

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
<i>Executive directors</i>				
Base salary	Provides a level of base pay to reflect individual experience and role to attract and retain high calibre talent.	<p>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.</p> <p>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.</p>	<p>Generally, the maximum increase per year will be in line with the overall level of increases within the Group.</p> <p>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.</p>	None
Benefits	To provide a market level of benefits, as appropriate for individual circumstances, to recruit and retain executive and CEO talent.	<p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p>	None
Annual bonus	To align executive remuneration to Group strategy by rewarding the achievement of annual financial and strategic business targets.	<p>The Group operates an annual bonus arrangement under which awards are generally delivered in cash.</p> <p>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.</p> <p>Targets are reviewed annually and linked to corporate performance based on predetermined targets.</p>	Up to 200% of base salary in respect of any financial year of the Group.	<p>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.</p> <p>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.</p> <p>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.</p> <p>The committee retains discretion to adjust bonus payments to reflect the Group's overall performance.</p>

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.
<i>Non-executive directors</i>				
Chairman and non-executive director remuneration	To provide remuneration that is sufficient to attract and retain high calibre non-executive talent.	<p>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.</p> <p>Non-executive directors receive an annual fee for Board membership.</p> <p>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).</p> <p>The chairman of the Board receives an all-inclusive annual fee.</p> <p>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.</p> <p>Non-executive directors may not participate in the Company's share incentive schemes or pension arrangements.</p> <p>Total fees paid to non-executive directors will remain within the limit stated in the Articles of Association.</p>		

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

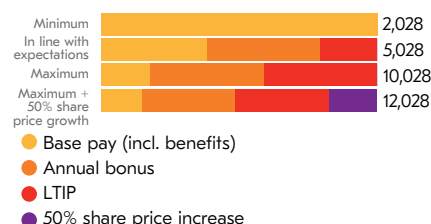
the components and remuneration levels for different employees may differ in parts from the policy set out above.

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