

SUSTAINABILITY

SUSTAINABILITY MANAGEMENT

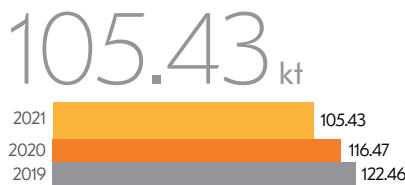
ESG highlights, Steel segment

Lost-time injury frequency rate¹, X



Read more on [page 61](#)

Key air emissions¹, kt



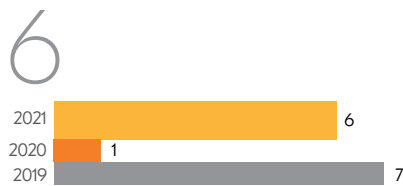
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GHG intensity ratio¹, tCO₂/tcs



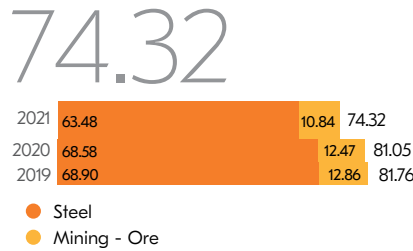
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Fatalities¹, number of people



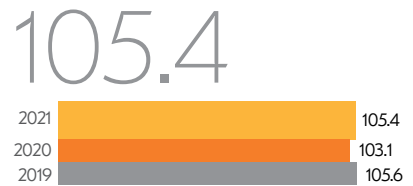
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Wastewater discharges¹, million m³



Read more on [page 69](#)

Non-mining waste recycling or re-use rate¹, %



Read more on [page 70](#)

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.