ (34)**	$ (37)	$ (46)

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate cash reserves and borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity Risk (continued)

The Group prepares a rolling 12-month financial plan which ensures that the Group has sufficient cash on demand to meet expected operational expenses, financial obligations and investing activities as they arise. The Group exercises a daily monitoring of cash proceeds and payments. The Group maintains credit lines and overdraft facilities that can be drawn down to meet short-term financing needs. If necessary, the Group refinances its short-term debt by long-term borrowings. The Group also uses forecasts to monitor potential and actual financial covenants compliance status (Note 22). Where compliance is at risk, the Group considers options including debt repayment, refinancing or covenant reset. The Group has developed standard payment periods in respect of trade accounts payable and monitors the timeliness of payments to its suppliers and contractors.

The following tables summarise the maturity profile of the Group's financial liabilities based on contractual undiscounted payments, including interest payments.

31 December 2021

US$ million	On demand	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	After 5 years	Total
Fixed-rate debt							
Loans and borrowings							
Principal	$ –	$ 5	$ 5	$ 760	$ 986	$ –	$ 1,756
Interest	–	31	68	78	40	–	217
Lease liabilities	–	8	14	24	18	24	88
Other long-term financial liabilities	–	2	2	4	74	–	82
Total fixed-rate debt	–	46	89	866	1,118	24	2,143
Variable-rate debt							
Loans and borrowings							
Principal	–	–	59	67	1,630	–	1,756
Interest	–	11	33	34	43	–	121
Total variable-rate debt	–	11	92	101	1,673	–	1,877
Non-interest bearing debt							
Loans and borrowings							
Principal	–	–	–	–	4	10	14
Trade and other payables	181	1,075	133	–	–	–	1,389
Payables to related parties	2	47	–	–	–	–	49
Dividends payable	–	292	–	–	–	–	292
Total non-interest bearing debt	183	1,414	133	–	4	10	1,744
	$ 183	$ 1,471	$ 314	$ 967	$ 2,795	$ 34	$ 5,764

31 December 2020

US$ million	On demand	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	After 5 years	Total
Fixed-rate debt							
Loans and borrowings							
Principal	$ –	$ 943	$ 5	$ 510	$ 1,748	$ –	$ 3,206
Interest	–	92	85	116	120	–	413
Lease liabilities	–	7	24	34	18	18	101
Other long-term financial liabilities	–	3	7	11	67	–	88
Total fixed-rate debt	–	1,045	121	671	1,953	18	3,808
Variable-rate debt							
Loans and borrowings							
Principal	–	3	41	350	1,157	–	1,551
Interest	–	12	47	53	54	–	166
Total variable-rate debt	–	15	88	403	1,211	–	1,717
Non-interest bearing debt							
Loans and borrowings	–	–	–	–	1	9	10
Trade and other payables	195	890	9	–	–	–	1,094
Payables to related parties	1	33	–	–	–	–	34
Amounts payable under put options for shares in subsidiaries	–	65	–	–	–	–	65
Total non-interest bearing debt	196	988	9	–	1	9	1,203
	$ 196	$ 2,048	$ 218	$ 1,074	$ 3,165	$ 27	$ 6,728

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity Risk (continued)

31 December 2019

US$ million	On demand	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	After 5 years	Total
Fixed-rate debt							
Loans and borrowings							
Principal	$ –	$ 5	$ 5	$ 1,002	$ 2,304	$ 10	$ 3,326
Interest	–	97	134	184	249	–	664
Lease liabilities	–	9	26	38	40	22	135
Other long-term financial liabilities	–	16	8	11	16	–	51
Amounts payable under put options for shares in subsidiaries	–	–	69	–	–	–	69
Total fixed-rate debt	–	127	242	1,235	2,609	32	4,245
Variable-rate debt							
Loans and borrowings							
Principal	–	26	16	30	386	885	1,343
Interest	–	14	45	59	125	16	259
Total variable-rate debt	–	40	61	89	511	901	1,602
Non-interest bearing debt							
Trade and other payables	228	883	78	–	–	–	1,189
Payables to related parties	1	13	–	–	–	–	14
Total non-interest bearing debt	229	896	78	–	–	–	1,203
	$ 229	$ 1,063	$ 381	$ 1,324	$ 3,120	$ 933	$ 7,050

Payables to related parties in the tables above do not include contract liabilities in the amount of $1 million, $4 million and $5 million as of 31 December 2021, 2020 and 2019, respectively.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures, while optimising the return on risk.

Interest Rate Risk

The Group borrows on both a fixed and variable rate basis and has other interest-bearing liabilities, such as finance lease liabilities and other obligations.

The Group incurs interest rate risk on liabilities with variable interest rates. The Group's treasury function performs analysis of current interest rates. In case of changes in market fixed or variable interest rates management may consider the refinancing of a particular debt on more favourable terms.

The Group does not have any financial assets with variable interest rates.

Fair Value Sensitivity Analysis for Fixed Rate Instruments

The Group does not account for any fixed rate financial assets or liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect the Group's profits.

The Group does not account for any fixed rate financial assets as assets available for sale. Therefore, a change in interest rates at the reporting date would not affect the Group's equity.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market Risk (continued)

Interest Rate Risk (continued)

Cash Flow Sensitivity Analysis for Variable Rate Instruments

Based on the analysis of exposure during the years presented, reasonably possible changes in floating interest rates at the reporting date would affect profit before tax ("PBT") by the amounts shown below. There is no impact on the Group's equity other than the equivalent change in accumulated profits. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

In estimating reasonably possible changes the Group assessed the volatility of interest rates during the reporting periods.

US$ million	2021		2020		2019	
	Basis points	Effect on PBT	Basis points	Effect on PBT	Basis points	Effect on PBT
		US$ millions		*US$ millions*		*US$ millions*
Liabilities denominated in US dollars						
Decrease in LIBOR	(10)	2	(18)	2	(17)	2
Increase in LIBOR	10	(2)	18	(2)	17	(2)
Liabilities denominated in euro						
Decrease in EURIBOR	(6)	–	(32)	–	(6)	–
Increase in EURIBOR	6	–	32	–	6	–
Liabilities denominated in roubles						
Decrease in Bank of Russia key rate	(164)	1	(75)	–	(75)	–
Increase in Bank of Russia key rate	75	(1)	75	–	50	–

Currency Risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in currencies other than the functional currencies of the respective Group's subsidiaries. The currencies in which these transactions are denominated are primarily US dollars, Canadian dollars and euro. The Group does not have formal arrangements to mitigate currency risks of the Group's operations. However, management believes that the Group is partly secured from currency risks as foreign currency denominated sales are used to cover repayment of foreign currency denominated borrowings.

The Group's exposure to currency risk determined as the net monetary position in the respective currencies was as follows at 31 December:

US$ million	2021	2020	2019
USD/RUB	$ 2,729	$ 2,230	$ 2,750
EUR/RUB	8	(71)	467
EUR/USD	(14)	16	(77)
USD/CAD	(467)	(614)	(907)
EUR/CZK	(13)	(14)	(11)
USD/CZK	20	24	17
USD/KZT	1	1	(164)
RUB/KZT	(141)	(168)	–

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market Risk (continued)

Currency Risk (continued)

Sensitivity Analysis

The following table demonstrates the sensitivity to reasonably possible changes in the respective currencies, with all other variables held constant, of the Group's profit before tax. In estimating reasonably possible changes the Group assessed the volatility of foreign exchange rates during the reporting periods. There is no impact on the Group's equity other than the equivalent change in accumulated profits.

	2021		2020		2019	
	Change in exchange rate	Effect on PBT	Change in exchange rate	Effect on PBT	Change in exchange rate	Effect on PBT
	%	*US$ millions*	*%*	*US$ millions*	*%*	*US$ millions*
USD/RUB	(9.51)	(286)	(16.88)	(478)	(7.78)	(230)
	9.51	238	16.88	304	7.78	200
EUR/RUB	(8.83)	(1)	(17.10)	12	(7.50)	(35)
	8.83	1	17.10	(12)	7.50	35
CAD/RUB	(11.61)	–	(18.91)	–	(8.84)	–
	11.61	–	18.91	–	8.84	–
EUR/USD	(5.29)	1	(7.79)	(1)	(5.02)	4
	5.29	(1)	7.79	1	5.02	(4)
USD/CAD	(7.39)	35	(8.13)	50	(4.58)	42
	7.39	(35)	8.13	(50)	4.58	(42)
EUR/CZK	(3.93)	1	(7.56)	1	(2.23)	–
	3.93	(1)	7.56	(1)	2.23	–
USD/CZK	(7.34)	(1)	(11.48)	(3)	(5.98)	(1)
	7.34	1	11.48	3	5.98	1
USD/KZT	(3.84)	–	(10.02)	–	(4.20)	7
	3.84	–	10.02	–	4.20	(7)
RUB/KZT	(9.56)	13	(14.86)	25	–	–
	9.56	(13)	14.86	(25)	–	–

In addition to the effects of changes in the exchange rates disclosed above, the Group is exposed to currency risk on derivatives (Note 25). The impact of currency risk on the fair value of these derivatives is disclosed below.

	2021		2020		2019	
	Change in exchange rate	Effect on PBT	Change in exchange rate	Effect on PBT	Change in exchange rate	Effect on PBT
	%	*US$ millions*	*%*	*US$ millions*	*%*	*US$ millions*
USD/RUB	(9.51)	35	(16.88)	74	(7.78)	30
	9.51	(29)	16.88	(52)	7.78	(25)

Fair Value of Financial Instruments

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data (unobservable inputs).

The carrying amounts of financial instruments, such as cash, short-term and long-term investments, short-term accounts receivable and payable, short-term loans receivable and payable and promissory notes, approximate their fair value.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Fair Value of Financial Instruments (continued)

At 31 December the Group held the following financial instruments measured at fair value:

	2021			2020			2019		
US$ million	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets measured at fair value									
Derivatives not designated as hedging instruments (Notes 14 and 25)	–	2	–	–	2	–	–	17	–
Liabilities measured at fair value									
Derivatives not designated as hedging instruments (Note 25)	–	66	–	–	49	–	–	6	–

During the reporting period, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

The following table shows financial instruments for which carrying amounts differ from fair values at 31 December.

US$ million	2021		2020		2019	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Long-term fixed-rate bank loans	**$ 29**	**$ 36**	$ 38	$ 47	$ 56	$ 57
Long-term variable-rate bank loans	**1,747**	**1,707**	1,542	1,531	1,309	1,330
Long-term zero-rate loans	**14**	**12**	9	7	–	–
USD-denominated						
8.25% notes due 2021	**–**	**–**	762	767	776	825
6.75% notes due 2022	**–**	**–**	514	543	513	555
5.375% notes due 2023	**758**	**790**	761	818	759	819
5.25% notes due 2024	**703**	**746**	707	778	705	770
Rouble-denominated						
12.60% rouble bonds due 2021	**–**	**–**	210	213	250	268
7.95% rouble bonds due 2024	**278**	**272**	279	297	333	346
	$ 3,529	**$ 3,563**	$ 4,822	$ 5,001	$ 4,701	$ 4,970

The fair value of the non-convertible bonds and notes was determined based on market quotations (Level 1). The fair value of long-term bank loans was calculated based on the present value of future principal and interest cash flows, discounted at the Group's market rates of interest at the reporting dates (Level 3). The discount rates used for valuation of financial instruments were as follows:

Currency in which financial instruments are denominated	2021	2020	2019
USD	**2 – 2.6%**	1.6 – 2.6%	2.5 – 3.8%
EUR	**–**	2.2%	–
RUB	**7.2%**	4.9 – 7.2%	–

Capital Management

Capital includes equity attributable to the equity holders of the parent entity. Revaluation surplus which is included in capital is not subject to capital management because of its nature.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise the return to shareholders. The Board of Directors reviews the Group's performance and establishes key performance indicators. There were no changes in the objectives, policies and processes during 2021.

The Group manages its capital structure and makes adjustments to it by the issue of new shares, dividend payments to shareholders, and the purchase of treasury shares. In addition, the Group monitors distributable profits on a regular basis and determines the amounts and timing of dividend payments taking into account cashflow and other constraints.

29. NON-CASH TRANSACTIONS

Transactions that did not require the use of cash or cash equivalents, not disclosed in the notes above, were as follows in the years ended 31 December:

US$ million	2021	2020	2019
Liabilities for purchases of property, plant and equipment, excluding VAT	**$ 127**	$ 194	$ 142

30. COMMITMENTS AND CONTINGENCIES

Operating Environment of the Group

The Group is one of the largest vertically integrated steel producers globally and the largest steel producer in Russia. The Group's major subsidiaries are located in Russia, the USA and Canada. Russia is considered to be a developing market with higher economic and political risks.

The unrest in the Southeastern region of Ukraine and the economic sanctions imposed by the USA and the European Union on Russia in 2014 and later on caused economic slowdown in Russia and reduced access to international capital markets. Further sanctions imposed on Russia could have an adverse impact on the Group's business.

Steel consumption is affected by the cyclical nature of demand for steel products and the sensitivity of that demand to worldwide general economic conditions.

The coronavirus (COVID-19) pandemic outbreak has significantly affected the world economy, including steel production, oil and gas, and construction industry. However, the majority of the Group's businesses were relatively unaffected with no significant issues for production, supply or shipments.

The recovery of the global steel market observed since the second half of 2020 accelerated in 2021 as the ongoing influx of monetary and fiscal stimulus helped the global economy to continue its recovery from the impact of COVID-19. In 2021, steel prices have continued to increase to multi-year highs together with related raw materials prices.

From 1 August 2021, after a sharp rise in prices for steel products, iron ore and coal, the Russian government imposed duties on ferrous metals consisting of a 15% base rate and also a metal-specific rate per tonne of steelmaking raw materials, semi-finished and rolled steel products, which are exported outside the Eurasian Economic Union. The duties were in effect until the end of 2021. Starting from 1 January 2022 the excise tax on liquid steel was introduced. The new excise tax is payable on every tonne of steel produced, including unsold volumes. Unless slab price falls below $300/mt, the tax rate is 2.7%. In addition, from 1 January 2022 mineral extraction tax rates for iron ore and coal became variable (instead of previous fixed rates) and now are based on formulas linking to commodity prices and the rouble exchange rates. As a result, in 2022, if prices remain near the 2021 levels, the tax expense will significantly increase.

The increased market volatility may have an impact on the Group's financial position, earnings and cash flows in 2022 and beyond. Management closely monitors the development of the economic situation and undertakes all necessary measures to maintain the sustainability of the Group's business in the current circumstances.

The global economic climate continues to be unstable and this may negatively affect the Group's results and financial position in a manner not currently determinable.

Taxation

Russian tax, currency and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Further, the interpretation of tax legislation by tax authorities as applied to the transactions and activity of the Group's entities may not coincide with that of management.
As a result, tax authorities may challenge transactions and the Group's entities may be assessed for additional taxes, penalties and interest. In Russia the periods remain open to review by the tax and customs authorities with respect to tax liabilities for three calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

Management believes that it has paid or accrued all taxes that are applicable. Where uncertainty exists, the Group has accrued tax liabilities based on its best estimate of the probable outflow of resources embodying economic benefits, which will be required to settle these liabilities. Possible liabilities which were identified by management at the end of the reporting period as those that can be subject to different interpretations of the tax laws and other regulations and are not accrued in these financial statements could be up to approximately $31 million.

30. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Contractual Commitments

At 31 December 2021, 2020 and 2019, the Group had the following contractual commitments for the purchase of production equipment and construction works (including VAT):

US$ million	2021	2020	2019
Continuing operations	**$ 770**	$ 432	$ 274
Discontinued operations	**136**	30	105
	$ 906	$ 462	$ 379

These commitments include $326 million (31 December 2020: $202 million) relating to the Palmer project – a construction of a new rail mill in Pueblo (Colorado, USA) with an expected completion date in the 2nd quarter of 2023.

In 2010, the Group concluded a contract with PraxAir Rus (Note 2, *Accounting Judgements*) for the construction of an air separation plant and for the supply of oxygen and other gases produced by PraxAir Rus at this plant to EVRAZ NTMK for a period of 20 years (extended to 25 years in 2015, when the construction was completed). This supply contract does not fall within the scope of IFRS 16 "Leases". At 31 December 2021, the Group has committed expenditure of $490 million over the life of the contract.

