

Remuneration report



Alexander Izosimov

Independent Non-Executive Director,
Chairman of the Remuneration Committee

Remuneration Policy is designed to attract, retain and motivate qualified senior executives in order to deliver sustainable business objectives and maximise long-term returns to shareholders.

This report has been prepared in accordance with the Companies Act 2006 and Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended in 2013; the “Regulations”). It also meets the relevant requirements of the Financial Conduct Authority’s Listing Rules and describes how the Board has applied the principles of good governance as set out in the UK Corporate Governance Code (April 2016).

This report contains both auditable and non-auditable information. The information subject to audit by the Group’s auditors, Ernst & Young LLP, is set out in the Annual remuneration report and has been identified accordingly.

Directors’ Remuneration Policy

The current Remuneration Policy was approved by shareholders at the Annual General Meeting (AGM) in June 2017. The Regulations require that shareholders formally approve the policy every three years.



Annual remuneration report

The second part of the report, the Annual Remuneration Report, sets out details of remuneration paid in 2017 and how the Group intends to apply its Remuneration Policy in 2018. This section will be put to an advisory shareholder vote at the forthcoming AGM.

Key decisions taken during the year

The Remuneration Committee reviewed the CEO’s salary and determined that his salary for 2018 will remain the same as it has been since 2012, as the CEO’s current compensation package compares satisfactorily with recent market benchmarking.

Based on performance against the pre-determined KPIs and targets, the CEO’s annual bonus for 2017 was 59.82% of the maximum.

In line with its commitment to good corporate governance, EVRAZ will continue to monitor investors’ views, best-practice developments and market trends on executive remuneration. These will be considered when deciding on executive remuneration at EVRAZ to ensure that its Remuneration Policy remains appropriate in the context of business performance and strategy.

Policy report

Details of the Remuneration Policy relating to executive and non-executive directors are set out in the following section.

The Remuneration Policy’s primary objectives are to attract, retain and reward talented staff and management, by offering compensation that is competitive within the industry, motivates management to achieve the Company’s business objectives, encourages a high level of performance, and aligns the interests of management with those of shareholders. ☺

The Remuneration Committee reserves the right to make any remuneration payments and payments for loss of office that are not in line with the policy set out above where the terms of the payment were agreed before the policy came into effect or at a time when the relevant individual was not a director of the Company and, in the opinion of the committee, the payment was not in consideration of the individual becoming a director of the Company.

The CEO’s incentive arrangements are subject to “malus”, under which the Remuneration Committee may adjust bonus payments downwards to reflect the Company’s overall performance. The committee does not operate clawback arrangements on directors’ remuneration on the basis that such arrangements would not be enforceable under the Russian Labour Code. The committee will keep this under review and should the Russian Labour Code change, it will revisit the inclusion of such provisions in the Group’s variable remuneration plans in order to comply with Provision D.1.1 of the 2016 Corporate Governance Code. This is noted in the Corporate Governance report [on page 114](#).

The committee may make minor amendments to the Remuneration Policy set out above (for regulatory, exchange control, tax or administrative purposes, or to take account of a change in legislation) without obtaining shareholder approval for that amendment.

➔ REMUNERATION POLICY

Element	Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
Executive director				
Base salary	Provides a level of base pay to reflect individual experience and role to attract and retain high calibre talent.	<p>Normally reviewed annually, considering individual and market conditions, including: size and nature of the role; relevant market pay levels; individual experience and pay increases for employees across the Group.</p> <p>For the current CEO, base salary incorporates a director's fee (paid to all directors of the Company for participation in the work of the Board committees and Board meetings – see the section on Non-executive Director Remuneration Policy below).</p> <p>Where a salary is paid in a currency other than US dollars, the committee may make additional payments to ensure that the total annual salary equals the level of annual salary in US dollars.</p>	<p>Generally, the maximum increase per year will be in line with the overall level of increases within the Group.</p> <p>However, there is no overall maximum opportunity as increases may be made above this level at the committee's discretion, to take account of individual circumstances such as increases in scope and responsibility and to reflect the individual's development and performance in the role.</p>	None
Benefits	To provide a market level of benefits, as appropriate for individual circumstances, to recruit and retain executive talent.	<p>Benefits currently include private healthcare.</p> <p>Other benefits (including pension benefits) may be provided if the committee considers it appropriate. The current CEO does not participate in any pension scheme at this time.</p> <p>In the event that an executive director is required by the Group to relocate, or following recruitment, benefits may include but are not limited to a relocation, housing, travel and education allowance.</p>	<p>The cost of benefits will generally be in line with that for the senior management team. However, the cost of insurance benefits may vary from year to year depending on the individual's circumstances.</p> <p>The overall benefit value will be set at a level the committee considers proportionate and appropriate to reflect individual circumstances, in line with market practices.</p> <p>There is no total maximum opportunity.</p>	None
Annual bonus	To align executive remuneration to Company strategy by rewarding the achievement of annual financial and strategic business targets.	<p>The Company operates an annual bonus arrangement under which awards are generally delivered in cash.</p> <p>Targets are reviewed annually and linked to corporate performance based on predetermined targets.</p>	Up to 200% of base salary in respect of any financial year of the Company.	<p>The bonus is based on achievement of the Company's key quantitative financial, operational and strategic measures in the year to ensure focus is spread across the key aspects of Company performance and strategy.</p> <p>The exact measures and associated weighting will be determined on an annual basis, according to the Company's strategic priorities, however at least 60% will be based on Group financial measures.</p> <p>For achievement of threshold performance, 0% of maximum will be paid, rising straight line to 50% of maximum for target performance and 100% of maximum for outstanding performance.</p> <p>The Committee retains discretion to adjust bonus payments to reflect the Company's overall performance.</p>

