

20. Equity (continued)

Dividends

Dividends declared by EVRAZ plc during 2015–2017 were as follows:

	Date of declaration	To holders registered at	Dividends declared, US\$ million	US\$ per share
Interim for 2017	09/08/2017	18/08/2017	430	0.3

On 9 August 2017, the Board of directors of EVRAZ plc decided to declare interim dividends for 2017 in the amount of \$430 million, which represents \$0.3 per share.

In addition, certain subsidiaries of the Group declared dividends. The share of non-controlling shareholders in those dividends was \$Nil in 2015–2017.

21. Share-based Payments

In 2015–2017, the Group had several Incentive Plans under which certain senior executives and employees (“participants”) could be gifted shares of the parent company upon vesting. These plans were adopted on 6 September 2012, 24 September 2013, 8 August 2014, 26 October 2015, 15 September 2016 and 25 September 2017.

The vesting under Incentive Plans adopted before 2017 does not depend on the achievement of any performance conditions. The new Plan adopted in 2017 provides that the number of shares transferred to participants upon vesting is dependent on the Group’s performance versus the selected group of peers. EBITDA and total shareholder return (“TSR”) are used as the key performance indicators. If the Group’s EBITDA achieves a specific ranking in the peer group, then 50% of the shares of a particular tranche become vested, otherwise they are forfeited. If the Group’s TSR achieves a specific ranking in the peer group, then the other 50% of the shares of a particular tranche become vested, otherwise they are forfeited. Subject to the resolution of the Remuneration Committee, EBITDA can become the only metric in the performance evaluation (in case if the net debt to EBITDA ratio is equal to 3 or higher). The TSR-related vesting condition of the Incentive Plan 2017 was considered by the Group as a market condition. As such, it was included in the estimation of the fair value of the granted shares and will not be subsequently revised. Vesting condition related to EBITDA was not taken into account when estimating the fair value of the share options at the grant date. Instead, this will be taken into account by adjusting the share-based expense based on the number of share options that eventually vest.

The vesting date for each tranche occurs within the 90-day period after announcement of the annual results. The expected vesting dates of the awards outstanding at 31 December 2017 are presented below:

Number of Shares of EVRAZ plc	Total	Incentive Plan 2017	Incentive Plan 2016	Incentive Plan 2015	Incentive Plan 2014
March 2018	11,704,880	1,472,241	1,963,834	4,427,044	3,841,761
March 2019	8,845,167	1,472,241	2,945,758	4,427,168	-
March 2020	5,154,227	2,208,348	2,945,879	-	-
March 2021	2,208,336	2,208,336	-	-	-
	27,912,610	7,361,166	7,855,471	8,854,212	3,841,761

The plans are administered by the Board of Directors of EVRAZ plc. The Board of Directors has the right to accelerate vesting of the grant. In the event of a participant’s employment termination, unless otherwise determined by the Board or by a decision of the authorised person, a participant loses the entitlement for the shares that were not gifted up to the date of termination.

There have been no modifications or cancellations to the plans during 2015–2017.

21. Share-based Payments (continued)

The Group accounted for share-based compensation at fair value pursuant to the requirements of IFRS 2 “Share-based Payment”. The weighted average fair value of share-based awards granted in 2017, 2016 and 2015 was \$2.54, \$1.73 and \$1.12 per share of EVRAZ plc, respectively. The fair value of these awards was estimated at the date of grant and measured at the market price of the shares of the parent company reduced by the present value of dividends expected to be paid during the vesting period. The following inputs, including assumptions, were used in the valuation of Incentive plans, which were effective during 2015-2017:

	Incentive Plan 2017	Incentive Plan 2016	Incentive Plan 2015	Incentive Plan 2014	Incentive Plan 2013	Incentive Plan 2012
Dividend yield (%)	2.1 – 2.9	n/a	7.3 – 9.1	3.6 – 4.8	4.0 – 8.8	1.9 – 5.4
Expected life (years)	0.5 – 3.5	0.5 – 3.5	0.6 – 3.6	0.6 – 3.6	0.6 – 3.6	0.6 – 2.6
Market prices of the shares of EVRAZ plc at the grant dates	\$ 3.86	\$ 1.73	\$ 1.36	\$ 1.68	\$ 2.13	\$ 3.61

The following table illustrates the number of, and movements in, share-based awards during the years.

	2017	2016	2015
Outstanding at 1 January	34,581,349	43,767,553	36,608,052
Granted during the year	7,361,166	10,383,528	20,610,611
Forfeited during the year	(1,488,690)	(8,104,361)	(3,473,851)
Vested during the year	(12,541,215)	(11,465,371)	(9,977,259)
Outstanding at 31 December	27,912,610	34,581,349	43,767,553

The weighted average share price at the dates of exercise was \$2.62, \$1.78 and \$2.59 in 2017, 2016 and 2015, respectively.

The weighted average remaining contractual life of the share-based awards outstanding as of 31 December 2017, 2016 and 2015 was 1.2, 1.2 and 1.5 years, respectively.

In the years ended 31 December 2017, 2016 and 2015, the expense arising from the equity-settled share-based compensations was as follows:

US\$ million	2017	2016	2015
Expense arising from equity-settled share-based payment transactions	\$ 17	\$ 16	\$ 20