In 2018, the Group concluded a contract with Air Liquide Kuzbass (Note 2, *Accounting Judgements*) for the construction of an air separation plant and for the supply of oxygen and other gases produced by Air Liquide Kuzbass at this plant to EVRAZ ZSMK for a period of 20 years. The contractual price comprises a fixed component and a variable component. The total amount of the fixed component approximates $473 million, which is payable within 20 years starting upon commencement of production in 2021 in proportion to the amounts of the variable component. The variable component is determined based on the actual purchase of gases and is estimated at $347 million during the life of the contract. Based on management's assessment this supply contract does not fall within the scope of IFRS 16 "Leases" as the Group has no access to the equipment and has no rights either to operate the assets, or to design them in order to predetermine the way of their usage. Also it is expected that more than an insignificant amount of the assets' output will be sold to the parties unrelated to the Group. In 2021, the construction was completed and the supply of oxygen and other gases started from September 2021. In addition, Air Liquide Kuzbass constructed the system of trunk and auxiliary pipelines, distribution stations and other equipment for products delivery, which are leased by the Group from 1 July 2021 for a period of 20 years and accounted for under IFRS 16. The discounted lease payments are estimated at $8 million.

In 2019, the Group concluded a contract with Xcel Energy Inc. for the supply of electricity to a Group's steel mill (CF&I Steel LP) and a rail mill (Palmer North America LLC), both located in Pueblo (Colorado, USA), for a period of 22 years. The Group is committed to purchase from 1 January 2022 at least 500,000 MWh annually on a take-or-pay basis at rates ranging from 3.90 to 4.90 cents/kWh. The rates can be adjusted for gas prices.
At 31 December 2021, the total amount of this commitment at the unadjusted rates approximates $440 million.

Social Commitments

The Group is involved in a number of social programmes aimed to support education, healthcare and social infrastructure development in towns where the Group's assets are located. The Group budgeted to spend approximately $35 million under these programmes in 2022.

Environmental Protection

In the course of its operations, the Group may be subject to environmental claims and legal proceedings. The quantification of environmental exposures requires an assessment of many factors, including changing laws and regulations, improvements in environmental technologies, the quality of information available related to specific sites, the assessment stage of each site investigation, preliminary findings and the length of time involved in remediation or settlement.

The Group has a number of environmental claims and proceedings which are at a stage of investigation. Environmental provisions in relation to these proceedings that were recognised at 31 December 2021 amounted to $23 million.

Preliminary estimates available of the incremental costs indicate that such costs could be up to $190 million. The Group has insurance agreements, which will provide reimbursement of the costs to be actually incurred up to $228 million, of which $23 million relate to the accrued environmental provisions and have been recognised in receivables at 31 December 2021. Management believes that an economic outflow of the additional costs is not probable and any pending environmental claims or proceedings will not have a material adverse effect on its financial position and results of operations.

In addition, the Group has committed to various environmental protection programmes covering periods from 2022 to 2026, under which the Group will perform works aimed at reductions in environmental pollution and contamination. As of 31 December 2021, the costs of implementing these programmes are estimated at $198 million, including $17 million relating to the discontinued operations.

30. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Legal Proceedings

The Group has been and continues to be the subject of legal proceedings, none of which has had, individually or in aggregate, a significant effect on its operations or financial position.

The Group exercises judgement in measuring and recognising provisions and the exposure to contingent liabilities related to pending litigations or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the final settlement. Because of the inherent uncertainties in this evaluation process, actual losses may be different from the originally estimated provision. These estimates are subject to change as new information becomes available, primarily with the support of internal specialists or with the support of outside consultants. As of 31 December 2021, possible legal risks approximate $16 million. Probable risks were recorded within the relevant captions of the consolidated statement of financial position, mostly in provisions (Note 24).

Issued Guarantees

In 2021, the Group guaranteed 50% of liabilities of its joint venture Allegro (Note 17) under a bank loan facility of RUB 9 billion (approximately $121 million). The guarantee expires in February 2033. In addition, the Group's share in the joint venture (50%) was pledged as collateral for this loan.

In June 2018, EVRAZ plc and EVRAZ West-Siberian Metallurgical Plant issued a joint guarantee in the amount of up to 30 billion roubles ($478 million at the exchange rate at the transaction date) to 9 companies owned by Sibuglemet to compensate any direct losses caused by the failure to perform the agreed management services provided by one the Group's subsidiaries to these entities. Sibuglemet is a producer of coking coal and operator of coal refineries in the Kemerovo region of Russia. The management company committed to perform all management functions including, inter alia, all the decisions required to carry out the day-to-day operations of these coal companies, their investment and procurement activities. The maturity of the guarantee was set for 31 December 2030. On 15 November 2020, the Group terminated the management services contract. The guarantee will continue to be effective 3 years after the date of termination.

31. AUDITOR'S REMUNERATION

The remuneration of the Group's auditor in respect of the services provided to the Group was as follows.

US$ million	2021	2020	2019
Audit of the parent company of the Group	$ 1	$ 1	$ 1
Audit of the subsidiaries	2	2	2
Total audit fees	3	3	3
Other services	1	–	1
	$ 4	$ 3	$ 4

32. MATERIAL PARTLY-OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests is provided below.

		Non-controlling interests at 31 December		
Subsidiary	Country of incorporation	2021	2020	2019
Raspadskaya	Russia	6.76%	4.85%	11.83%
New CF&I (subsidiary of EVRAZ Inc NA)	USA	10.00%	10.00%	10.00%

32. MATERIAL PARTLY-OWNED SUBSIDIARIES (CONTINUED)

US$ million	2021	2020	2019
Accumulated balances of material non-controlling interests			
Raspadskaya	$ 83	$ 44	$ 162
New CF&I (subsidiary of EVRAZ Inc NA)	107	105	105
Others	(10)	(20)	(15)
	180	129	252
Profit allocated to material non-controlling interests			
Raspadskaya	65	17	35
New CF&I (subsidiary of EVRAZ Inc NA)	2	–	2
Others	6	(7)	2
	$ 73	$ 10	$ 39

The summarised financial information regarding these subsidiaries is provided below. This information is based on amounts before inter-company eliminations. As described in Note 4, at the end of 2020 Raspadskaya acquired Yuzhkuzbassugol. Consequently, the consolidated statement of financial position of Raspadskaya at 31 December 2020 and 2021 and the statement of operations and cash flow information for 2021 include, among others, Yuzhkuzbassugol and its subsidiaries, and the consolidated statement of financial position of Raspadskaya at 31 December 2019, the statement of operations and cash flow information for 2020 and 2019 do not include the acquired entities. At 31 December 2020, the share of non-controlling shareholders took into account the potential buyback of 4.25% of Raspadskaya's shares (Note 4).

Summarised statements of operations

Raspadskaya

US$ million	2021	2020	2019
Revenue	$ 2,098	$ 627	$ 996
Cost of revenue	(752)	(441)	(509)
Gross profit	1,346	186	487
Operating costs	(180)	(77)	(96)
Impairment of non-financial assets	(8)	–	(92)
Foreign exchange gains/(losses), net	23	94	(24)
Profit from operations	1,181	203	275
Non-operating gains/(losses)	(27)	4	23
Profit before tax	1,154	207	298
Income tax benefit/(expense)	(230)	(43)	(64)
Net profit	$ 924	$ 164	$ 234
Other comprehensive income/(loss)	(14)	(242)	150
Total comprehensive income/(loss)	910	(78)	384
attributable to non-controlling interests	63	(8)	56
dividends declared to non-controlling interests	(35)	(5)	(3)

New CF&I

US$ million	2021	2020	2019
Revenue	$ 739	$ 561	$ 757
Cost of revenue	(653)	(496)	(654)
Gross profit	86	65	103
Operating costs	(94)	(82)	(93)
Impairment of assets	(9)	–	–
Profit/(loss) from operations	(17)	(17)	10
Non-operating gains/(losses)	18	22	20
Profit before tax	1	5	30
Income tax benefit/(expense)	–	(1)	(7)
Net profit	$1	$ 4	$ 23
Other comprehensive income/(loss)	20	(1)	(6)
Total comprehensive income/(loss)	21	3	17
attributable to non-controlling interests	2	–	2
dividends declared to non-controlling interests	–	–	–

32. MATERIAL PARTLY-OWNED SUBSIDIARIES (CONTINUED)

Summarised statements of financial position as at 31 December

Raspadskaya

US$ million	2021	2020	2019
Property, plant and equipment	$ 1,436	$ 1,452	$ 870
Investments in associates	15	–	–
Other non-current assets (Note 13)	15	24	9
Accounts receivable from the Group's subsidiaries	354	174	307
Other current assets (Note 13)	718	732	775
Total assets	2,538	2,382	1,961
Long-term loans	400	–	–
Deferred income tax liabilities	93	96	82
Non-current liabilities (Note 13)	175	184	76
Accounts payable to the Group's subsidiaries	295	1,026	212
Other current liabilities (Note 13)	364	216	115
Total liabilities	1,327	1,522	485
Total equity	1,211	860	1,476
attributable to:			
equity holders of parent	1,128	816	1,314
non-controlling interests	83	44	162

New CF&I

US$ million	2021	2020	2019
Property, plant and equipment	$ 400	$ 228	$ 205
Other non-current assets	807	1,022	1,038
Current assets	258	149	152
Total assets	1,465	1,399	1,395
Deferred income tax liabilities	19	17	16
Non-current liabilities	81	110	128
Current liabilities	294	222	204
Total liabilities	394	349	348
Total equity	1,071	1,050	1,047
attributable to:			
equity holders of parent	964	945	942
non-controlling interests	107	105	105

Summarised cash flow information

Raspadskaya

US$ million	2021	2020	2019
Operating activities	$ 869	$ 89	$ 386
Investing activities	(1,121)	(47)	194
Financing activities	75	(56)	(72)

New CF&I

US$ million	2021	2020	2019
Operating activities	$ (57)	$ 22	$ 76
Investing activities	62	(2)	(70)
Financing activities	(6)	(19)	(6)

33. SUBSEQUENT EVENTS

Repurchase of Notes

In January 2022, the Group settled a principal of $46 million under the 5.375% notes due 2023.

Approval of the Demerger

On 11 January 2022, a General Meeting of the Company was held. Approximately 79.41% of EVRAZ plc's shareholders took part in the voting. Almost 100% of the voters approved the demerger of Raspadskaya Group in the form of dividends in specie, the issue of bonus shares and the capital reduction.

Bonus Shares

On 1 February 2022, according to the shareholders' decision taken at the Shareholders' Meeting dated 11 January 2022 in connection with the demerger of Raspadskaya Group, the Company issued 848,188,421 bonus ordinary shares with a par value of $9.66766321843 each at no cost for the shareholders who elected to receive bonus shares. This transaction led to a reclassification between share capital and accumulated profits.

Following the receipt of the UK Court approval on 8 February 2022, the bonus shares were cancelled on the same date. The amount of the cancelled share capital ($8,200 million) became distributable reserves.

Greenleas International Holdings Limited

On 16 February 2022, one of the Group's major shareholders, Greenleas International Holdings Limited (Note 1), which is controlled by Mr Roman Abramovich, transferred all its shares in EVRAZ plc to the direct ownership of Mr Roman Abramovich.

Dividends

On 24 February 2022, the Board of directors of EVRAZ plc declared dividends in the amount of $729.3 million, which represents $0.50 per share.

Political Environment

In recent days the situation with respect to Ukraine has significantly worsened. The future responses of international governments are currently not known. The Board of directors continues to monitor this situation but future actions and policy changes could affect the operations of the Group and the realisation and settlement of its assets and liabilities. The Board's consideration of the impacts of reasonably possible downside scenarios on going concern is detailed in Note 2.

34. LIST OF SUBSIDIARIES AND OTHER SIGNIFICANT HOLDINGS

Country of incorporation	Name	Relationship	Ownership interest in 2021	Registered address	Notes
Canada	Evraz Canada Holding Company Ltd	indirect subsidiary	100.00%	suite 2500, 450 – 1st Street S.W.Calgary, Alberta, T2P 5H1	
Canada	EVRAZ Inc. NA Canada	indirect subsidiary	100.00%	100 Armour Road P.O. Box 1670 Regina, Saskatchewan, S4P 3C7	
Canada	EVRAZ Materials Recycling Inc.	indirect subsidiary	100.00%	100 Armour Road P.O. Box 1670 Regina, Saskatchewan, S4P 3C7	
Canada	EVRAZ Recycling	indirect subsidiary	100.00%	135 Bismarck Street, Springfield, Manitoba, R2C 2Z2	
Canada	EVRAZ Wasco Pipe Protection Corporation	indirect subsidiary	51.00%	181 Bay Street, Suite 2100, Toronto, Ontario, M5J 2T3	
Canada	Genalta Recycling Inc.	joint venture	50.00%	9301 -34th Street Sherwood Park, Alberta, T8H 2T1	
Canada	Kar-basher Manitoba Ltd	joint venture	50.00%	855 -49th Street East Brandon, Manitoba, R7A 7R2	
Canada	King Crusher Inc.	joint venture	50.00%	5857 -12th Street SE Calgary, Alberta, T2H 2G7	
Cyprus	Actionfield Limited	indirect subsidiary	96.30%	3 Themistokli Dervi, Julia House, 1066, Nicosia	
Cyprus	Appleglow Limited	indirect subsidiary	93.24%	3 Themistokli Dervi, Julia House, 1066, Nicosia	discontinued operations
Cyprus	East Metals Limited	indirect subsidiary	100.00%	3 Themistokli Dervi, Julia House, 1066, Nicosia	
Cyprus	Malvero Holdings Limited	indirect subsidiary	-	3 Themistokli Dervi, Julia House, 1066, Nicosia	100% controlled through put option for the purchase of shares
Cyprus	Mastercroft Finance Limited	indirect subsidiary	100.00%	3 Themistokli Dervi, Julia House, 1066, Nicosia	
Cyprus	Nafkratos Limited	indirect subsidiary	100.00%	Themistokli Dervi, 3, Julia House, P.C. 1066, Nicosia, Cyprus	in process of liquidation
Cyprus	RVK Invest Limited	associate	21.31%	3 Themistokli Dervi, Julia House, 1066, Nicosia	
Cyprus	Sinano Shipmanagement Limited	indirect subsidiary	100.00%	3 Themistokli Dervi, Julia House, 1066, Nicosia	in process of liquidation
Cyprus	Steeltrade Limited	indirect subsidiary	100.00%	3 Themistokli Dervi, Julia House, 1066, Nicosia	liquidated
Cyprus	Streamcore Limited	joint venture	50.00%	3 Themistokli Dervi, Julia House, 1066, Nicosia	
Cyprus	Unicroft Limited	indirect subsidiary	100.00%	Leoforos Archiepiskopou Makariou III, 135, EMELLE Building, flat/office 22, 3021, Limassol	

