

# APPROACH TO SUSTAINABILITY MANAGEMENT

At EVRAZ, we are confident that sustainable development builds the foundation for our success and prosperity. Hence, we adhere to all sustainability principles and values and continuously strive to imbibe them into all our operations and business processes.

To maximise the efficiency of our sustainability practices, we bring them in line with the best global initiatives and policies.

We are loyal to OECD's Guidelines for Multinational Enterprises and the provisions of the United Nations Universal Declaration of Human Rights. All internal documents of the Group that regulate sustainable development

are in full compliance with the Russian Law on Preventing Corruption, the UK Bribery Act, and the US Foreign Corrupt Practices Act.

The Group has defined five priority sustainable development areas, which helps to ensure that all major sustainability concerns are screened and receive a swift reaction throughout all business divisions:

## Priority sustainable development areas 2021



### Decarbonisation pathway

Envisioning a roadmap with decarbonisation activities to reduce the carbon footprint and our impact on climate change.

See the section Tackling climate change, [p 44](#).



### Environmental protection

Reducing adverse impacts from our operations on the environment.

See the section Protecting our natural environment, [p 80](#).



### Employee well-being

Providing employees with safe working conditions, comprehensive learning and development opportunities, and competitive compensation packages.

See the sections Our People, [p 58](#), and Health and Safety, [p 70](#).



### Economic stability

Ensuring stable economic growth and creating long-term value for the Group.

See the sections Ethics and business conduct, [p 24](#), and Direct economic value generated and distributed, [p 43](#).



### Local community development

Contributing to the achievement of economic prosperity and providing social support in our regions of operation.

Playing our role in society, [p 96](#).

## ORGANISATIONAL STRUCTURE

GRI 102-18, 102-19, 102-20, 102-26

The sustainable development organisational structure of the Group is developed to integrate all business processes with sustainability principles. In this manner, it covers all organisational levels of the Group. One of the main inputs of 2021 was the development of the Sustainability Committee, which, together with the Board of Directors, determines the general course and relevant goals of EVRAZ's sustainable development. The newly formed Sustainability Committee is the expansion of the previous HSE Committee

(the Health, Safety and Environment Committee). The Committee is responsible for overseeing the group level policies, processes and strategies designed to manage safety, health, environmental, socio-economic and supply chain risks and related opportunities.

Read more [📖](#) on page 70 in the Health, safety, and environment section

Prior to that, in August 2021, we also created a separate Sustainability Management

