

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.