34. LIST OF SUBSIDIARIES AND OTHER SIGNIFICANT HOLDINGS (CONTINUED)

Country of incorporation	Name	Relationship	Ownership interest in 2021	Registered address	Notes
Czech Republic	EVRAZ Nikom, a.s.	indirect subsidiary	100.00%	Mnisek pod Brdy, c. 900, 25210	
Kazakhstan	Evraz Caspian Steel	indirect subsidiary	65.00%	41, ul. Promyshlennaya, Kostanai, 110000	
Kazakhstan	EvrazMetall Kazakhstan	indirect subsidiary	100.00%	office 411; 29, prospekt Jenis, Saryarka district, Nur-Sultan, 010000	
Luxembourg	Evraz Group S.A.	direct subsidiary	100.00%	13, avenue Monterey, L-2163, Luxembourg	
Mexico	EVRAZ NA Mexico	indirect subsidiary	100.00%	Frida Kahlo 195-709, Valle Oriente, San Pedro Garza Garcia, Nuevo Leon, 66269	
Netherlands	ECS Holdings Europe B.V.	indirect subsidiary	65.00%	Hoogoorddreef 15, 1101 BA Amsterdam	
Republic of S.Africa	EVRAZ Highveld Steel and Vanadium Limited	indirect subsidiary	85.11%	Old Pretoria Road, Portion 93 of the Farm Schoongezicht 308 JS eMalahleni (Witbank)	deconsolidated in 2015
Republic of S.Africa	Mapochs Mine (Proprietary) Limited	indirect subsidiary	62.98%	Old Pretoria Road, Portion 93 of the Farm Schoongezicht 308 JS eMalahleni (Witbank)	deconsolidated in 2015
Republic of S.Africa	Mapochs Mine Community Trust	indirect subsidiary	-	Portion 93 of the farm Schoongezicht No.308 JS, eMalahleni	deconsolidated in 2015
Russia	Aktiv-Media	indirect subsidiary	100.00%	office 6; 35, ul. Ordzhonikidze, Novokuznetsk, Kemerovskaya obl., 654007	
Russia	Allegro	joint venture	50.00%	office 2/2, bld.2, ul. Vladislava Tetyukhina, Verhnyaya Salda, Sverdlovskaya obl., 624760	
Russia	ATP Yuzhkuzbassugol	indirect subsidiary	93.24%	20, Silikatnaya, Novokuznetsk, Kemerovskaya obl., 654086	discontinued operations
Russia	AVT-Ural	indirect subsidiary	51.00%	2, ul. Sverdlova, Kachkanar, Sverdlovskaya obl., 624351	
Russia	Blagotvoritelniy fond Evraza - Sibir	indirect subsidiary - non-commercial	-	1, ul. Ploshad Pobedy, Novokuznetsk, Kemerovskaya obl., 654006	
Russia	Blagotvoritelniy fond Evraza - Ural	indirect subsidiary - non-commercial	-	office 4, 39, ul. Karl Marks, Nizhny Tagil, Sverdlovskaya obl., 622001	
Russia	Brianskmetallresursy	indirect subsidiary	99.96%	14, ul. Staleliteinaya, Bryansk, 241035	
Russia	Centr kultury i iskusstva NTMK	indirect subsidiary - non-commercial	-	1, ul. Metallurgov, Nizhny Tagil, Sverdlovskaya obl., 622025	
Russia	Centr podgotovki personala Evraz-Ural	indirect subsidiary - non-commercial	-	1, ul. Metallurgov, Nizhny Tagil, Sverdlovskaya obl., 622025	
Russia	Centr Servisnykh Resheniy	indirect subsidiary	100.00%	1, ul. Rudokoprovaya, Novokuznetsk, Kemerovskaya obl., 654063	
Russia	Centralnaya Obogatitelnaya Fabrika Abashevskaya	indirect subsidiary	85.87%	12, Tupik Strelochny, Novokuznetsk, Kemerovskaya obl., 654086	discontinued operations
Russia	Centralnaya Obogatitelnaya Fabrika Kuznetskaya	indirect subsidiary	93.24%	16, Shosse Severnoe, Novokuznetsk, Kemerovskaya obl., 654043	discontinued operations
Russia	EVRAZ Consolidated West-Siberian metallurgical Plant	indirect subsidiary	100.00%	16, ul. Shosse Kosmicheskoe, Novokuznetsk, Kemerovskaya obl., 654043	
Russia	EVRAZ Kachkanarsky Ore Mining and Processing Plant	indirect subsidiary	100.00%	2, ul. Sverdlova, Kachkanar, Sverdlovskaya obl., 624351	
Russia	Evraz LLC	indirect subsidiary	100.00%	4, ul. Belovezhskaya, Moscow, 121353	former EvrazHolding LLC (renamed)
Russia	EVRAZ Market	indirect subsidiary	100.00%	9, ul. Khimicheskaya, Taganrog, Rostovskaya obl., 347913	former EVRAZ Metall Inprom (renamed)
Russia	EVRAZ Nizhny Tagil Metallurgical Plant	direct subsidiary	100.00%	1, ul. Metallurgov, Nizhny Tagil, Sverdlovskaya obl., 622025	

34. LIST OF SUBSIDIARIES AND OTHER SIGNIFICANT HOLDINGS (CONTINUED)

Country of incorporation	Name	Relationship	Ownership interest in 2021	Registered address	Notes
Russia	EVRAZ Steel Building	indirect subsidiary	78.34%	office 402A, floor 4, 6, bld. 1, 1st Nagatinsky proezd, Moscow, 117105	former Ferro-Building (renamed)
Russia	EVRAZ Steel Box	indirect subsidiary	80.00%	office 417, floor 4, 60B, ul. Dorozhnaya, Moscow, 117405	
Russia	EVRAZ Trade Company	indirect subsidiary	100.00%	4, ul. Belovezhskaya, Moscow, 121353	former Trade Company EvrazHolding (renamed)
Russia	EVRAZ Uzlovaya	indirect subsidiary	100.00%	4, ul.Entuziastov, kvartal 5 Pyatiletka, Uzlovaya, Tulskaya obl., 301600	
Russia	EVRAZ Vanady Tula	indirect subsidiary	100.00%	1, ul. Przhevalskogo, Tula, 300016	
Russia	EVRAZ Yuzhny Stan	indirect subsidiary	100.00%	8, ul. Naberezhnaya, rabochy poselok Ust-Donetsky, g.p. Ust-Donetskoye, Ust-Donetsky raion, Rostovskaya obl., 346550	
Russia	Evrazenergotrans	indirect subsidiary	50.00%	4, ul. Rudokoprovaya, Novokuznetsk, Kemerovskaya obl., 654006	controlled through put option for the purchase of shares of Malvero Holdings Limited
Russia	EvrazHolding Finance	indirect subsidiary	100.00%	office 14; 62, ul. Internationalnaya, Kyzyl, Tyva Republic, 667000	
Russia	EvrazService	indirect subsidiary	100.00%	4, ul. Belovezhskaya, Moscow, 121353	
Russia	Evraztekhnika	indirect subsidiary	100.00%	4, ul. Belovezhskaya, Moscow, 121353	
Russia	Evraztekhnika IS	indirect subsidiary	100.00%	4, ul. Belovezhskaya, Moscow, 121353	
Russia	Gurievsky rudnik	indirect subsidiary	100.00%	1, ul. Zhdanova, Gurievsk, Kemerovskaya obl., 652780	
Russia	Industrialnaya Vostochno-Evropeiskaya company	indirect subsidiary	100.00%	floor 5, office 1, 9, ul. Khimicheskaya, Taganrog, Rostovskaya obl., 347913	
Russia	KachkanarEnergoTrans	indirect subsidiary	50.00%	office 115; 2, ul. Sverdlova, Kachkanar, Sverdlovskaya obl., 624351	controlled through put option for the purchase of shares of Malvero Holdings Limited
Russia	Kachkanarskaya teplosnabzhauschaya company	indirect subsidiary	100.00%	17, 8 microraion, Kachkanar, Sverdlovskaya obl., 624350	
Russia	Kulturno-sportivniy centr metallurgov	indirect subsidiary - non-commercial	-	20, Prospect Metallurgov, Novokuznetsk, Kemerovskaya obl., 654006	
Russia	Kuznetskpogruztrans	indirect subsidiary	88.11%	18, ul. Promyshlennaya, Novokuznetsk, Kemerovskaya obl., 654029	discontinued operations
Russia	Kuznetskteplosbyt	indirect subsidiary	100.00%	4, ul. Rudokoprovaya, Novokuznetsk, Kemerovskaya obl., 654006	
Russia	Magnit	indirect subsidiary	-	4, ul. Sverdlova, Kachkanar, Sverdlovskaya obl., 624351	
Russia	Managing Company EVRAZ Mezhdurechensk	indirect subsidiary	100.00%	4, ul. Belovezhskaya, Moscow, 121353	
Russia	Medsanchast Vanady	indirect subsidiary	100.00%	1, Zeleny Mys district, Kachkanar, Sverdlovskaya obl., 624350	
Russia	Metallenergofinance	indirect subsidiary	100.00%	4, ul. Rudokoprovaya, Novokuznetsk, Kemerovskaya obl., 654006	
Russia	Metservice	indirect subsidiary	100.00%	90, ul. Industrialnaya, Nizhny Tagil, Sverdlovskaya obl., 622000	liquidated
Russia	Mezhegeyugol Coal Company	indirect subsidiary	93.24%	62, ul. Internationalnaya, Kyzyl, Tyva Republic, 667000	discontinued operations

34. LIST OF SUBSIDIARIES AND OTHER SIGNIFICANT HOLDINGS (CONTINUED)

Country of incorporation	Name	Relationship	Ownership interest in 2021	Registered address	Notes
Russia	Mine Abashevskaya	indirect subsidiary	93.24%	5, ul. Kavkazskaya, Novokuznetsk, Kemerovskaya obl., 654013	discontinued operations
Russia	Mine Alardinskaya	indirect subsidiary	93.24%	56, ul. Ugolnaya, Malinovka, Kaltan, Kemerovskaya obl., 652831	discontinued operations
Russia	Mine Esaulskaya	indirect subsidiary	93.24%	33, Prospect Kurako, Novokuznetsk, Kemerovskaya obl., 654006	discontinued operations
Russia	Mine Osinnikovskaya	indirect subsidiary	93.24%	3, ul. Shakhtovaya, Osinniki, Kemerovskaya obl., 652804	discontinued operations
Russia	Mine Uskovskaya	indirect subsidiary	93.24%	33, Prospect Kurako, Novokuznetsk, Kemerovskaya obl., 654006	discontinued operations
Russia	Mining Metallurgical Company “Timir”	joint venture	51.00%	4, Prospect Geologov, Neryungri, Republic of Saha (Yakutia), 678960	
Russia	Montazhnik Raspadskoy	indirect subsidiary	93.24%	office 408; 106, ul. Mira, Mezhdurechensk, Kemerovskaya obl.,652870	discontinued operations
Russia	Mordovmetallotorg	indirect subsidiary	99.90%	39, Aleksandrovskoe Shosse, Saransk, Respublica Mordovia, 430006	
Russia	MU-Invest	indirect subsidiary	93.24%	4, ul. Belovezhskaya, Moscow, 121353	liquidated
Russia	Nizhny Tagil Telecompany Telecon	indirect subsidiary	-	74, ul. Industrialnaya, Nizhny Tagil, Sverdlovskaya obl., 622034	
Russia	Novokuznetskmetallopttorg	associate	48.51%	16, ul. Chaikinoi, Novokuznetsk, Kemerovskaya obl., 654005	
Russia	Ohothichie hozyaistvo	indirect subsidiary - non-commercial	-	1, ul. Metallurgov, Nizhny Tagil, Sverdlovskaya obl., 622025	
Russia	Olzherasskoye shakhtoprokhodcheskoye upravlenie	indirect subsidiary	93.24%	office 331; 106, ul. Mira, Mezhdurechensk, Kemerovskaya obl.,652870	discontinued operations
Russia	Osinnikovsky remontno-mekhanichesky zavod	indirect subsidiary	78.72%	1/2, ul. Pervogornaya, Osinniki, Kemerovskaya obl., 652804	discontinued operations
Russia	Promuglepoject	indirect subsidiary	93.24%	4, ul. Nevskogo, Novokuznetsk, Kemerovskaya obl., 654006	discontinued operations
Russia	Publishing House IKaR	indirect subsidiary	-	4, ul. Sverdlova, Kachkanar, Sverdlovskaya obl., 624350	
Russia	Raspadskaya	direct subsidiary	93.24%	106, ul. Mira, Mezhdurechensk, Kemerovskaya obl.,652870	discontinued operations
Russia	Raspadskaya Coal Company	indirect subsidiary	93.24%	office 201; 33, Prospect Kurako, Novokuznetsk, Kemerovskaya obl., 654006	discontinued operations
Russia	Raspadskaya Preparation Plant	indirect subsidiary	93.24%	office 203; 106, ul. Mira, Mezhdurechensk, Kemerovskaya obl.,652870	discontinued operations
Russia	Raspadskaya-Koksovaya	indirect subsidiary	93.24%	office 424; 106, ul. Mira, Mezhdurechensk, Kemerovskaya obl.,652870	discontinued operations

34. LIST OF SUBSIDIARIES AND OTHER SIGNIFICANT HOLDINGS (CONTINUED)

Country of incorporation	Name	Relationship	Ownership interest in 2021	Registered address	Notes
Russia	Razrez Raspadskiy	indirect subsidiary	93.24%	office 213; 106, ul. Mira, Mezhdurechensk, Kemerovskaya obl.,652870	discontinued operations
Russia	Regional Media Company	indirect subsidiary	-	4, ul. Belovezhskaya, Moscow, 121353	
Russia	Regionalniy Centr podgotovki personala Evraz-Sibir	indirect subsidiary - non-commercial	-	4, ul. Nevskogo, Novokuznetsk, Kemerovskaya obl., 654006	
Russia	Rembytcomplex	indirect subsidiary	100.00%	8, 8 microraion, Kachkanar, Sverdlovskaya obl., 624351	
Russia	Sanatoriy-porfilactory Lenevka	indirect subsidiary - non-commercial	-	Nikolopoltavskoye post-office, Lenevka, Prigorodny district, Sverdlovskaya obl., 622911	
Russia	Sfera	indirect subsidiary	100.00%	office 315; 205, ul. 8 Marta, Ekaterinburg, Sverdlovskaya obl., 620085	
Russia	Sibir-VK	joint venture	50.00%	office 302, 37A, ul. Kutuzova, Novokuznetsk, Kemerovskaya obl., 654041	
Russia	Sibmetinvest	indirect subsidiary	100.00%	office 10; 1, 1st km of Rublevo-Uspenskoye shosse, der. Razdory, Odintsovo, Moscow region, 143082	
Russia	Specializirovannoye Shakhtomontazhno-naladochnoye upravlenie	indirect subsidiary	46.29%	28, proezd Zaschitny, Novokuznetsk, Kemerovskaya obl., 654034	discontinued operations, controlled through put option for the purchase of shares of Malvero Holdings Limited
Russia	Sportivniy complex Uralets	indirect subsidiary - non-commercial	-	36, Gvardeisky bulvar, Nizhny Tagil, Sverdlovskaya obl., 622005	
Russia	Sportivno-Ozdorovitelny complex Metallurg-Forum	indirect subsidiary - non-commercial	-	office 26; 61, ul. Krasnogvardeiskaya, Nizhny Tagil, Sverdlovskaya obl., 622013	
Russia	Tagilteplosbyt	indirect subsidiary	100.00%	78A, ul. Industrialnaya, Nizhny Tagil, Sverdlovskaya obl., 622059	
Russia	Tomusinskoye pogruzochno-transportnoye upravlenie	indirect subsidiary	54.63%	office 209; 106, ul. Mira, Mezhdurechensk, Kemerovskaya obl.,652870	discontinued operations
Russia	TV-Most	indirect subsidiary	-	office 164, 31, Moscovsky prospect, Kemerovo, 650065	
Russia	TVN	indirect subsidiary	-	office 16; 35, ul. Ordzhonikidze, Novokuznetsk, Kemerovskaya obl., 654007	
Russia	Uliyanovskmetall	indirect subsidiary	99.37%	20, 11 proezd Inzhenerny, Ulyanovsk, 432072	
Russia	United Coal Company Yuzhkuzbassugol	indirect subsidiary	93.24%	33, Prospect Kurako, Novokuznetsk, Kemerovskaya obl., 654006	discontinued operations
Russia	Upravlenie po montazhu, demontazhu i remontu gornoshakhtnogo oborudovaniya	indirect subsidiary	93.24%	3, ul. Shakhtovaya, Osinniki, Kemerovskaya obl., 652804	discontinued operations
Russia	Vanady-transport	indirect subsidiary	100.00%	2, ul. Sverdlova, Kachkanar, Sverdlovskaya obl., 624351	
Russia	Vladimirmetallopttorg	indirect subsidiary	95.64%	57, ul. P. Osipenko, Vladimir, 600009	
Russia	Vtorresurs-Pererabotka	joint venture	50.00%	1, korp. 233, pl. Pobed, Novokuznetsk, Kemerovskaya obl., 654006	