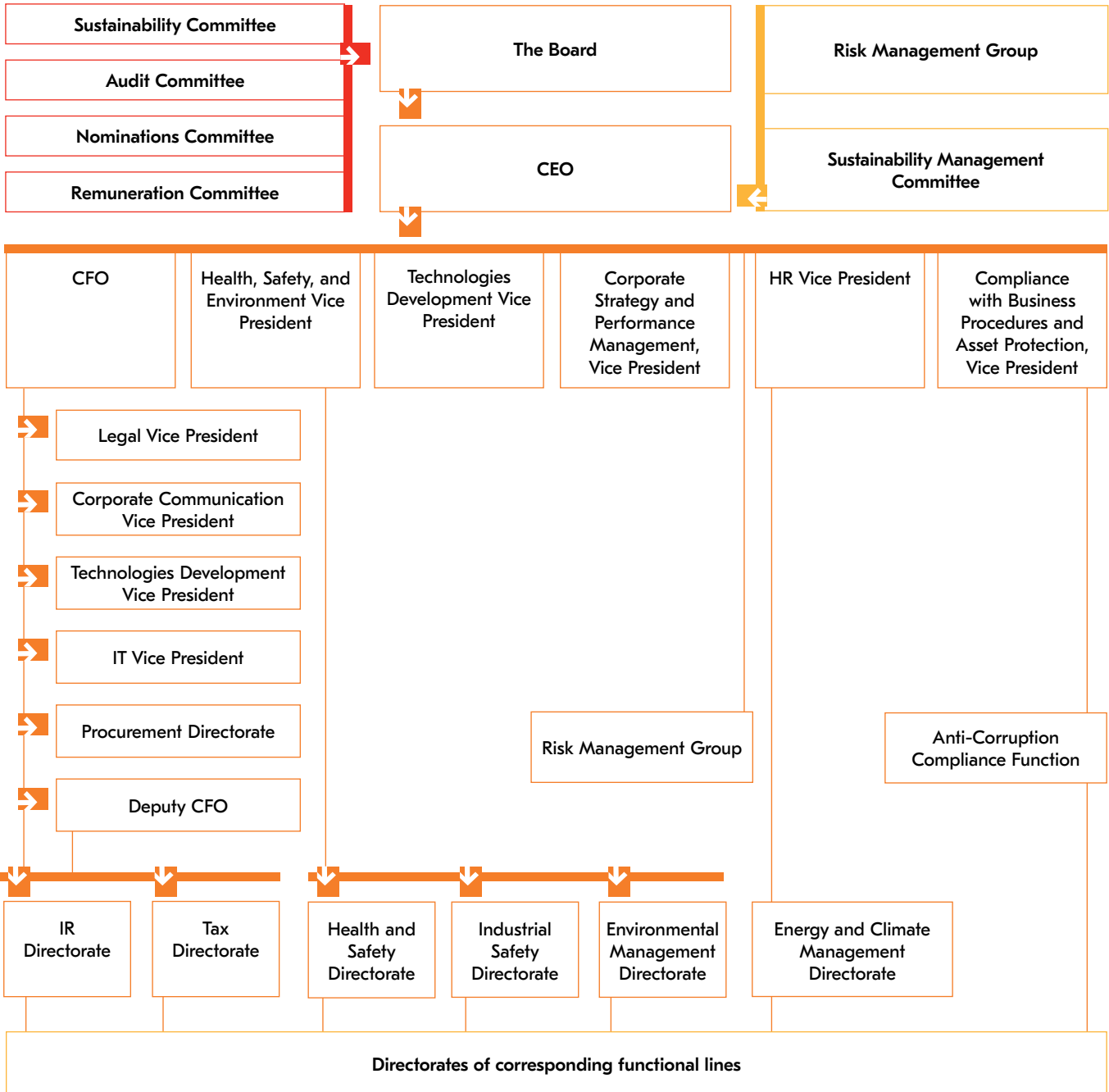
Committee – sustainability-focused body at the management level to supervise and monitor the performance of corporate functions in this area.

Directorates, headed by vice-presidents, are responsible for setting respective goals and performing specific tasks corresponding to their functions, and the managers of business segments apply the adopted initiatives in their segments in line with their business functions.

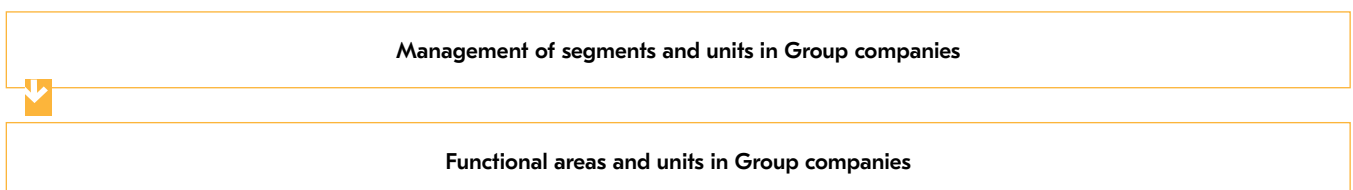


## SUSTAINABLE DEVELOPMENT ORGANISATIONAL STRUCTURE

### Corporate level



### Operational level



According to EVRAZ corporate structure, the proportion of women in senior management roles was lower than that of men in the reporting period. The percentage of the women serving on board in 2021 was 16.7%.

In the period of five years, it is planned to level off the gender balance, reduce discrimination and give more opportunities to women on boards. Overall, it is expected to reach the gender ratio of 2:3 on board

and to have at least one woman acting as Chair member, SID, CEO or CFO in corporate structure.