Element	Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
Non-executive directors				
Chairman and non-executive director remuneration	To provide remuneration that is sufficient to attract and retain high calibre non-executive talent.	<p>Director fees are normally paid in the form of cash, but with the flexibility to forgo all or part of such fees (after deduction of applicable income tax and social taxes) to acquire shares in the Company should the non-executive director so wish. Non-executive director fees are reviewed from time to time.</p> <p>Non-executive directors receive an annual fee for Board membership.</p> <p>Additional fees are payable by reference to other Board responsibilities taken on by the non-executive directors (for example, membership and chairmanship of the Board committees).</p> <p>The chairman of the Board receives an all-inclusive annual fee.</p> <p>Costs incurred in the performance of non-executive directors' duties for the Company may be reimbursed or paid for directly by the Company, including any tax due on the costs. This may include travel expenses, professional fees incurred in the furtherance of duties as a director, and the provision of training and development. In addition, the Company contributes an annual amount towards secretarial and administrative expenses of non-executive directors.</p> <p>Non-executive directors may not participate in the Company's share incentive schemes or pension arrangements.</p> <p>Total fees paid to non-executive directors will remain within the limit stated in the Articles of Association.</p>		

Performance measures and targets

Annual bonus measures and targets are selected to provide an appropriate balance between incentivising the director to meet financial objectives for the year and achieving key operational objectives. The Remuneration Committee reviews them annually to ensure that the measures and weightings are in line with the strategic priorities and needs of the business.

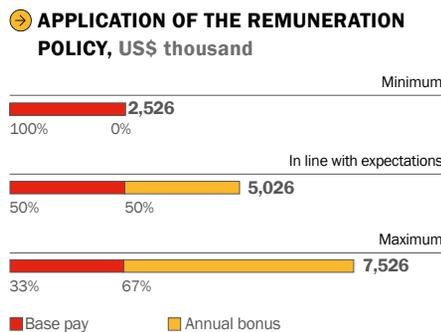
Remuneration arrangements throughout the Group

This remuneration approach and philosophy is applied consistently at all levels, up to and including the executive director. This ensures that there is alignment with business strategy throughout the Group. Remuneration arrangements below Board level reflect the seniority of the role and local market practices, and therefore the components and remuneration levels for different employees may differ in parts from the policy set out above.

For instance, in addition to a base salary, a performance-related bonus (calculated by reference to KPIs aligned with the Group's strategy) and benefits, senior managers are also entitled to participate in a long-term incentive programme. This is designed to align the interests of these individuals to the delivery of long-term growth in shareholder value. The current CEO already holds a substantial shareholding in the Group and therefore does not participate in this plan.

Illustration of the application of the Remuneration Policy

The chart on the right provides an indication of what could be received by the executive director under the Remuneration Policy. ➔



Policy on recruitment of executive directors

In the event of hiring a new executive director, remuneration would be determined in line with the following Remuneration Policy. This Remuneration Policy has been developed to enable the Company to recruit the best candidate possible who will be able to contribute to the Company's performance and will help to reach its goals.

- So far as practicable and appropriate, the Remuneration Committee will seek to structure pay and benefits of any new executive directors in line with the current Remuneration Policy.
- Notwithstanding this, the committee recognises that the executive director Remuneration Policy set out above is tailored towards the only current executive director, the CEO, who has a significant shareholding in the Company. Any new executive director is likely to have a different fact-pattern to the current CEO, and thus the committee believes it is important to retain the flexibility to be able to offer other elements, namely

market-competitive, share-based incentive programmes, which are linked to the Company's performance and designed to align the executive director's interests to the delivery of growth in shareholder value.