34. LIST OF SUBSIDIARIES AND OTHER SIGNIFICANT HOLDINGS (CONTINUED)

Country of incorporation	Name	Relationship	Ownership interest in 2021	Registered address	Notes
Russia	Yuzhno-Kuzbasskoye geologorazvedochnoye upravlenie	indirect subsidiary	93.24%	33, Prospect Kurako, Novokuznetsk, Kemerovskaya obl., 654006	discontinued operations
Russia	ZAO Irkutsk–Vtorchermet	associate	21.31%	office 212, bld. ZAO Vtorchermet, ul. Severny Promuzel, Irkutsk, 664053	
Russia	ZAO Vtorchermet	associate	21.31%	office 211, bld. ZAO Vtorchermet, ul. Severny promuzel, Irkutsk, 664053	
Russia	Zapadnye Vorota	indirect subsidiary	100.00%	4, ul. Belovezhskaya, Moscow, 121353	
Russia	Zavod metallurgicheskih reagentov	associate	50.00%	1, ul. Metallurgov, Nizhny Tagil, Sverdlovskaya obl., 622025	
Switzerland	East Metals A.G.	indirect subsidiary	100.00%	Baarerstrasse 131, 6300 Zug	
Switzerland	East Metals Shipping A.G.	indirect subsidiary	100.00%	Baarerstrasse 131, 6300 Zug	
United Kingdom	EVRAZ North America plc	indirect subsidiary	100.00%	Suite 1, 3rd Floor, 11-12 St James's Square London SW1 4LB	
USA	CF&I Steel LP	indirect subsidiary	90.00%	1612 E Abriendo Pueblo, Colorado, 81004	
USA	Colorado and Wyoming Railway Company	indirect subsidiary	90.00%	2100 S. Freeway Pueblo, Colorado, 81004	
USA	East Metals North America, LLC	indirect subsidiary	100.00%	71 S.Wacker, Suite 1700, Chicago, Illinois, 60606	
USA	EVRAZ Claymont Steel, Inc.	indirect subsidiary	100.00%	71 S.Wacker, Suite 1700, Chicago, Illinois, 60606	
USA	EVRAZ Inc. NA	indirect subsidiary	100.00%	71 S.Wacker, Suite 1700, Chicago, Illinois, 60606	
USA	EVRAZ Trade NA LLC	indirect subsidiary	100.00%	71 S.Wacker, Suite 1700, Chicago, Illinois, 60606	
USA	Fremont County Irrigating Ditch Co.	investment	13.50%	113 W. 5th Street Florence, Colorado, 81226	
USA	General Scrap Inc.	indirect subsidiary	100.00%	3101 Valley Street, Minot, North Dakota, 58702	
USA	New CF&I Inc.	indirect subsidiary	90.00%	1612 E Abriendo, Pueblo, Colorado, 81004	
USA	Oregon Ferroalloy Partners	indirect subsidiary	60.00%	14400 Rivergate Blvd. Portland, Oregon, 97203	
USA	Oregon Steel Mills Processing Inc.	indirect subsidiary	100.00%	71 S.Wacker, Suite 1700, Chicago, Illinois, 60606	
USA	Palmer North America LLC	indirect subsidiary	90.00%	71 S.Wacker, Suite 1700, Chicago, Illinois, 60606	
USA	The Union Ditch and Water Co.	indirect subsidiary	57.59%	113 W. 5th Street Florence, Colorado, 81226	

35. SUPPLEMENTARY FINANCIAL INFORMATION ON DEMERGER

The purpose of this supplementary information is to provide users with information that is useful for their decision making that has not been included in the basic financial statements.

The financial information in the table below illustrates what would the Group's consolidated statements of operations look like if EVRAZ plc had not consolidated Raspadskaya Group. In contrast with the statements of operations presented on the face of these consolidated financial statements intra-group transactions with Raspadskaya Group are not eliminated, instead they are treated as transactions with a related party. Unrealised profits or losses of Raspadskaya Group are excluded from the consolidated financial results of EVRAZ plc.

Year ended 31 December 2021

US$ million	**2021**	**2020**	**2019**
Revenue			
Sale of goods	$ 13,244	$ 9,232	$ 11,364
Rendering of services	324	283	379
	13,568	9,515	11,743
Cost of revenue	(8,756)	(6,814)	(9,020)
Gross profit	4,812	2,701	2,723
Selling and distribution costs	(827)	(788)	(867)
General and administrative expenses	(553)	(493)	(536)
Social and social infrastructure maintenance expenses	(30)	(29)	(23)
Gain/(loss) on disposal of property, plant and equipment, net	(7)	(3)	6
Impairment of non-financial assets	(22)	(313)	(335)
Foreign exchange gains/(losses), net	11	296	(311)
Other operating income	17	19	19
Other operating expenses	(46)	(43)	(42)
Profit from operations	3,355	1,347	634
Interest income	15	9	8
Interest expense	(213)	(322)	(328)
Share of profits/(losses) of joint ventures and associates	14	2	9
Impairment of non-current financial assets	–	–	(56)
Gain/(loss) on financial assets and liabilities, net	(20)	(71)	17
Gain/(loss) on disposal groups classified as held for sale, net	2	1	29
Other non-operating gains/(losses), net	–	14	13
Profit before tax	3,153	980	326
Income tax expense	(872)	(369)	(413)
Net profit	2,281	611	(87)
attributable to:			
equity holders of parent	2,225	618	(109)
non-controlling interests	56	(7)	22
	2,281	611	(87)
Depreciation, depletion and amortisation expense	(404)	(416)	(410)
EBITDA	3,807	1,812	1,707

35. SUPPLEMENTARY FINANCIAL INFORMATION ON DEMERGER (CONTINUED)

The financial information below represents consolidated statements of financial position of EVRAZ plc as if Raspadskaya Group was not consolidated. In contrast with the statements of financial position presented on the face of these consolidated financial statements intra-group balances with Raspadskaya Group are not eliminated, instead they are treated as balances with a related party. In addition, each caption of the consolidated statements of financial position is adjusted to exclude the amounts of Raspadskaya Group. Unrealised profits or losses of Raspadskaya Group are excluded from the consolidated inventory balances and accumulated profits of EVRAZ plc.

	31 December 2021		
US$ million	**2021**	**2020**	**2019**
Non-current assets			
Property, plant and equipment	$ 3,169	$ 2,862	$ 3,229
Goodwill	457	457	594
Receivables from related parties	–	–	1,177
Other non-current assets	499	524	513
	4,125	3,843	5,513
Current assets			
Inventories	1,705	1,031	1,304
Receivables from related parties	95	1,036	281
Accounts receivable and other current assets	934	601	755
Cash and cash equivalents	1,027	1,049	850
	3,761	3,717	3,190
Total assets	7,886	7,560	8,703
Non-current liabilities			
Non-current loans and borrowings	3,440	3,759	4,599
Payables to related parties	–	–	261
Deferred income tax liabilities	219	154	218
Employee benefits	143	198	216
Other non-current liabilities	308	289	280
	4,110	4,400	5,574
Current liabilities			
Current loans and borrowings	101	1,078	140
Payables to related parties	404	212	49
Trade payables and other current liabilities	2,352	1,710	1,822
	2,857	3,000	2,011
Total liabilities	$ 6,967	$ 7,400	$ 7,585
Total equity	919	160	1,118
attributable to:			
equity holders of parent	807	60	1,030
non-controlling interests	112	100	88

EVRAZ plc
Separate Financial Statements
for the year ended 31 December 2021

Separate statement of comprehensive income

(In millions of US dollars)

	Notes	31 December 2021	31 December 2020
General and administrative expenses		$ (19)	$ (12)
Operating income	6	8	10
Reversal of impairment/ (impairment) of investments	3	393	(76)
Foreign exchange gains/(losses)	6,9	2	(49)
Interest expense	6,7,8	(183)	(239)
Gain/(loss) on financial assets or liabilities	7	(9)	–
Dividend income	6	2,020	2,129
Other non-operating gains/(losses)	6	–	2
Profit before tax		2,212	1,765
Current income tax expense	9	(202)	(213)
Net profit		2,010	1,552
Total comprehensive income		$ 2,010	$ 1,552

The accompanying notes form an integral part of these separate financial statements.

Separate statement of financial position

(In millions of US dollars)

	Notes	31 December 2021	31 December 2020
ASSETS			
Non–current assets			
Investments in subsidiaries	3	$ 13,994	$ 15,057
Investments in joint ventures	3	23	23
Receivables from related parties	6	8	12
		14,025	15,092
Current assets			
Receivables from related parties	6	7	12
Dividends receivable from related parties	6	234	704
Income tax receivable	9	16	16
Cash and cash equivalents		292	–
		549	732
Assets classified as held for distribution to owners	3	1,468	–
		2,017	732
TOTAL ASSETS		16,042	15,824
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	4	75	75
Treasury shares	4	(148)	(154)
Reorganisation reserve	4	(584)	(584)
Merger reserve	4	127	127
Share-based payments	5	185	173
Accumulated profits		10,016	9,835
		9,671	9,472
LIABILITIES			
Non-current liabilities			
Long-term loans	7	1,445	1,961
Loans payable to related parties	6	4,526	3,201
Financial guarantee liabilities	6	8	12
Trade and other payables	8	–	4
		5,979	5,178
Current liabilities			
Trade and other payables	3,8	7	4
Payables to related parties	6	–	6
Dividends payable	4	292	–
Short-term loans and current portion of long-term loans	7	20	800
Loans payable to related parties	6	45	285
Financial guarantee liabilities	6	5	9
Income tax payable	9	23	70
		392	1,174
TOTAL LIABILITIES		6,371	6,352
TOTAL EQUITY AND LIABILITIES		$ 16,042	$ 15,824

The Financial Statements on pages 270-283 were approved by the Board of Directors on 24 February 2022 and signed on its behalf by Deborah Gudgeon, director.

The accompanying notes form an integral part of these separate financial statements.

Separate statement of cash flows

(In millions of US dollars)

	Notes	2021	2020
Cash flows from operating activities			
Net profit		$ 2,010	$ 1,552
Adjustments to reconcile net loss to net cash flows from operating activities:			
(Reversal of impairment)/impairment of investments	3	(393)	76
Foreign exchange (gains)/losses	6	(2)	49
Interest expense	6,7,8	183	239
(Gain)/loss on financial assets or liabilities	7	9	–
Dividend income	6	(2,020)	(2,129)
Other non-operating (gains)/losses	6	–	(2)
		(213)	(215)
Changes in working capital:			
Payables/receivables from related parties	6	–	(64)
Trade and other payables	8	(1)	(7)
Taxes payable		202	213
Net cash flow used in operating activities		(12)	(73)
Cash flows from investing activities			
Dividends received	6	2,243	1,777
Payment for acquisition of investments in subsidiaries	3	(6)	(47)
Net cash flow from investing activities		2,237	1,730
Cash flows from financing activities			
Repayment of bank loans and notes, including interest and premiums	7	(1,392)	(188)
Payments under covenant reset	7	(10)	–
Proceeds from loans provided by related parties	6	2,145	1,345
Repayment of loans provided by related parties, including interest	6	(1,146)	(1,947)
Dividends paid to shareholders	4	(1,531)	(872)
Net cash flow used in/(from) financing activities		(1,934)	(1,662)
Effect of foreign exchange rate changes on cash and cash equivalents		1	5
Net increase in cash and cash equivalents		292	–
Cash and cash equivalents at the beginning of the year		–	–
Cash and cash equivalents at the end of the year		$ 292	$ –
Supplementary cash flow information:			
Interest paid to third parties	7	(140)	(173)
Interest paid to related parties	6	(46)	(102)
Income taxes withheld by tax agent	9	(249)	(197)

The accompanying notes form an integral part of these separate financial statements.

Separate statement of changes in equity

(In millions of US dollars)

	Notes	Issued capital	Treasury shares	Reorganisation reserve	Merger reserve	Share-based payments	Accumulated profits	Total
At 31 December 2019		$ 75	$ (169)	$ (584)	$ 127	$ 162	$ 9,170	$ 8,781
Total comprehensive loss for the year		–	–	–	–	–	1,552	1,552
Share-based payments	5	–	–	–	–	11	–	11
Dividends declared	4	–	–	–	–	–	(872)	(872)
Transfer of treasury shares to participants of the Incentive Plans	4	–	15	–	–	–	(15)	–
At 31 December 2020		$ 75	$ (154)	$ (584)	$ 127	$173	$ 9,835	$ 9,472
Total comprehensive income for the year		–	–	–	–	–	2,010	2,010
Share-based payments	5	–	–	–	–	12	–	12
Dividends declared	4	–	–	–	–	–	(1,823)	(1,823)
Transfer of treasury shares to participants of the Incentive Plans	4	–	6	–	–	–	(6)	–
At 31 December 2021		$ 75	$ (148)	$ (584)	$ 127	$185	$ 10,016	$ 9,671

The accompanying notes form an integral part of these separate financial statements.

EVRAZ plc
Notes to the separate financial statements
Year ended 31 December 2021

1. CORPORATE INFORMATION

These separate financial statements were authorised for issue by the Board of Directors of EVRAZ plc on 24 February 2022.

EVRAZ plc ("EVRAZ plc" or "the Company") was incorporated on 23 September 2011 as a public company limited by shares under the laws of the United Kingdom. The Company was incorporated under the Companies Act 2006 with the registered number in England 7784342. The Company's registered address is 2 Portman street, London, W1H 6DU, United Kingdom.

The Company, together with its subsidiaries (the "Group"), is involved in the production and distribution of steel and related products, vanadium products and coal and iron ore mining. The Group is one of the largest steel producers globally.

At 31 December 2021 and 2020, EVRAZ plc was jointly controlled by a group of 3 shareholders: Greenleas International Holdings Limited (BVI), Abiglaze Limited (Cyprus) and Crosland Global Limited (Cyprus).

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These separate financial statements of EVRAZ plc have been prepared in accordance with UK-adopted international accounting standards. These standards are International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standard Board ("IASB"), as endorsed by the UK Endorsement Board.

These financial statements have been prepared on a going concern basis as the directors believe that there are no material uncertainties which could create a significant doubt as to the Company's ability to continue as a going concern in the foreseeable future (Note 2 of the consolidated financial statements).

Foreign Currency Transactions

The presentation and functional currency of the Company is the US dollar. Transactions in foreign currencies are initially recorded in US dollars at the rate on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Investments

Investments in subsidiaries, associates or joint ventures are initially recorded at acquisition cost. Impairment in value is recorded if the carrying value of an investment exceeds its recoverable amount. The reversal of impairment is recognised when the recoverable amount exceeds the carrying amount, but is limited to the amount of accumulated impairment losses previously recognised.

The determination of the recoverable amount of investments involves the use of estimates by management. These estimates, including the methodologies used, may have a material impact on the value in use of cash-generating units, which are included in the investment, and, ultimately, the amount of any impairment. In 2021, reasonably possible changes in the assumptions could lead to a smaller amount of an impairment reversal of the investment in Evraz Group S.A. for an effect of possible impairment of cash-generating units of the Steel North America segment. The key estimates and assumptions are disclosed in Note 6 of the consolidated financial statements.

The initial cost of the investment in Evraz Group S.A. was measured at the carrying amount of the equity items of Evraz Group S.A. as a separate legal entity at the date of the reorganisation (Note 3).

Dividend income is recognised when the Company's right to receive the payment is established.

All purchases and sales of investments are recognised on the settlement date, which is the date when the investment is delivered to or by the Company.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets Held for Sale or for Distribution to Owners

In the separate financial statements when investments accounted for at cost are classified as held for sale or for distribution to owners, they are accounted for in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, i.e. they are presented in a separate line item in the statement of financial position. If such assets represent discontinued operations, no adjustments are made in the separate statement of comprehensive income for current or previous years.

Non-cash Distributions to Owners

The Company measures a liability to distribute non-cash assets as a dividend to its owners at the fair value of the assets to be distributed. If the Company gives its owners a choice of receiving either a non-cash asset or a cash alternative, the Company estimates the dividend payable by calculating the fair value of each alternative. At the end of each reporting period and at the date of settlement, the Company reviews and adjusts the carrying amount of the dividend payable, with any changes in the carrying amount of the dividend payable recognised in equity as adjustments to the amount of the distribution.

When the Company settles the dividend liability, it recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the dividend payable in profit or loss.