## KEY DOCUMENTS

Considering the importance of sustainable development, EVRAZ has elaborated and implemented documents in all its priority areas in terms of sustainability. Our Sustainability Management Committee makes sure that all documents are regularly revised and updated according to international standards

and upcoming sustainability trends. Major documents framing the sustainable development governance remained unchanged in 2021:

- The Code of Business Conduct.
- EVRAZ Supplier Code of Conduct.
- The Health, Safety, and Environmental Policy.

- Social Investments Guidelines.
- The Anti-Corruption Policy.
- The Hotline Policy.
- The Policy on Main Procurement Principles.
- The Human Rights Policy.
- The Diversity and Inclusion Policy.
- Modern Slavery Statement.

## BEST PRACTICES AND STANDARDS

**GRI 102–12**

EVRAZ aims to bring all its operations into compliance with applicable international standards and recommendations. Since 2020, EVRAZ is a participant of the UN Global Compact initiative. Being loyal to all Group's commitments, including transparency, we make comprehensive ESG disclosures in our annual and sustainability reports. In the previous reporting period, we were proud to publish our first climate change report. Read more about our Climate change report 2020 [here](#). To align our reporting with best international

practices, we comprehensively apply various international standards, guidelines and recommendations, including the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB) and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

At EVRAZ we continuously strive to achieve Sustainable Development Goals (SDG) introduced by the UN General Assembly in 2015. We make substantial efforts to contribute to the achievement

of all SDGs, including such initiatives as providing best available employee benefits, promoting green technologies and sustainable projects. In the previous reporting year, we also conducted a special questionnaire among our internal stakeholders that helped identify the most important SDGs. Likewise, in 2021 we have prioritised 6 focus SDGs, which has the most potential to form positive or negative impact on the environment, society, and business community from our business activities.