- The maximum level of variable remuneration which may be granted in respect of recruitment (excluding any buyouts) will not exceed the ongoing policy of more than 200% of base salary, as described in the policy table above. This additional headroom has been capped at a level comparable with maximum award levels seen in conventional long-term incentive plans used in the wider UK-listed market.
- The Remuneration Committee's intention would be for any share-based incentive awards to be subject to performance conditions. Where the intention is to grant regular long-term incentive awards to a candidate, the committee would seek appropriate shareholder approval for a new share plan in accordance with the Listing Rules.
- When setting salaries for new hires, the committee will consider all relevant factors, including the skills and experience of the individual, the market from which they are recruited, and the market rate for the role. For interim positions, a cash supplement may be paid rather than salary (for example a non-executive director taking on an executive function on a short-term basis).
- To facilitate recruitment, the committee may need to compensate an executive director for the loss of remuneration arrangements forfeited on joining the Company. In granting any buyout award, the committee will consider relevant factors, including any

	Minimum	In line with expectations	Maximum
Base pay	Base salary + value of annual benefits provided in 2017		
Annual bonus	0% of salary	100% of salary (target opportunity)	200% of salary (maximum opportunity)

performance conditions attached to the awards forfeited, the form in which they were granted (eg cash or shares) and the timeframe of the awards. The committee will generally seek to structure the buyout on a comparable basis to awards forfeited. The overriding principle is that any buyout award would be at or below the commercial value of remuneration forfeited.

- The Remuneration Committee retains the flexibility to alter the performance measures of the annual bonus for the first year of appointment, if it determines that the circumstances of the recruitment merit such alteration.

Where an executive director is appointed from within the organisation, the normal policy is that any legacy arrangements would be honoured in line with the original terms and conditions. Similarly, if an executive director is appointed following an acquisition of, or merger with another company, legacy terms and conditions will be honoured.

On the appointment of a new chairman or non-executive director, their remuneration will typically be in line with the Remuneration Policy as set out above. Any specific cash or share arrangements delivered to the chairman or non-executive directors will not include share options or any other performance-related elements.

Executive director's service contract and loss of office policy

The CEO has a service contract with a subsidiary of EVRAZ plc.

Executive director	Date of contract	Notice period (months)
Alexander Frolov	31 December 2016	N/A

The CEO's service contract does not provide for any specific notice period and therefore, in the event of termination, the applicable notice period will be as provided for in the Russian Labour Code from time to time (where the termination is at the Company's initiative, the entitlement to pay in lieu of notice is currently limited to three months' base salary). The Remuneration Committee may determine that a termination payment of up to 12 months' base salary should be paid, taking into consideration the circumstances of departure. Going forward, all new executive directors' contracts will normally provide for a notice period of no more than 12 months and for any compensation provisions for termination without notice to be capped at 12 months' base salary and contractual benefits.

There is no automatic entitlement to annual bonus and executive directors would not normally receive a bonus in respect of the financial year of their cessation. However, where an executive director leaves by reason of death, disability, ill-health, or other reasons that the Remuneration Committee may determine, a bonus may be awarded. Any such bonus would normally be subject to performance and time pro-rating, unless the committee determines otherwise.

Non-executive directors' letters of appointment

Each non-executive director has a letter of appointment setting out the terms and conditions covering their appointment. They are required to stand for election at the first AGM following their appointment and, subject to the outcome of the AGM, the appointment is for a further one-year term. Over and above this arrangement, the appointment may be terminated by the director giving three months' notice or in accordance with the Articles of Association. Letters of appointment do not provide for any payments in the event of loss of office.

All directors are subject to annual reappointment and, accordingly, each non-executive director will stand for re-election at the AGM on 19 June 2018.

Copies of the directors' letters of appointment or, in the case of the CEO, the service contract, are available for inspection by shareholders at the Group's registered office.

Consideration of conditions elsewhere in the Company

Management prepares details of all employee pay and conditions, and the Remuneration Committee considers them on an annual basis. The committee takes this into account when setting the CEO's remuneration. However, it does not consider any direct comparison measures between the executive director and wider employee pay. The Group does not formally consult with employees on executive director remuneration.