Borrowings

Borrowings are initially recognised at fair value, net of directly attributable transaction costs. After initial recognition, borrowings are measured at amortised cost using the effective interest rate method; any difference between the amount initially recognised and the redemption amount is recognised as interest expense over the period of the borrowings.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Financial Guarantee Liabilities

Financial guarantee liabilities issued by the Company are those contracts that require a payment to be made to reimburse the incurred losses because the specified debtor or counterparty to a contract fails to make payments or to perform the agreed terms of a contract. Financial guarantees issued by the Company are recognised initially as a liability at fair value, being equal to the estimated future cash inflows receivable from the subsidiaries under the guarantee agreements, with a corresponding recognition of the same amount as receivables from related parties. Subsequently, the liability is amortised over the lives of the guarantees through the statement of comprehensive income, unless it is considered probable that a guarantee will be called, in which case it is measured at the value of the guaranteed amount payable, if higher.

3. INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES

Investments in subsidiaries and joint ventures consisted of the following as of 31 December:

	Ownership interest		Cost, net of impairment US$ million	
	2021	2020	2021	2020
Subsidiaries				
Evraz Group S.A.	100%	100%	$ 3,203	$ 2,808
EVRAZ NTMK	100%	100%	10,791	10,781
Raspadskaya	–	90.90%	–	1,468
			13,994	15,057
Raspadskaya (classified as held for distribution to owners)	93.24%	–	1,468	–
Joint Ventures				
Timir	51.00001%	51.00001%	23	23

3. INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES (CONTINUED)

The movement in investments was as follows:

$US million	Evraz Group S.A.	NTMK	Raspadskaya	Timir	Total
31 December 2019	$ 2,884	$ 10,771	$ 1,440	$ 22	$ 15,117
Additional investments	–	–	28	–	28
Impairment loss (recognition)/reversal	(77)	–	–	1	(76)
Share-based compensations	1	10	–	–	11
31 December 2020	**$ 2,808**	**$ 10,781**	**$ 1,468**	**$ 23**	**$ 15,080**
Impairment loss (recognition)/reversal	393	–	–	–	393
Share-based compensations	2	10	–	–	12
Reclassification to assets held for distribution to owners	–	–	(1,468)	–	(1,468)
31 December 2021	**$ 3,203**	**$ 10,791**	**$ –**	**$ 23**	**$ 14,017**

The Company recognises share-based payments made to employees of subsidiaries under control of Evraz Group S.A., EVRAZ NTMK and Raspadskaya as an addition to the cost of its investments in these subsidiaries (Note 5).

The accumulated impairment of the investments was as follows:

$US million	Evraz Group S.A.	EVRAZ NTMK	Raspadskaya	Timir	Total
31 December 2019	$ (316)	$ –	$ –	$ (127)	$ (443)
Impairment loss (recognition)/reversal	(77)	–	–	1	(76)
31 December 2020	$ (393)	$ –	$ –	$ (126)	$(519)
Impairment loss (recognition)/reversal	393	–	–	–	393
31 December 2021	**$ –**	$ –	**$ –**	**$ (126)**	**$(126)**

Evraz Group S.A.

In 2011, the Company acquired Evraz Group S.A. by means of the share exchange offer made by the Company to the shareholders of Evraz Group S.A. At that date the cost of investments in Evraz Group S.A. was measured at the carrying amount of the equity items shown in the separate accounts of Evraz Group S.A. at the dates of the share exchange. In 2020 and 2019, the Company impaired its investment in Evraz Group S.A. largely as a consequence of the decline in value of cash-generating units of EVRAZ Inc. NA Canada. In 2021, the value of these cash-generating units increased due to market recovery and increase in prices for steel products. Consequently, the Company fully reversed the prior years impairment of $393 million. More details are provided in Note 6 of the consolidated financial statements.

EVRAZ NTMK

On 18 April 2019, the Company acquired 100% ownership interest in EVRAZ NTMK from Evraz Group S.A. for consideration of $10,761 million, which was partially settled by non-cash consideration (Note 6). At 31 December 2019, the Company owed $2,899 million to Evraz Group S.A. in respect of this acquisition. In 2020, the Company paid $25 million under these liabilities and the remaining balance was converted into a loan (Note 6).

Raspadskaya

On 18 April 2019, the Company acquired 84.33% ownership interest in Raspadskaya from Evraz Group S.A. for consideration of $1,423 million, which was settled wholly by non-cash consideration (Note 6). Later in 2019, the Company acquired 1.33% in Raspadskaya from Evraz Group S.A. for cash consideration of $17 million, which in 2020 was converted into a loan payable to Evraz Group S.A. in the amount of $15 million (Note 6).

In 2020, the Company acquired an additional 2.74% interest in Raspadskaya from Evraz Group S.A. for cash consideration of $28 million of which $22 million was paid in cash in 2020 and $6 million was paid in cash in 2021 (Note 6).

On 31 December 2021, the Company analysed all facts and circumstances in connection with the potential demerger of Raspadskaya disclosed in Note 13 of the consolidated financial statements and concluded that the investment in Raspadskaya met all criteria for being recognised as an asset held for distribution to owners. Consequently, the Company accounted for its investment in Raspadskaya according to IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”.

OJSC Mining and Metallurgical Company Timir

Since 2013 the Company has owned a 51% ownership interest in the joint venture with Alrosa for the development of iron ore deposits in the Yakutia region in Russia. The Company’s consideration for this stake of 4,950 million roubles was recognised in the amount of $149 million being the present value of the expected cash outflows at the exchange rate as of the date of the transaction. During 2013-2019 the Company paid deferred installments for this acquisition. In 2019, the Company paid the final tranche of 480 million roubles ($7 million of purchase consideration and $1 million of interest charges).

3. INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES (CONTINUED)

OJSC Mining and Metallurgical Company Timir (continued)

In 2016 and before, due to the postponement of the major project activities, the Company impaired its investment in Timir. In 2020, the Company reversed impairment loss of $1 million.

Additional information regarding Timir is provided in Note 11 of the consolidated financial statements.

Indirect Subsidiaries and Other Significant Holdings

The full list of indirect subsidiaries and other significant holdings of EVRAZ plc is presented in Note 34 of the consolidated financial statements.

4. EQUITY

Share Capital

	31 December	
Number of shares	**2021**	**2020**
Ordinary shares of $0.05 each, issued and fully paid	**1,506,527,294**	1,506,527,294

EVRAZ plc does not have an authorised limit on its share capital.

Treasury Shares

	31 December	
Number of shares	**2021**	**2020**
Treasury shares	**47,837,582**	49,654,691

In 2015, EVRAZ plc purchased 108,458,508 of its own shares. These shares are used for the Company's Incentive Plans (Note 21 of the consolidated financial statements). Under these plans, in 2021 and 2020, the Company transferred to the participants 1,817,109 and 4,965,542 shares, respectively.

Reorganisation Reserve

Reorganisation reserve represents the difference between the net assets of Evraz Group S.A. at the date of the Group's reorganisation (7 November 2011) and the par value of the issued shares of EVRAZ plc. This charge to equity reduced the amount of distributable reserves.

Merger Reserve

The merger reserve arose in 2013 in connection with the purchase of 50% in Corber Enterprises S.à r.l. ("Corber") in accordance with section 612 of the Companies Act 2006. Impairments of the carrying value of this investment were transferred to the merger reserve.

In 2015, the disposal of the investment in Corber to Evraz Group S.A. (Note 3) was made for non-cash consideration, which does not meet the criteria for qualifying consideration. The balance of the merger reserve will be presented as a separate component of equity in the Company's statement of financial position until such time as Evraz Group S.A. is sold for qualifying consideration, and the merger reserve will be re-allocated to accumulated profits and become distributable.

Dividends

In 2021 and 2020, the Company declared dividends in the amount of $1,823 million and $872 million, respectively (Note 20 of the consolidated financial statements). During 2021 the Company paid dividends of $1,531 million. As of 31 December 2021 an amount of $292 million of dividends declared is payable.

Distributable Reserves

$US million	**2021**	**2020**
Accumulated profits	**10,016**	9,835
Reorganisation reserve	**(584)**	(584)
Unrealised profits	**(8,200)**	(8,200)
31 December	**1,232**	1,051

Dividend income from Evraz Group S.A. in the amount of $8,200 million (Note 6) did not constitute a qualifying consideration and was distributed out of the profit resulting from sale of assets (EVRAZ NTMK and Raspadskaya) to parent and, therefore, this income is excluded from the Company's distributable reserves at 31 December 2021 and 2020.

4. EQUITY (CONTINUED)

Distributable Reserves (continued)

In February 2020 the directors became aware that certain dividends paid in 2018 and 2019 totaling $1,447 million had been made otherwise than in accordance with the Companies Act 2006. The directors duly checked the sufficiency of distributable reserves before each distribution, but due to an administrative error the interim accounts were not filed at Companies House prior to payment. To rectify these breaches, in February 2020 the Company filed the interim accounts in respect of each dividend payment. In addition, a special resolution was planned to be proposed at the Annual General Meeting of the Company's shareholders in June 2020 to authorise the appropriation of distributable profits for the payment of the relevant dividends and remove any right for the Company to pursue shareholders or directors (the 'Director Release') for repayment. Due to the uncertainty caused by the effect of COVID-19 on the Company's ability to conduct an in-person meeting of shareholders this resolution was postponed to a more convenient time. It is expected that the special resolution will be proposed at the Annual General Meeting of the Company's shareholders in June 2022. The Director Release will constitute a related party transaction under the Listing Rules of the UK Listing Authority and under IFRS. The overall effect of the special resolution will be to return all parties to the position they would have been in had the relevant dividends been made in full compliance with the Companies Act 2006.

5. SHARE-BASED PAYMENTS

As disclosed in Note 21 of the consolidated financial statements, the Group has Incentive Plans under which certain employees ("participants") can be gifted shares of the Company. In 2021 and 2020, the Company recognised share-based compensation expense amounting to $12 million and $11 million, respectively, as a cost of investments in subsidiaries with a corresponding increase in equity.

6. RELATED PARTY TRANSACTIONS

Related parties of the Company include its direct and indirect subsidiaries, associates and joint venture partners, key management personnel and other entities that are under the control or significant influence of the key management personnel and the Company's ultimate controlling parties.

Loans Received from Related Parties

The following movements in loans payable to related parties were in 2020-2021.

US$ million	Currency	Interest rate	Maturity	Balance at 31 December 2020	Loans received from related parties	Interest expense	Repayment of loans	Non-cash transactions	Forex (gain)/loss	Balance at 31 December 2021
Direct subsidiary										
Evraz Group S.A.	USD	1.93-2.64%	2021- 2023	$ 2,736	$ 1,220	$ 57	$ (669)	$ –	$ –	$ 3,344
Indirect subsidiaries										
East Metals A.G.	USD	2.55%	2023	–	550	13	(6)	–	–	557
ENA plc	USD	1.93%	2023	750	–	13	(93)	–	–	670
EVRAZ KGOK	USD	1.92%	2025	–	375	3	(378)	–	–	–
				$ 3,486	$ 2,145	$ 86	$ (1,146)	$ –	$ –	$ 4,571

US$ million	Currency	Interest rate	Maturity	Balance at 31 December 2019	Loans received from related parties	Interest expense	Repayment of loans	Non-cash transactions	Forex (gain)/loss	Balance at 31 December 2020
Direct subsidiary										
Evraz Group S.A.	USD	1.93-4.95%	2021-2023	$ 528	$ 815	$ 89	$ (596)	$ 1,900	$ –	$ 2,736
Evraz Group S.A.	RUB	6.4%	2020	–	–	2	(459)	474	(17)	–
Indirect subsidiaries										
East Metals A.G.	USD	3.00-5.06%	2020	418	466	8	(892)	–	–	–
EVRAZ ZSMK	RUB	4.56%	2021	–	64	–	–	(66)	2	–
ENA plc	USD	1.93%	2023	–	–	–	–	750	–	750
				$ 946	$ 1,345	$ 99	$ (1,947)	$ 3,058	$ (15)	$ 3,486

6. RELATED PARTY TRANSACTIONS (CONTINUED)

In 2020, non-cash transactions included the following:

- In January 2020, a US dollar-denominated loan, which was received from Evraz Group S.A. in 2019, amounting to $474 million was converted into a loan denominated in roubles.
- In March 2020, EVRAZ plc and Evraz Group S.A. signed an assignment agreement and the outstanding balances payable to Evraz Group S.A. for the purchase of EVRAZ NTMK and Raspadskaya (Note 3) and for the transfer of loans in 2019 were converted into a loan in the amount of $3,124 million.
- In April 2020, EVRAZ plc transferred to Evraz Group S.A. its obligations under loans payable to EVRAZ ZSMK amounting to $66 million for consideration of $64 million. An amount of $2 million was recognised as non-operating gain in the separate statement of comprehensive income.
- In December 2020, Evraz Group S.A. reassigned $750 million under a loan receivable from EVRAZ plc to ENA plc.

Dividend Income

	Evraz Group S.A.	EVRAZ NTMK	Raspadskaya	Total
Dividends receivable at 31 December 2019	$ –	$ 629	$ –	$ 629
Dividend income accrued in 2020	–	2,083	46	2,129
Dividends received by cash	–	(1,735)	(42)	(1,777)
Tax withheld	–	(193)	(4)	(197)
Non-cash offset	–	–	–	–
Foreign exchange gain/(loss)	–	(80)	–	(80)
Dividends receivable at 31 December 2020	**$ –**	**$ 704**	**$ –**	**$ 704**
Dividend income accrued in 2021	**–**	**1,540**	**480**	**2,020**
Dividends received by cash	**–**	**(2,019)**	**(224)**	**(2,243)**
Tax withheld	**–**	**(225)**	**(24)**	**(249)**
Foreign exchange gain/(loss)	**–**	**–**	**2**	**2**
Dividends receivable at 31 December 2021	**$ –**	**$ –**	**$ 234**	**$ 234**

In April, July and October 2021, EVRAZ NTMK declared and fully paid dividends in the amount of 24.8 billion roubles ($324 million), 66.1 billion roubles ($891 million) and 22.5 billion roubles ($325 million).

In February, June, August 2020 EVRAZ NTMK declared dividends in the amount of 31.9 billion roubles ($499 million), 38.4 billion roubles ($556 million), 23.6 billion roubles ($324 milion), respectively, which were paid in 2020, and in December 2020 NTMK declared 52.4 billion roubles ($704 million), which were paid to EVRAZ plc in 2021.

In May, September and December 2021, EVRAZ plc accrued its share in the dividends declared by Raspadskaya in the amount of 3.5 billion roubles ($48 million), 14.3 billion roubles ($196 million) and 17.4 billion roubles ($236 million) respectively. As of 31 December 2021, the dividends declared in December 2021 amounting to $234 million were outstanding.

In May and September 2020, EVRAZ plc accrued its share in the dividends declared and fully paid by Raspadskaya in the amount of 1.7 billion roubles ($24 million) and 1.7 billion roubles ($22 million), respectively.

Offset of Liabilities with Evraz Group S.A.

During 2020 there were a number of transactions between EVRAZ plc and its direct subsidiary Evraz Group S.A.:

- In February 2020, EVRAZ plc repaid $25 milion to Evraz Group S.A. in respect of the liabilities for the purchase of EVRAZ NTMK (Note 3). In March 2020, EVRAZ plc and Evraz Group S.A. signed an assignment agreement and the remaining balances payable to Evraz Group S.A. for the purchase of EVRAZ NTMK and Raspadskaya (Note 3) and for the transfer of loans were converted into a loan amounting to $3,124 million. An amount of $2 million was recognised as foreign exchange gain in the separate statement of comprehensive income (Note 6*, Loans Received from Related Parties*);
- In April 2020, EVRAZ plc transferred to Evraz Group S.A. its obligations under loans payable to EVRAZ ZSMK amounting to $66 million for consideration of $64 (Note 6*, Loans Received from Related Parties*);
- During 2020 EVRAZ plc purchased Raspadskaya shares from Evraz Group S.A. for total consideration of $28 million of which $6 million were not settled at 31 December 2020.

During 2020 EVRAZ plc and Evraz Group S.A. concluded agreements, under which the above mentioned mutual payment obligations were offset resulting in a net liability payable to Evraz Group S.A. in the amount of $6 million, which was fully settled in 2021.