## EVRAZ inputs to meet Sustainable Development Goals

SDG	OUR INPUTS	
<p>2021 focus</p> 	<p>Healthy lives and welfare for all:</p> <ul style="list-style-type: none"> <li>● Extensive compensation programmes for all employees and their family members, including extended medical insurance</li> <li>● Promotion of healthy lifestyle</li> <li>● Special programmes for younger generations</li> <li>● Development of sports facilities where the Group operates</li> </ul>	See the sections Our People, <a href="#">p. 58</a> ; Health, Safety, and Environmental Governance, <a href="#">p. 70</a> ; Playing our role in society, <a href="#">p. 96</a>
<p>2021 focus</p>  	<p>Availability and sustainable management of water, sanitation and biodiversity loss prevention:</p> <ul style="list-style-type: none"> <li>● Reduction of freshwater consumption</li> <li>● Increase of the quality and volume of recycled water</li> <li>● Conservation of biodiversity</li> <li>● Protection of the environment and water ecosystems</li> </ul>	See the section Protecting our natural environment, <a href="#">p. 80</a>
<p>2021 focus</p>  	<p>Cost-effective, stable, and long-lasting energy for all:</p> <ul style="list-style-type: none"> <li>● Reduction of electricity consumption</li> <li>● Promoting initiatives aimed at generating electricity internally</li> <li>● Effective climate change-related planning</li> <li>● Integration of climate change measures</li> </ul>	See the section Protecting our natural environment, <a href="#">p. 80</a>
<p>2021 focus</p> 	<p>Promotion of diversity and inclusion and a zero-tolerance approach towards any kinds of discrimination.</p> <ul style="list-style-type: none"> <li>● Support of inclusion groups and promoting equal rights for all</li> <li>● Recognition, elimination and prevention of discrimination</li> <li>● Support for diversity and inclusion groups</li> </ul>	See the section Our people, <a href="#">p. 58</a>
<p>4 QUALITY EDUCATION</p> 	<p>Quality and upright education and learning opportunities for all:</p> <ul style="list-style-type: none"> <li>● Professional education for employees</li> <li>● Improving conditions in local educational institutions</li> </ul>	See the sections Our People, <a href="#">p. 58</a> ; Playing our role in society, <a href="#">p. 96</a>
<p>8 DECENT WORK AND ECONOMIC GROWTH</p> 	<p>Stable economic growth, fair employment, and exalted working conditions:</p> <ul style="list-style-type: none"> <li>● Career opportunities in the places of operation</li> <li>● Equal opportunities for all employees</li> <li>● Elimination of all sorts of slavery</li> <li>● Safe working conditions</li> </ul>	See the sections Our People, <a href="#">p. 58</a> ; Health, Safety, and Environmental Governance, <a href="#">p. 70</a> ; Playing our role in society, <a href="#">p. 96</a> ; Responsible supply chain management, <a href="#">p. 104</a>
<p>9 INDUSTRY INNOVATION AND INFRASTRUCTURE</p> 	<p>Supply infrastructure, sustainable industrialisation and advanced innovation:</p> <ul style="list-style-type: none"> <li>● Long-lasting infrastructure</li> <li>● Comprehensive industrialisation</li> <li>● Proactive innovation</li> <li>● Development projects in the regions of operation</li> </ul>	See the section Playing our role in society, <a href="#">p. 96</a>
<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> 	<p>Inclusive, safe, resilient, and sustainable cities:</p> <ul style="list-style-type: none"> <li>● Development of social infrastructure in the regions of operation</li> <li>● Agreements with local authorities to enhance improvements</li> </ul>	See the section Playing our role in society, <a href="#">p. 96</a>
<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 	<p>Sustainable consumption and production:</p> <ul style="list-style-type: none"> <li>● Reduction of generated waste</li> <li>● Improvement of quantities of recycled waste</li> </ul>	See the section Protecting our natural environment, <a href="#">p. 80</a>
<p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p> 	<p>Peaceful and inclusive societies:</p> <ul style="list-style-type: none"> <li>● Building effective, accountable and inclusive institutions</li> <li>● Compliance with all applicable legislation</li> <li>● Promotion of human rights, anti-corruption, and bribery initiatives</li> <li>● Prevention of conflicts of interest</li> </ul>	
<p>17 PARTNERSHIPS FOR THE GOALS</p> 	<p>Enhanced global partnerships:</p> <ul style="list-style-type: none"> <li>● Implementation and promotion of sustainability initiatives promoted by Russian and international sector associations and institutions</li> </ul>	See the section Protecting our natural environment, <a href="#">p. 80</a> ; Responsible supply chain management, <a href="#">p. 104</a>

# MEMBERSHIPS OF ASSOCIATIONS AND INSTITUTIONS

GRI 102-13

To increase the contribution to global sustainable development, the Group cooperates with leading industry and business associations and institutions. Additionally, EVRAZ actively participates in various events and round-table discussions, dedicated to sustainable development. The list of major associations where EVRAZ participates as a member by the end of 2021 is given below:

- The Russian Managers Association (AMR).
- The Russian Union of Industrialists and Entrepreneurs (RSPP).
- The Association of Industrialists of Mining and Metals Production Sector of Russia (AMROS).
- The World Steel Association (WSA).
- The Russian Steel Association.
- The Non-Commercial Partnership National Association for Subsoil Use Auditing (NP NAEN).
- The American Railway Engineering and Maintenance-of-Way Association (AREMA).
- The Consumer Council on Operations of OJSC Russian Railways.
- The Steel Construction Development Association (SCDA).
- The Russian Union of Metal and Steel Suppliers.
- The Canadian Chamber of Commerce.
- The Saskatchewan Chamber of Commerce.
- The Canadian Manufacturers & Exporters organisation.
- The Canadian Steel Producers Association (CSPA).
- The American Iron and Steel Institute (AISI).
- The Donors Forum.
- The Association of American Railroads (AAR).
- Association of American Railroads.
- Association of Iron & Steel Technology (AIST)<sup>1</sup>.
- Steel Manufacturers Association (SMA)<sup>1</sup>.
- National Railroad Construction & Maintenance Association.
- Go Rail.
- The Committee on Pipe and Tube (CPTI).



1. ENA left the American Iron and Steel Institute (AISI) and opted to join the Steel Manufacturers Association (SMA). SMA is more focused on EAF steel producers.