

# PROMOTING SUSTAINABILITY THROUGHOUT THE SUPPLY CHAIN

GRI 204-1

As a global company, EVRAZ has committed to follow the principles of sustainability, promote environmental protection goals, support activities aimed at achieving the international ESG agenda and champion HSE standards. We have a comprehensive approach to looking for partners, which covers HSE issues.

We not only follow ESG principles ourselves, but also encourage our environmentally conscientious suppliers to adhere to them as well. We strive to produce high-quality products and work

in a material- and energy-efficient manner. Once the Group enters into contract with supplies, it starts continuously monitoring their activities by collecting information on the results of on-site inspections and supplier audits. Non-compliance with HSE regulations is one of the grounds for rejecting a partnership. When prequalifying suppliers, EVRAZ controls that the suppliers follow HSE requirements as outlined in the HSE Contractor Management Standard. For this purpose, a pass/fail assessment system is put in place.

In 2021, EVRAZ enterprises across the Russian Federation, to include EVRAZ ZSMK, EVRAZ KGOK, EVRAZ NTMK and Rapsadskaya Coal Company, pioneered in launching the process of environmental screening of new suppliers across the region and screened six vendors.

For more information about the EVRAZ requirements for our current and prospective suppliers, see the EVRAZ Supplier Code of Conduct.

## ESG CERTIFICATION OF SUPPLIERS

GRI 308-1

EVRAZ is committed to sustainable development and the UN SDGs. Consequently, corporate social responsibility is a cornerstone of all activities performed by the Company, and all material issues in this area are carefully considered. To achieve the best results, our values should be reflected through the value chain. Hence, our cooperation with suppliers is based on shared principles. The ESG (Environmental, Social, Governance – Environment, Social Development and Good Governance) criteria are the basis for determination of the sustainability level.

EVRAZ made a breakthrough in this area in autumn 2021, when a supplier ESG certification service was launched. Currently, EVRAZ is taking part in largescale ESG certification of counterparties carried out by the company Bidzaar. Bidzaar, together with the National Research University Higher School of Economics, was a pioneer of designing a methodology for a quick assessment of companies for compliance with ESG principles in Russia. This methodology combines international standards for disclosing non-financial information (GRI, SASB, etc.) and common ESG valuation principles, while also considering Russia's specifics.

The procedure is carried out on the Bidzaar procurement service platform, where 86 major private Russian companies place orders, and over 27,000 suppliers take part in the selection. All our suppliers are required to obtain ESG certificates. This approach to cooperation helps us both significantly contribute to sustainability of our business and do good for the planet. Notably, EVRAZ remains one of the few companies in the industry that adhere to ESG values throughout the value chain so far. This has been achieved thanks to said innovation.

More information regarding ESG screening procedure can be obtained via the [link](#).

## ACHIEVING THE TARGET STATE OF THE SUPPLY FUNCTION

In 2021, EVRAZ made substantial contributions to achieving the targets for supply functions through focusing on various supply chain management aspects.

- As part of the Strategic Procurement Management aspect, most of material and service procurement costs are now being controlled by category managers.
- Within the Supplier Relations Management aspect, the Group created its corporate website where all ongoing procurement procedures are published in a centralised manner. Also, EVRAZ automated its HSE prequalification process for contractors.
- As part of the Operations Management aspect, a supply management mobile app was developed featuring functions that include delivery status, provision of workwear and PPE, a reclamation database, and an online shop.
- Within the Performance Management aspect, dashboards with automatically updated reporting indicators were implemented.
- As part of the Knowledge and Information Management aspect, an internal supply portal was developed.