6. RELATED PARTY TRANSACTIONS (CONTINUED)

Guarantees

The guarantees issued by Company to related parties were as follows at 31 December:

US$ million			2021			2020		
Debtor	**Subject of guarantee**	**Maturity at 31 December 2021**	**Guaranteed amount (principal)**	**Financial guarantee laibility**	**Guarantee fees earned**	**Guaranteed amount (principal)**	**Financial guarantee laibility**	**Guarantee fees earned**
East Metals A.G.	Bank loans	not determined	**$ 348**	**$ –**	**$ 1**	$ 193	$ –	$ 1
EVRAZ NTMK/ EVRAZ ZSMK	Bank loans	2023-2028	**1,697**	**11**	**3**	1,458	10	3
Evrazholding Finance	Rouble bonds	not determined	**269**	**1**	**2**	280	3	2
Evraz Group S.A.	Loan to East Metals A.G.	2022-2024	**667**	**–**	**1**	486	–	1
Management Company Mezhdurechensk	Performance of services	2023	**202**	**1**	**1**	203	8	3
EVRAZ Nikom a.s.	Bank loans	not determined	**13**	**–**	**–**	14	–	–
			$ 3,196	**$ 13**	**$ 8**	$ 2,634	$ 21	$ 10

The above guarantees are recognised at fair value in the statement of financial position of the Company. The guarantee fees are recorded within the Operating income caption of the Company's statement of comprehensive income.

In 2018, the Company issued a guarantee to nine companies owned by Sibuglemet to compensate any direct losses caused by the failure to perform the agreed management services provided by Management Company Mezhdurechensk, an indirect subsidiary of the Company, to these entities (Note 30 of the consolidated financial statements). In 2018, the Company recognised financial guarantee liability of $18 million. In 2021 and 2020, the Company accrued $1 million and $3 million income, respectively, under this guarantee. In May 2020, the Group issued a notification about termination of the management services contract from 15 November 2020. The guarantee will continue to be effective 3 years after the date of termination.

Other Transactions

In 2021, OOO Evraz (former name – Evrazholding), an indirect subsidiary of the Company, rendered consulting services to the Company in the amount of $1 million (2020: $Nil).

Other disclosures on directors' remuneration required by Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts & Reports) regulations 2008 and those specified for audit by the Directors' Remuneration Report Regulations 2002 are included in the Directors' Remuneration Report.

7. LOANS AND BORROWINGS

In 2019, Evraz Group S.A. transferred all rights and obligations under its notes to EVRAZ plc for consideration being the market value of the notes at that date. The Company recognised the liabilities at fair value and classified them as subsequently measured at amortised cost.

During 2020-2021 the movement in the notes was as follows.

$US million	8.25% notes due 2021	6.75% notes due 2022	5.375% notes due 2023	5.25% notes due 2024	Total
31 December 2019	$ 806	$ 531	$ 768	$ 705	$ 2,810
Non-cash changes:					
Interest and other charges expensed	36	26	39	38	139
Cash changes:					
Repayment of interest and premiums on early repayment	(62)	(34)	(40)	(37)	(173)
Repayment of principal	(15)	–	–	–	(15)
31 December 2020	**$ 765**	**$523**	**$ 767**	**$706**	**$ 2,761**
Non-cash changes:					
Interest and other charges expensed	**1**	**20**	**38**	**38**	**97**
Accrual of premiums and other charges on early repayment of borrowings	–	**9**	–	–	**9**
Capitalisation of covenants reset costs	–	**(3)**	**(3)**	**(4)**	**(10)**
Cash changes:					
Repayment of interest and premiums on early repayment	**(31)**	**(49)**	**(40)**	**(37)**	**(157)**
Repayment of principal	**(735)**	**(500)**	–	–	**(1,235)**
31 December 2021	**$ –**	**$ –**	**$ 762**	**$703**	**$ 1,465**

7. LOANS AND BORROWINGS (CONTINUED)

In January 2021, 8.25% notes due 2021 were fully settled.

In June, August and October 2021, EVRAZ plc early repaid in full its 6.75% notes due 2022 ($500 million). The premium over the carrying value on the repurchase amounting to $(9) million was included in the Gain/(loss) on financial assets and liabilities caption of the separate statement of comprehensive income.

In 2021, the Company paid $10 million in connection with the covenants reset relating to the potential demerger of the coal business (Note 13 of the consolidated financial statements). These charges will be amortised during the term of the respective notes.

In November 2020, EVRAZ plc early repaid $15million under 8.25% notes due 2021.

At 31 December 2021, the current portion of the borrowings included only interest payable under the notes. At 31 December 2020, the current portion of the borrowings included a principal payable under 8.25% notes due 2021 and interest payable under all issued notes.

8. TRADE AND OTHER PAYABLES

Trade and other accounts payable included the following at 31 December:

	2021		2020	
US$ million	Non-current	Current	Non-current	Current
Liability relating to a settlement of guarantee	$ –	$ 4	$ 4	$ 4
Other payables	–	3	–	–
	$ –	$ 7	$ 4	$ 4

At 31 December 2021 and 2020, trade and other accounts payable included liabilities relating to the settlement of the Company's guarantee under a long-term take-or-pay supply contract of a former indirect subsidiary of the Company. In 2021, the Company paid $4 million (2020: $7 million) in respect of this liability and recognised interest expense of $Nil (2020: $1 million).

9. INCOME TAXES

A reconciliation of income tax expense applicable to profit before income tax using the statutory tax rate to income tax expense as reported in the Company's financial statements for the years ended 31 December is as follows:

US$ million	2021	2020
Profit/(loss) before income tax	$ 2,212	$ 1,765
At the statutory income tax rate of 19%	(420)	(336)
Group relief effect	(2)	–
Non-taxable income/(non-deductible expenses)	40	(56)
Effect of lower tax rate for dividend income	182	192
Allowance for deferred tax asset	(2)	(13)
Current income tax expense	$ (202)	$ (213)

In 2021, the effect of non-taxable income was mostly caused by the reversal of impairment of investments (Note 3), which is not taxable.

A numerical reconciliation between the average effective tax rate and the applicable tax rate is dsclosed in the table below.

	2021	2020
Applicable income tax rate	19.0%	19.0%
Group relief effect	0.1%	–
Non taxable income/(non-deductible expenses)	(1.8)%	3.2%
Effect of lower tax rate for dividend income	(8.3)%	(10.9)%
Allowance for deferred tax asset	0.1%	0.8%
Average effective interest rate	9.1%	12.1%

The applicable tax rate is a normal corporation tax in the United Kingdom.

9. INCOME TAXES (CONTINUED)

The movement in the net balance of current income tax receivable/(payable) was as follows:

US$ million	2021	2020
1 January	$ (54)	$ (46)
Current income tax on dividend income	(202)	(213)
Income tax withheld (Note 6)	249	197
Foreign exchange gain/(loss)	–	8
31 December	$ (7)	$ (54)

The tax rate on dividends is equal to 10% for income from the Russian subsidiaries and zero rate for dividend income from Luxembourg.
At 31 December 2021 the Company had an amount payable of $23 million in relation to income tax on dividends receivable from Raspadskaya (2020: $70 million of income tax payable on dividends receivable from EVRAZ NTMK).

In 2019, the Company recognised current income tax benefit of $16 million relating to prior year tax losses of $87 million that can be carried back to recover income tax paid in 2018.

At 31 December 2021, the unused tax losses carried forward amounted to $196 million (2020: $188 million). Deferred tax assets in respect of these losses have not been recorded as it is not probable that sufficient taxable profits will be available in the foreseeable future to offset the losses. They are available for offset against future taxable profits indefinitely.

At 31 December 2021, the Company had $253 million of accumulated unutilised foreign tax credits (2020: $209 million). No deferred tax asset has been recognised on these tax credits as they are unlikely to have value in the future. These tax credits have no fixed expiry date.

10. FINANCIAL INSTRUMENTS

Liquidity Risk

The following tables summarise the maturity profile of the Company's financial liabilities based on contractual undiscounted payments, including interest payments.

31 December 2021

US$ million	On demand	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	After 5 years	Total
Fixed-rate debt							
Loans and borrowings							
Principal	$ –	$–	$ –	$ 750	$ 700	$ –	$ 1,450
Interest	–	20	57	57	18	–	152
Loans payable to related parties							
Principal	–	–	–	4,526	–	–	4,526
Interest	–	45	93	81	–	–	219
Trade and other payables	–	2	2	–	–	–	4
Financial guarantees	–	–	5	5	3	–	13
Total fixed-rate debt	–	67	157	5,419	721	–	6,364
Non-interest bearing debt							
Dividends payable	–	292	–	–	–	–	292
Trade and other payables	3	–	–	–	–	–	3
Total non-interest bearing debt	3	292	–	–	–	–	295
	$ 3	$ 359	$ 157	$ 5,419	$ 721	$ –	$ 6,659

10. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity Risk (continued)

31 December 2020

US$ million	On demand	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	After 5 years	Total
Fixed-rate debt							
Loans and borrowings							
Principal	$ –	$ 735	$ –	$ 500	$ 1,450	$ –	$ 2,685
Interest	–	48	78	97	94	–	317
Loans payable to related parties							
Principal	–	280	–	–	3,201	–	3,481
Interest	–	4	65	63	60	–	192
Trade and other payables	–	2	2	4	–	–	8
Financial guarantees	–	–	9	7	5	–	21
Total fixed-rate debt	–	1,069	154	671	4,810	–	6,704
Non-interest bearing debt							
Payables to related parties	6	–	–	–	–	–	6
Total non-interest bearing debt	6	–	–	–	–	–	6
	$ 6	$ 1,069	$ 154	$ 671	$ 4,810	$ –	$ 6,710

Market Risk

Currency Risk

The Company's exposure to currency risk determined as the net monetary position in the respective currencies was as follows at 31 December:

US$ million	**2021**	**2020**
USD/RUB	**$ –**	$ 6

Sensitivity Analysis

The following table demonstrates the sensitivity to reasonably possible changes in the respective currencies, with all other variables held constant, of the Company's profit before tax. In estimating reasonably possible changes the Company assessed the volatility of foreign exchange rates during the reporting periods.

	2021		2020	
	Change in exchange rate	Effect on PBT	Change in exchange rate	Effect on PBT
	%	*US$ millions*	%	*US$ millions*
USD/RUB	–	–	(16.88)	1
	–	–	16.88	(1)

Fair Value of Financial Instruments

The carrying amounts of financial instruments, such as cash, accounts receivable and payable, loans payable to related parties, approximate their fair value. The fair value of the notes is disclosed in Note 28 of the consolidated financial statements.

11. SUBSEQUENT EVENTS

In January 2022, the Company fully paid to its shareholders the dividends declared in December 2021 (*Dividends* in Note 4).

In February 2022, the Company received the full amount of dividends declared by Raspadskaya in December 2021 (*Dividend Income* in Note 6).

Other material events after the reporting year are disclosed in Note 33 of the consolidated financial statements.

ADDITIONAL INFORMATION

TCFD COMPLIANCE STATEMENT AND INDEX

Compliance statement

In accordance with LSE Listing Rule 9.8.6(8) R we present our 2021 TCFD compliance index and confirm that we have in this Report made climate-related financial disclosures for the year ended 31 December 2021 which are::

(a) consistent with the following TCFD Recommendations and Recommended Disclosures[1]:

- Governance - (a) and (b);
- Strategy - (a) and (c);
- Risk management — (a), (b), (c);
- Metrics and Targets - (b) and (c).

(b) partially consistent with the following TCFD Recommendations and Recommended Disclosures:

- Strategy - (b);
- Metrics and Targets - (a).

In the table below, we include cross-references to disclosures made elsewhere within the Report and explain the reasons for partially complying with the certain of the TCFD Recommendations and Recommended Disclosures. EVRAZ is set to cover most of the partially consistent disclosures in 2022.

In assessing compliance with LSE Listing Rules 9.8.6(8) R, we took into consideration the documents referred to in the guidance notes to the Listing Rules, as well as considering on a voluntary basis the updated guidance on Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures published in October 2021.

TCFD DISCLOSURE	CROSS-REFERENCE FOR THE DISCLOSURE IN THE REPORT	SUMMARY OF THE CLIMATE-RELATED FINANCIAL DISCLOSURES	COMMENTS FOR NON-COMPLIANCE	FUTURE STEPS
Governance				
a. Describe the board's oversight of climate-related risks and opportunities.	p. 58-60	Issues related to climate risks and opportunities are reviewed and considered at BoD meetings 10–12 times per year.		
b. Describe management's role in assessing and managing climate-related risks and opportunities.	p. 58-60	Management reviews and considers issues related to climate change, climate-related risks, and decarbonisation opportunities. Management monitors the Company's climate-related performance and progress against targets.		In 2022, we are planning to include climate-related and decarbonisation KPIs for the Vice Presidents of EVRAZ. The Group is currently aligning its remuneration process with decarbonisation goals and targets.

1. As defined in Appendix 1 of the Financial Conduct Authority Listing Rules.

TCFD DISCLOSURE	CROSS-REFERENCE FOR THE DISCLOSURE IN THE REPORT	SUMMARY OF THE CLIMATE-RELATED FINANCIAL DISCLOSURES	COMMENTS FOR NON-COMPLIANCE	FUTURE STEPS
Strategy				
a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	p. 92-96	We have identified time horizons as long (2050), medium (2030) and short (2025) for each climate risk identified. The results of the qualitative risk assessment is presented in section "Climate change risks"		
b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	p. 92-96	EVRAZ considers the environmental impact of its operations as well as the potential consequences of climate-related risks during strategic planning. The Company continuously researches opportunities to improve its business and product lines sustainably. EVRAZ has developed the Environmental Strategy 2030 and is developing the Decarbonisation pathway roadmap based on thorough research of industry-specific measures and best practice initiatives over the short, medium and long-term time horizons.	Currently, we are not able to describe the impact of climate-related issues on our financial performance and financial position due to not completing a financial analysis of climate-related risks and opportunities.	In 2022, we plan to incorporate climate-related risks into financial models and conduct financial analysis to assess how climate risks will affect our financial stability. The quantitative analysis will include a description of the process and methodologies used.
c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	p. 92-96	All risks, including climate-related risks, are closely monitored and considered when planning the Group's strategy. If a significant change affects the risk assessment results, EVRAZ is set to adjust its strategy accordingly.		In 2022, we plan to incorporate climate-related risks into financial models and conduct financial analysis to assess how climate risks will affect our financial stability. The analysis will include the potential effects of climate scenarios (SSP1—2.6, SSP2—4.5, SSP5—8.5, particularly the 2°C or lower scenario. We will further analyse the resilience of our strategy against risks and opportunities in accordance with climate scenarios.

TCFD DISCLOSURE	CROSS-REFERENCE FOR THE DISCLOSURE IN THE REPORT	SUMMARY OF THE CLIMATE-RELATED FINANCIAL DISCLOSURES	COMMENTS FOR NON-COMPLIANCE	FUTURE STEPS
RISK MANAGEMENT				
a. Describe the organization's processes for identifying and assessing climate-related risks.	p. 92-96	EVRAZ determines climate risks by following the Group's approach. The assessment process identifies risks in relation to all major divisions of the Company. The risk identification process is in line with three climate scenarios (SSP1—2.6, SSP2—4.5, and SSP5—8.5) and focus on long time horizons (2050), medium (2030) and short (2025).		In addition, we are planning to report on the internal carbon price used for developing our Group strategy and budgeting.
b. Describe the organization's processes for managing climate-related risks.	p. 92-96	All risks are assessed annually to ensure that they are appropriately documented and that timely risk management procedures have been developed throughout the Group and at operational levels. For each climate-related risk we analyse mitigation measures (accept, avoid, transfer or mitigate).		
c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	p. 92-96	EVRAZ identifies, assesses, and manages climate-related risks according to the overall Group's risk management approach. As part of its risk management process, the Group has developed a unified framework to detect, assess and manage climate-related risks at the corporate and operational levels. The framework encompasses all business processes and day-to-day activities. The method used to categorise risks as either principal or non-principal is also applied to managing climate-related risks.		

