

SUSTAINABLE
FOUNDATION

**FOR A BETTER
FUTURE**



Alexander Abramov
Non-Executive Chairman


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.

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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

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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 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. Regrettably, 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