Consideration of shareholder views

When determining the Remuneration Policy, the committee considers investor body guidelines and shareholder views. ☺

☺ KEY TERMS OF NON-EXECUTIVE DIRECTORS' APPOINTMENT LETTERS

Non-executive directors	Date of contract	Notice period
Alexander Abramov	14 October 2011	Three months
Karl Gruber	14 October 2011	Three months
Alexander Izosimov	28 February 2012	Three months
Sir Michael Peat	14 October 2011	Three months
Deborah Gudgeon	31 March 2015	Three months
Eugene Shvidler	14 October 2011	Three months
Eugene Tenenbaum	14 October 2011	Three months

Annual remuneration report

This section summarises remuneration paid out to directors for the 2017 financial year, and details of how the Remuneration Policy will be implemented in the 2018 financial year.

Executive director's remuneration

In 2017, the CEO, Alexander Frolov, was entitled to a base salary, a performance-related bonus and provision of benefits. As a member of the Board, he is also entitled to a directors' fee (US\$150,000) and any applicable fees for participation in the work of the Board committees as laid out in the section below on non-executive director remuneration. However, the Remuneration Committee considers these fees to be incorporated in his base salary. Alexander Frolov's current shareholding (10.53% of issued share capital as of 28 February 2018) provides alignment with the delivery of long-term growth in shareholder value. As such, the committee does not consider it necessary for the CEO to participate in any long-term incentive plans or to impose formal shareholding guidelines. However, the committee will continue to review this on an ongoing basis.

Single total figure of remuneration (audited)

KEY ELEMENTS OF THE CEO'S REMUNERATION PACKAGE RECEIVED IN RELATION TO 2017 (COMPARED WITH THE PRIOR YEAR)

Alexander Frolov	2017 (US\$)	2016 (US\$)
Salary and director fees ¹	2,500,000	2,500,000
Benefits	25,803	21,184
Bonus	2,990,750	2,038,870
Total	5,516,553	4,560,054

¹The salary is paid in roubles and the amounts paid in the year reconciled at the year end so as to equal US\$2,500,000.

Base salary

The Remuneration Committee approved the CEO's current salary on 23 May 2008 at the level of US\$2,500,000 (which includes, for the avoidance of doubt, the directors' fee, fees paid for committee membership and any salary from subsidiaries of EVRAZ plc).

For 2018, the CEO's salary will remain unchanged at US\$2,500,000.

Pension and benefits (audited)

The CEO does not currently receive any pension benefit. Benefits consist principally of private healthcare.

Annual bonus

The CEO is eligible for a performance-related bonus that is paid in cash following the year-end, subject to the Remuneration Committee's agreement and the Board of Directors' approval. The bonus is linked to achieving performance conditions based on predetermined targets set by the Board of Directors. The target bonus is 100% of base salary with a maximum potential of 200% of base salary.

Annual bonus for 2017 (audited)

The bonus is linked to the Group's main quantitative financial, operational and strategic measures during the year to ensure alignment with the key aspects of Group performance and strategy. For 2017, the following five indicators, each with an equal weighting of 20%, were considered when determining the CEO's annual bonus: LTIFR, EBITDA, Free Cash Flow (adjusted for disposals higher than US\$50 million), Cash Cost Index and Remuneration Committee assessment of overall performance against strategic objectives.

The Remuneration Committee reviews the resulting bonus pay-out to ensure that it is appropriate considering the Group's overall performance.

In 2017, EVRAZ outperformed its financial targets, resulting in an annual bonus payout of 59.82% of the maximum. Management sought to maximise the benefit from the positive market

trends, increasing coal sales as prices rose in 2017. Other contributors to the outperformance included a rise in steel, vanadium and iron ore prices and tight control over operational efficiency and investments. While negative changes in working capital affected free cash flow, better operational results fully compensated this.

The Remuneration Committee determined that this level of vesting is reflective of the Company's overall financial performance and commensurate with the shareholder experience. ➔

Board assessment of overall performance

EVRAZ' remuneration policy stipulates that the discretionary portion of the bonus should reflect the CEO's performance in relation to the Group's key strategic priorities, as well as efforts to ensure its long-term success. During the year, the business continued to deliver in relation to key strategic priorities and create long-term returns for shareholders.