TCFD DISCLOSURE	CROSS-REFERENCE FOR THE DISCLOSURE IN THE REPORT	SUMMARY OF THE CLIMATE-RELATED FINANCIAL DISCLOSURES	COMMENTS FOR NON-COMPLIANCE	FUTURE STEPS
Metrics and Targets				
a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	p. 62-64	EVRAZ monitors GHG emission, carbon intensity of the key product categories, primary energy consumption and energy intensity. For the risk management purposes, we apply internal carbon price and analysis of KPIs against targets.	Currently, we are unable to provide an internal carbon price. EVRAZ has set an internal carbon price, however the methodology for establishing the metric is being revised.	EVRAZ has set an internal carbon price that will continue to be used for budgeting and planning its operations and being an additional metric considered when assessing investment projects and mitigating regulatory risks. EVRAZ plans to disclose information upon this metric in future disclosures.
b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	p. 62-64	EVRAZ reports on Scope 1 and Scope 2 greenhouse gas (GHG) emissions and the related risks on a yearly basis.		We are planning to publish the Scope 3 calculations in the public reports and press releases in 2022. We will be updating the accounting and monitoring practices for energy consumption. As well as, undertaking investments and operational measures aimed at improving energy efficiency, developing internal power generation capacity, using renewable energy sources and upgrading equipment.
c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	p. 62-64	All emissions are calculated, however targets are set on specific processes. EVRAZ intends to reduce the intensity of Scope 1 and 2 GHG emissions from steel making operations by 20% and reach 75% utilisation of methane (CH_4) emitted while degassing coal mines by 2030, against a 2019 baseline.		

STOCK PERFORMANCE INDICATORS AND SHAREHOLDER INFORMATION

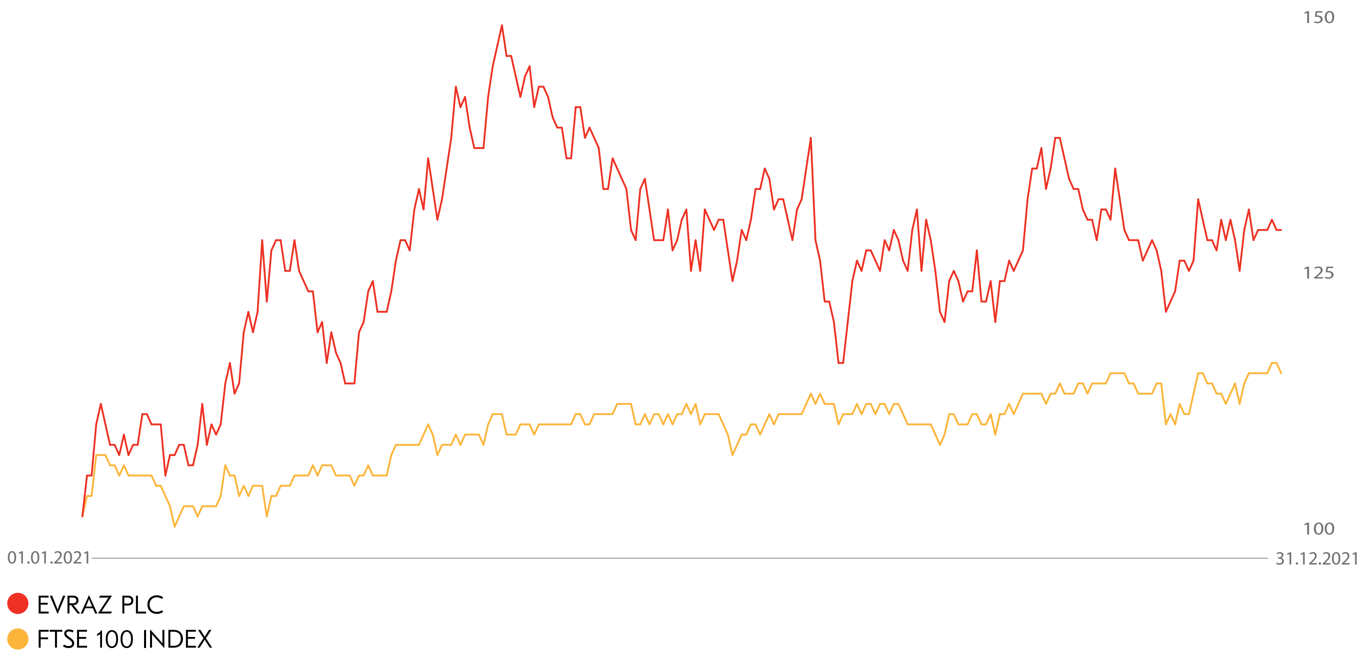
Information about shares of EVRAZ plc

The Company's issued share capital as of 31 December 2021 and 24 February 2022 was 1,506,527,294 ordinary shares, of which 47,837,582 shares are held in Treasury. Therefore, the total number of voting rightsin the Company is 1,458,689,712.

The shares of EVRAZ plc trades on the Main market of London Stock Exchange

Ticker (Bloomberg)	EVR LN
Trading service	SETS
Market	MAIN MARKET
Listing category	Premium Equity Commercial Companies
FTSE index	FTSE 100
FTSE sector	Industrial Metals & Mining
FTSE sub-sector	Iron & Steel
Country of share register	GB
Segment	STMM
MiFID Status	Regulated Market
SEDOL	B71N6K8
ISIN number	GB00B71N6K86

Relative share price dynamics, 52w



UNSOLICITED TELEPHONE CALLS AND CORRESPONDENCE

Shareholders are advised to be wary of any unsolicited advice, offers to buy shares at a discount, or offers of free reports about the Company. These are typically from overseas-based 'brokers' who target US or UK shareholders, offering to sell them what often turns out to be worthless or high risk shares.

These operations are commonly known as 'boiler rooms' and the 'brokers' can be very persistent and extremely persuasive.

If you receive any unsolicited investment advice:

- Make sure you get the correct name of the person and organisation.
- Check that they are properly authorised by the FSA before getting involved by visiting www.fsa.gov.uk/fsaregister and contacting the firm using the details on the register.
- Report the matter to the FSA either by calling 0845 606 1234 or visiting www.fsa.gov.uk/scams.
- If the calls persist, hang up.

Details of any share dealing facilities that the company endorses will be included in Company mailings.

ELECTRONIC SHAREHOLDER COMMUNICATIONS

EVRAZ uses its website www.evraz.com as its primary means of communication with its shareholders provided that the shareholder has agreed or is deemed to have agreed that communications may be sent or supplied in that manner in accordance with the Companies Act 2006. Electronic communications allow shareholders to access information instantly as well as helping EVRAZ reduce its costs and its impact on the environment. Shareholders can sign up for electronic communications via Computershare's Investor Centre website at www.investorcentre.co.uk. Shareholders that have consented or are deemed to have consented to electronic communications can revoke their consent at any time by contacting the Company's registrar, Computershare.

DEFINITIONS OF SELECTED ALTERNATIVE PERFORMANCE MEASURES

The Group uses alternative performance measures (APMs) to improve comparability of information between reporting periods and business units, either by adjusting for uncontrollable or one-off factors which impact upon IFRS measures or, by aggregating measures, to aid the user of this report in understanding the activity taking place across the Group's portfolio.

EBITDA

EBITDA is determined as a segment's profit/(loss) from operations adjusted for social and social infrastructure maintenance expenses, impairment of assets, profit/(loss) on disposal of property, plant and equipment and intangible assets, foreign exchange gains/(losses) and depreciation, depletion and amortisation expense.

See note 3 of the consolidated financial statement for additional information and reconciliation with IFRS financial statements.

Free Cash Flow

Free Cash Flow represents EBITDA, net of noncash items, less changes in working capital, income tax paid, interest paid and covenant reset charges, conversion premiums, premiums on early repurchase of bonds and realised gain/(losses) on interest payments under swap contracts, interest income and debt issue costs, less capital expenditure, including recorded in financing activities, purchases of subsidiaries, net of cash acquired, proceeds from sale of disposals classified as held for sale, net of transaction costs, less purchases of treasury shares for participants of the incentive plans, plus other cash flows from investing activities.

Free Cash Flow is not a measure under IFRS and should not be considered as an alternative to other measures of financial position. EVRAZ' calculation of Free Cash Flow may be different from the calculation used by other companies and therefore comparability may be limited.

Cash and short-term bank deposits

Cash and short-term bank deposits is not a measure under IFRS and should not be considered as an alternative to other measures of financial position. EVRAZ' calculation of cash and short-term bank deposits may be different from the calculation used by other companies and therefore comparability may be limited.

Total segment revenues, total segment EBITDA

Total segment revenues and total segment EBITDA include the contribution of discontinued operations. During 2021 the Coal business was an integral part of the Group and was managed on this basis. As such these measures are considered more reflective of the performance of the Group in the year.

See more in Note 3 **on page 202**.

Cash and short-term bank deposits calculation[1]

US$ MILLION	31 DECEMBER 2021	31 DECEMBER 2020	CHANGE	CHANGE, %
Cash and cash equivalents	1,427	1,627	(200)	(12.3)
Cash and short-term bank deposits	1,427	1,627	(200)	(12.3)

1. As discussed in more detail in Note 2 and Note 13 of the EVRAZ consolidated financial statements, as of 31 December 2021, the management had concluded that the demerger of the coal business had become highly probable within one year and that Raspadskaya Group met all criteria to be classifed as a disposal held for distribution to owners. Consequently, in accordance with the requirements of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", it was accounted for as discontinued operations in the consolidated financial statements.
At the same time, in 2021, the coal business was an integral part of the Group. The analysis below is based on this view taken by the management and presented in Note 3 of the consolidated financial statements.
The reconciliation of these results with the amounts presented in the consolidated statement of operations is provided in Note 13. It is limited to the presentation of the results of the coal business as discontinued operations.

Total debt

Total debt represents the nominal value of loans and borrowings plus unpaid interest, finance lease liabilities, loans of assets classified as held for sale, and the nominal effect of cross-currency swaps on principal of rouble-denominated notes. Total debt is not a measure under IFRS and should not be considered as an alternative to other measures of financial position. EVRAZ' calculation of total debt may be different from the calculation used by other companies and therefore comparability may be limited. The current calculation is different from that used for covenant compliance calculations.

Total debt[1] has been calculated as follows:

US$ MILLION	31 DECEMBER 2021	31 DECEMBER 2020	CHANGE	CHANGE, %
Long-term loans, net of current portion	3,840	3,759	81	0.0
Short-term loans and current portion of long-term loans	101	1,078	(977)	(90.6)
Add back: Unamortised debt issue costs and fair value adjustment to liabilities assumed in business combination	17	16	1	0.0
Nominal effect of cross-currency swaps on principal of rouble-denominated notes	44	43	1	0.0
Finance lease liabilities, non-current portion	64	57	7	12.3
Finance lease liabilities, current portion	28	30	(2)	(0.1)
Total debt	4,094	4,983	(889)	(17.8)

Net debt

Net debt represents total debt less cash and liquid short-term financial assets, including those related to disposals classified as held for sale. Net debt is not a measure under IFRS and should not be considered as an alternative to other measures of financial position. EVRAZ' calculation of net debt may be different from the calculation used by other companies and therefore comparability may be limited. The current calculation is different from that used for covenant compliance calculations.

Net debt[1] has been calculated as follows:

US$ MILLION	31 DECEMBER 2021	31 DECEMBER 2020	CHANGE	CHANGE, %
Total debt	4,094	4,983	(889)	(17.8)
Cash and cash equivalents	(1,427)	(1,627)	200	12.3
Net debt	2,667	3,356	(689)	(20.5)

CAPEX

Capital expenditure (CAPEX) is cash expenditure on property, plant and equipment. For internal reporting and analysis, CAPEX includes non-cash transactions related to CAPEX.

CAPEX[1] has been calculated as follows:

US$ MILLION	31 DECEMBER 2021	31 DECEMBER 2020	CHANGE	CHANGE, %
Purchases of property, plant and equipment and intangible assets	910	647	263	40.6
Purchases of property, plant and equipment on deferred terms	10	10	0	0.0
CAPEX	920	657	263	40.6

GHG intensity ratio

Tonnes of CO_2 equivalent (Scope 1 and 2 GHG emissions) divided by tonnes of crude steel. Only steelmaking enterprises are included into the calculation, which are located in Russia and North America.

Labor productivity, US$/t

P=S/V

S — Labor Costs (asset and A-category subsidiaries), exclusive of tax, local currency (on Division consolidation sites with different currencies, $)

V — production volume, tn. (for steel assets: V — metal products shipped)

LTIFR

The KPI is calculated on a year-to-date basis for the company employees only.

LTIFR = X•1000000/Y

X is the total number of occupational injuries resulted in lost time among the company employees in the reporting period. Fatalities are not included.

Y is the actual total number of man-hours worked by all company employees in the reporting period.

Slab cash costs, US$/t

Cash cost of slab is defined as the production cost less depreciation, the result is divided by production volumes of slab. Raw materials from EVRAZ coal and iron ore producers are accounted for on at-cost-basis. Costs of slab of EVRAZ NTMK, EVRAZ ZSMK are then weighted averaged by the total saleable slab production volume.

Coking coal concentrate cash cost, US$/t

Cash cost of coking coal concentrate is defined as cost of revenues less depreciation and SG&A, the result is divided by sales volumes.

Iron ore products cash cost, US$/t

Cash cost of iron ore products is defined as cost of revenues less depreciation and SG&A, the result is divided by sales volumes.

Number of EBS transformations

Number of EBS transformations implemented at the key assets during the reporting year.

Effect from efficiency improvement programme (customer focus and cost cutting effects)

Each project effect is calculated as an absolute deviation of targeted metric year to year multiplied by relevant price or volume depending on project's focus.

1. As discussed in more detail in Note 2 and Note 13 of the EVRAZ consolidated financial statements, as of 31 December 2021, the management had concluded that the demerger of the coal business had become highly probable within one year and that Raspadskaya Group met all criteria to be classifed as a disposal held for distribution to owners. Consequently, in accordance with the requirements of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", it was accounted for as discontinued operations in the consolidated financial statements.
At the same time, in 2021, the coal business was an integral part of the Group. The analysis below is based on this view taken by the management and presented in Note 3 of the consolidated financial statements.
The reconciliation of these results with the amounts presented in the consolidated statement of operations is provided in Note 13. It is limited to the presentation of the results of the coal business as discontinued operations.

DATA ON MINERAL RESERVES

Coal

Raspadskaya (Novokuznetsk site) JORC equivalent coal proved and probable reserves, kt

MINE	AS OF 31 DECEMBER 2021
Alardinskaya	126,437
Yesaulskaya	8,099
Erunakovskaya-8	113,136
Osinnikovskaya	70,259
Uskovskaya	182,780
Razrez Tomsky-Yuzny	53,684
Total	554,395

Raspadskaya (Mezhdurechensk site) JORC equivalent coal proved and probable reserves, kt

MINE	AS OF 31 DECEMBER 2021
Raspadskaya (incl. reserves of MUK-96)	905,281
Raspadskaya Koksovaya	144,999
Razrez Raspadskiy (open-pit)	97,384
Koksovaya GRR (open-pit)	22,642
Total	1,170,305

Raspadskaya (Mezhegeyugol site) JORC equivalent coal proved and probable reserves, kt

MINE	AS OF 31 DECEMBER 2021
Mezhegeyugol	86,200

Iron ore

EVRAZ ZSMK mining operations JORC equivalent coal proved and probable reserves, kt

MINE	AS OF 31 DECEMBER 2021	FE, %	S, %
Kaz	16,043		
Tashtagol	48,358		
Sheregesh	69,371		
Total	133,772	31.90	1.39

Kachkanarsky GOK (EVRAZ KGOK) JORC equivalent coal proved and probable reserves, kt

MINE	AS OF 31 DECEMBER 2021	FE, %	V2O5 %
Gusevogorskoe	2,929,768		
Kachkanar Proper (Sobstvenno-Kachkanarskoye)	6,737,354		
Total	9,800,894	15.9	0.13

SHORT SUMMARY OF RELEVANT ANTI-CORRUPTION POLICIES

Short summary of relevant anti-corruption policies

Code of Conduct

The Code of Conduct is the key document that all employees must adhere to and act in full accordance with. Every new employee is instructed to read it carefully on his or her first day of work. The document is available on the corporate intranet and stresses the ultimate importance of ethical behaviour in all circumstances. Anti-corruption training and the tone set from the top of the organisation emphasise the role of the Code of Conduct in the Group's daily life.

