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.