Anti-corruption Policy

This policy establishes and explains the key principles that all assets have adopted to prevent corruption. It is easily accessible on the corporate intranet for employees, interested parties and partners, who are all expected to be compliant with relevant anti-corruption legislation and the principles upheld by the Group. Every new employee reads the policy on his or her first day of work.

Anti-corruption System Policy

This policy defines the structural elements of the Group's system for dealing with risks of corruption and bribery, explaining the specific roles and responsibilities of each component, including those of compliance managers. The regulation sets forth principles underlying planning for anti-corruption activities, lists related risks and lays grounds for conducting corresponding risk assessments. The policy is accessible on the corporate intranet.

Anti-corruption Training Policy

Consistent anti-corruption education efforts are an integral element of a well designed compliance system. Adopted in December 2015, this policy defines what positions and levels of authority are to undergo training in anti-corruption awareness. Specifically, all managers and specialists from compliance, legal, control, asset protection, investor and government relations, and HR are to receive training and pass a corresponding test. The same refers to all decision makers and/or client managers from procurement and sales. Compliance managers have the authority to analyse risk areas and decide who else needs to be trained.

Sponsorship and Charity Policy

This policy regulates all aspects of sponsorship and charity efforts at EVRAZ as necessary. According to it, the Group may consider supporting low-income or physically challenged individuals, and those suffering from conflicts or natural disasters. EVRAZ may choose to support certain projects in education, sport, healthcare, culture and environmental protection.

All petitions are carefully considered in terms of legitimacy and transparency of purpose, the amount sought and the reputation of the petitioner. The decisions are then taken by the Group CEO. When support is granted, sponsorship being the preferred form, such instances are followed up by experts under the vice president for corporate communications and by compliance managers. This ensures full accountability and the strict adherence of those supported to EVRAZ' policy requirements.

Gift and Business Entertainment Policy

EVRAZ believes that business gifts and hospitality are accepted ways to demonstrate and further develop good relationships. At the same time, adequate and consistent control over such expenses is highly important and one of the key areas for anti-corruption compliance to watch. This policy defines rules and strict approval procedures to be followed when extending or receiving gifts and hospitality. In particular, all amounts above US$100 for a personal gift (received or given) and US$500 for hospitality (received or extended) must be approved by the responsible compliance manager. The corresponding amounts in the US and Canada are US$50 and US$250, respectively. To this end, an electronic notification system has been developed. The internal audit function conducts regular checks of the completeness and accuracy of records, either planned or requested by a compliance manager, and compliance specialists act on any recommendations promptly.

Hotline policy and whistleblowing procedures

EVRAZ encourages employees to raise concerns to their line managers if they believe that the Group's policies or cardinal principles are somehow violated. If employees, clients, or contractors feel unable to do so through other means and procedures, a confidential hotline is available 24/7.

Candidate background and criminal record checks

EVRAZ consistently performs thorough background and criminal record checks on all potential employees. Among other requirements and norms, its policy specifies that all necessary effort is invested only after a candidate gives written permission to work with his/her personal data. The Group is committed to protecting each individual's privacy and works in full compliance with the relevant laws on personal data.

Conflict of Interest Policy

A conflict of interest is a set of circumstances in which an employee has financial or other personal considerations that may compromise or influence his/her professional judgment or integrity in carrying out his/her work responsibilities. This policy specifies how to identify, consider and duly take care of situations with signs of such conflicts. HR and compliance managers routinely check whether there are conflicts of interests in the Group, whereas employees and particularly their managers are expected to provide information about any potentially risky situations. Special commissions consider cases reported and devise the best possible solution to each individual situation.

Contractor/supplier due diligence checks

To guard against unscrupulous, unreliable or suspicious would-be agents and partners, EVRAZ runs comprehensive due diligence checks on a business or person before signing a contract. The Group strictly enforces a know-your-partner/client policy and, in doing so, is fully compliant with the applicable anti-corruption laws. The investigation includes but is not limited to checking a counterparty's business reputation and solvency, as well as its top management's profile and reputation.

TERMS AND ABBREVIATIONS

B

Basic oxygen furnace

Basic oxygen furnace is a frunace used in a method of primary steelmaking in which carbon-rich molten pig iron is made into steel. Blowing oxygen through molten pig iron lowers the carbon content of the alloy and changes it into low-carbon steel. The process is known as basic because fluxes of burnt lime or dolomite, which are chemical bases, are added to promote the removal of impurities and protect the lining of the converter.

Beam

A structural element. Beams are characterised by their profile (the shape of their cross-section). One of the most common types of steel beam is the I-beam, also known as H-beam, or W-beam (wideflange beam), or a 'universal beam/column'. Beams are widely used in the construction industry and are available in various standard sizes, eg 40-k beam, 60Sh beam, 70Sh beam as mentioned in this report.

Billet

A usually square, semi-finished steel product obtained by continuous casting or rolling of blooms. Sections, rails, wire rod and other rolled products are made from billets.

Blast furnace

The blast furnace is the classic production unit to reduce iron ore to molten iron, known as hot metal. It operates as a counter-current shaft system, where iron ore and coke is charged at the top. While this charge descends towards the bottom, ascending carbon containing gases and coke reduces the iron ore to liquid iron. To increase efficiency and productivity, hot air (often enriched with oxygen) is blown into the bottom of the blast furnace. In order to save coke, coal or other carbon containing materials are sometimes injected with this hot air.

By-product

A secondary product which results from a manufacturing process or chemical reaction.

C

Cash cost of coking coal concentrate

Cash cost of coking coal concentrate is defined as the production cost less depreciation, incl. SG&A and Maintenance CAPEX, the result is divided by production volumes. This measure is used to monitor segment competitiveness improvement.

CAPEX

Capital expenditure.

CFR

Cost and freight, the seller must pay the costs and freight to bring the goods to the port of destination. However, risk is transferred to the buyer once the goods are loaded on the vessel. Insurance for the goods is not included.

Channel

U-shaped section for construction.

Coal washing

The process of removing mineral matter from coal usually through density separation, for coarser coal and using surface chemistry for finer particles.

Coke

A product made by baking coal without oxygen at high temperatures. Unwanted gases are driven out of the coal.

The unwanted gases can be used as fuels or processed further to recover valuable chemicals. The resulting material (coke) has a strong porous structure which makes it ideal for use in a blast furnace.

Coke battery

A group of coke ovens operating as a unit and connected by common walls.

Coking coal

Highly volatile coal used to manufacture coke.

Concentrate

A product resulting from iron ore / coal enrichment, with a high grade of extracted mineral.

Construction products

Include beams, channels, angles, rebars, wire rods, wire and other goods.

Converter

A type of furnace that uses pure oxygen in the process of producing steel from cast iron or dry mix.

Conversion costs

Conversion costs is defined as production costs without raw materials and depreciation, incl. SG&A and Maintenance CAPEX.

This measure is used to monitor segment competitiveness improvement.

Continuous casting machine

Process whereby molten metal is solidified into a "semi-finished" billet, bloom, or slab for subsequent rolling in the finishing mills.

Crude steel

Steel in its solidified state directly after casting. This is then further processed by rolling or other treatments, which can change its properties.

D

Debottlenecking

Increasing capacity of a supply or production chain through the modification of existing equipment or infrastructure to improve efficiency.

Deposit

An area of coal resources or reserves identified by surface mapping, drilling or development.

E

Electric arc furnace

A furnace used in the steelmaking process which heats charged material via an electric arc.

F

Feasibility study

A comprehensive engineering estimate of all costs, revenues, equipment requirements and production levels likely to be achieved if a mine is developed. The study is used to define the technical and economic viability of a project and to support the search for project financing.

Finished products

Products that have completed the manufacturing process but have not yet been sold or distributed to the end user.

Flat products or Flat-rolled steel products

Include commodity plate, specialty plate and other products in flat shape such as sheet, strip and tin plate.

G

Greenfield

The development or exploration of a new project not previously examined.

Grinding balls

Balls used to grind material by impact and pressure.

H

Head-hardened rails

High strength rails with head hardened by heat treatment.

Heat-treatment

A group of industrial and metalworking processes used to alter the physical, and sometimes chemical, properties of a material.

HiPo

High potential employee.

I

Iron ore

Chemical compounds of iron with other elements, mainly oxygen, silicon, Sulphur or carbon. Only extremely pure (rich) iron-oxygen compounds are used for steelmaking.

ISO 14001

The International Standardisation Organisation's standard for environmental management systems.

ISO 9001:2008

The International Standardisation Organisation's standard for a quality management system.

J

JORC Code

The Australasian Joint Ore Reserves Committee, which is widely accepted as a standard for professional reporting of Mineral Resources and Ore Reserves.

K

Kt

Thousand tonnes.

L

Labour productivity

Labour productivity is defined as labour costs exclusive of tax divided by production volumes of steel products. The measurement of performance enables the Company to monitor labour efficiency.

Ladle furnace

The secondary metallurgy vessel used between steelmaking and casting operations to allow the composition of molten steel to be brought to the required customer specification.

Lean

Lean is philosophy of managing the business that is based on a set of principles that define the way of work.

Long products

Include bars, rods and structural products that are 'long' rather than 'flat' and are produced from blooms or billets.

Longwall

An underground mining process in which the coal face is dug out by a shearer and transported above ground by conveyors.

LTIFR

Lost time injury frequency rate, which represents the number of lost time injuries (1 day or more of absence) divided by the total number of hours worked expressed in millions of hours.

Lumpy ore

Iron ore between 6mm and 30mm in size. Lump is preferred in the blast furnace as its particle size allows oxygen to circulate around the raw materials and melt them efficiently.

M

Model line

Model line is as a value stream within a single facility or operation, provides a focused and controlled playground for implementing lean. Serve as internal benchmark for the Company. The measurement of performance enables the Company to monitor lean implementation.

Mt

Million tonnes.

Mtpa

Million tonnes per annum.

O

Open pit mine

A mine working or excavation open to the surface where material is not replaced into the mined out areas.

OCTG pipe

Oilfield Casing and Tubing Goods or Oil Country Tubular Goods — pipes used in the oil industry.

P

Pellet

An enriched form of iron ore shaped into small balls or pellets. Pellets are used as raw material in the steel making process.

Pig iron

The solidified iron produced from a blast furnace used for steel production. In liquid form, pig iron is known as hot metal.

Pipe blank

A flat sheet of metal, a semi-finished product, sold to pipemakers to manufacture pipes.

Plate

A long thin square shaped construction element made from slabs.

Pulverised coal injection (PCI)

A cost-reducing technique in iron-making, where cheaper coal is prepared to replace normal coking coal in the blast furnace. The coal is pulverised into very small particles before injection into the furnace.

R

Railway products

Include rails, rail fasteners, wheels, tyres and other goods for the railway sector.

Rebar

Reinforcing bar, a commodity grade steel used to strengthen concrete in highway and building construction. Rebar A500SP is a type of reinforcing bar that allows for a reduction in the metallic component of reinforced concrete, thereby significantly lowering construction costs.

Rolled steel products

Products finished in a rolling mill; these include bars, rods, plate, beams etc.

Rolling mill

A machine which converts semi-finished steel into finished steel products by passing them through sets of rotating cylinders which form the steel into finished products.

S

SG&A

Selling, General and Administrative Expenses.

Saleable products

Products produced by EVRAZ mines or steel mills which are suitable for sale to third parties.

Self-coverage

The raw material requirement of EVRAZ steelmaking facilities compared with coal product sales or production of iron ore products from own raw materials.

Scrap

Iron containing recyclable materials (mainly industrial or household waste) that is generally remelted and processed into new steel.

Semi-finished products

The initial product forms in the steel making process including slabs, blooms, billets and pipe blanks that are further processed into more finished products such as beams, bars, sheets, tubing etc.

Sinter

An iron rich clinker formed by heating iron ore fines and coke in a sinter line. The materials, in pellet form, combine efficiently in the blast furnace and allow for more consistent and controllable iron manufacture.

Slab

A common type of semi-finished steel product which can be further rolled into sheet and plate products.

Slag

Slag is a by product generated when nonferrous substances in iron ore, limestone and coke are separated from the hot metal in metallurgical production. Slag is used in cement and fertiliser production as wellas for base course material in road construction.

Steam coal

All other types of hard coal not classified as coking coal. Coal of this type is also commonly referred to as thermal coal.

T

Tailings

Also called mine dumps, are the materials left over after the process of separating the valuable content from the uneconomic remainder (gangue) of an ore. These materials can be reprocessed using new methods to recover additional minerals.

Tubular products

Include large diameter line pipes, ERW pipes and casings, seamless pipes and other tubular products.

U

Unrealised profit (URP)

Inter-segment unrealised profit or loss (URP) is a change in the sales margin included in balances of inventories purchased from segments other than the reportable segment between the end and the beginning of the reporting period.

V

Vanadium

A grey metal that is normally used as an alloying agent for iron and steel. It is also used to strengthen titanium based alloys.

Vanadium pentoxide

The chemical compound with the formula V_2O_5: this orange solid is the most important compound of vanadium. Upon heating, it reversibly loses oxygen.

Vanadium slag

Vanadium slag produced from pig iron in the converter shop and used as a raw material by producers of ferroalloys and vanadium products.

LEGAL DISCLAIMER

This report contains forward-looking statements concerning the financial condition, operational results, and businesses of EVRAZ plc. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management's current plans, goals, intentions, expectations and assumptions. They involve known and unknown risks and uncertainties that could cause actual results, performance, or events to differ materially from those expressed or implied in these statements. Forward-looking statements typically contain words such as "will", "may", "should", "believe", "intend", "expect", "anticipate", "target", "estimate," and words of similar import.

By their nature, forward-looking statements involve known and unknown risks and uncertainties, as they relate to events and depend on circumstances that will or could occur in the future. They are based on numerous assumptions regarding EVRAZ's present and future business strategies and the environment in which it will operate. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including a number of factors outside EVRAZ's control.

These include, inter alia, changes in the political, social, and regulatory framework in which EVRAZ operates; changes to economic and technological trends or conditions; the success of certain business and operating initiatives; the actions of regulators; legislative, fiscal, and regulatory developments, including regulatory measures addressing climate change; the behavior of other market participants; competitive product and pricing pressures; changes in consumer habits and preferences; foreign exchange rate fluctuations and interest rate fluctuations; changes in the level of capital investment; the impact of any acquisitions, disposals, or similar transactions; the outcome of any litigation; risk inherent to doing business in countries subject to international sanctions; environmental and physical risks; risks associated with the impact of pandemics; and risks of unforeseeable events and force majeure conditions.

Other unknown or unpredictable factors could also cause actual results and developments to differ materially from those in forward-looking statements.

Neither EVRAZ nor any of its subsidiaries or directors, officers or advisers, provides any representation, assurance, or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this report will actually occur.

Except as required by applicable regulations or by law, neither EVRAZ nor any of its subsidiaries undertakes any obligation to publicly update or revise any forward-looking statement as a result of new information, future events, or otherwise. Each forward-looking statement pertains only to the date of this report, i.e. 24 February 2022. In light of these risks, results could differ materially from those stated, implied, or inferred from the forward-looking statements contained in this report. No materials contained in this report constitute an offer, solicitation, or recommendation to purchase or sell securities or make investments. Readers should not place undue reliance on forward-looking statements.

CONTACT DETAILS

Registered Name and Number

EVRAZ plc (Company No. 07784342)

Registered Office

2 Portman street, London, W1H 6DU, England, UK.

Directors

Alexander Abramov

Alexander Frolov

Aleksey Ivanov

Eugene Shvidler

Eugene Tenenbaum

Sir Michael Peat

Maria Gordon

Karl Gruber

Deborah Gudgeon

Alexander Izosimov

Stephen Odell

James Rutherford

Sandra Stash

Secretary

Prism Cosec

Investor Relations

Tel. (London): +44 (207) 290 10 95

Tel. (Moscow): +7 (495) 232 1370

E-mail: ir@evraz.com

Auditors

Ernst & Young LLP

Solicitors

Linklaters LLP

Registrars

For information about proxy voting, dividends and to report changes in personal details, shareholders should contact the Company's registrar

Computershare Investor Services PLC

The Pavilions

Bridgwater Road

Bristol BS13 8AE

United Kingdom

Tel.: +44 (0) 870 873 5848

Fax: +44 (0) 870 703 6101

E-mail: webqueries@computershare.co.uk