The Remuneration Committee determined that 2017 had been an exceptionally successful year and in recognition of this the CEO receive the full amount of the discretionary 20% part of the bonus. The key reasons for this are:

- The overall strong operating and financial performance in the year, which is also reflected in the payment of a dividend, strong share price growth and the inclusion of EVRAZ's shares in the FTSE 100 index;
- EBITDA reached US\$2.6 billion level significantly exceeding the stretch target set, coupled with strong FCF;
- Net Debt / EBITDA <2.0 level achieved, as of 31.12.2017 it stood at 1.5x;
- Standard & Poor's credit rating upgraded from 'BB-' to 'BB';

DETAILS OF THE TARGETS SET FOR EACH KPI, THE ACTUAL ACHIEVEMENT IN THE YEAR, AND TOTAL PAY-OUT LEVEL FOR THE 2017 BONUS

KPIs	Result Measurement				Bonus payout (% of max)
	Threshold	Planned level (% of target)	Outstanding	Actual 2017	
LTIFR	2.24	1.87	1.50	1.90	49.1
EBITDA	US\$1,549m	US\$1,936m	US\$2,323m	US\$2,624m	100
FCF	US\$569m	US\$711m	US\$854m	US\$953m	100
Cash cost index	110%	100%	90%	114%	0
Discretion	Remuneration Committee assessment of overall performance against strategic objectives			see comment above	50
Total					59.82

- Optimisation of the asset portfolio through the successful disposal of the non-core assets of Evraz Nakhodka Trade Sea Port, Evraz Sukha Balka and Evraz Yuzhkoks;
- Cost-cutting initiatives that delivered US\$163 million and implementation of the pilot EVRAZ Business System transformation in Siberia division; and
- Employee engagement which improved significantly from 39% to 56% on the key production sites in Russia.

Annual bonus for 2018

For 2018, the bonus framework will be in line with 2017. The Board considers forward-looking targets to be commercially sensitive; however, they will generally be disclosed in the subsequent year. In line with previous years, a malus arrangement will apply under which bonus pay-outs may be adjusted downwards to reflect the Group's overall performance.

Non-executive directors' remuneration

Non-executive directors' remuneration payable in respect of 2017 and 2016 is set out in the table below.

A non-executive director's remuneration consists of an annual fee of US\$150,000 and a fee for committee membership (US\$24,000) or chairmanship (US\$100,000 for chairmanship of the Audit Committee and US\$50,000 for other committees).

For reference, the fees payable for the chairmanship of a committee include the membership fee, and any director elected as chairman of more than one committee is

generally entitled to receive fees in respect of one chairmanship only. The fee for the chairman of the Board amounts to US\$750,000 from 1 March 2012 (this fee includes, for the avoidance of doubt, directors' fees and fees paid for committee membership).

Fees will remain unchanged for 2018.

Aggregate directors' remuneration

The aggregate amount of directors' remuneration payable in respect of qualifying services for the year ended 31 December 2017 was US\$7,795 thousand (2016: US\$6,977 thousand).

Share ownership by the Board of Directors (audited)

As set out earlier in this report, there are no formal minimum shareholding requirements currently in place, reflecting the CEO's current shareholding in EVRAZ.

The directors' interests in EVRAZ's shares as of 31 December 2017 were as follows. ☺

There have been no changes in the directors' interests from 31 December 2017 through 28 February 2018.

The shares held by Alexander Izosimov were acquired in 2012 when he was appointed as an independent non-executive director.

All shares held by directors are held outright with no performance or other conditions attached to them, other than those applicable to all shares of the same class.

Other directors do not currently hold any shares in the Company.

Policy on external appointments

The Remuneration Committee believes that the Company can benefit from executive directors holding approved non-executive directorships in other companies, offering executive directors the opportunity to broaden their experience and knowledge. EVRAZ' policy is to allow executive directors to retain fees paid from any such appointment. The CEO does not currently hold a non-executive directorship of another company.

☺ DIRECTORS' INTEREST IN EVRAZ' SHARES AS OF 31 DECEMBER 2017

Directors	Number of shares	Total holding, ordinary shares, %
Alexander Abramov	302,068,451	21.09%
Alexander Frolov	150,837,368	10.53%
Eugene Shvidler	43,805,030	3.06%
Alexander Izosimov	80,000	0.01

☺ SINGLE TOTAL FIGURE OF REMUNERATION (AUDITED)

Non-executive director	2017 (US\$ thousand)			2016 (US\$ thousand)		
	Total fees ¹	Admin ²	Total	Total fees ¹	Admin ²	Total
Alexander Abramov	750	30	780	750	30	780
Alexander Izosimov	248	30	278	242.6	30	272.6
Eugene Shvidler	174	30	204	174	30	204
Eugene Tenenbaum	150	30	180	150	30	180
Karl Gruber	248	30	278	248	30	278
Duncan Baxter ³				84	6.25	90.25
Olga Pokrovskaya ³				74.25	6.25	80.5
Sir Michael Peat	224	30	254	219	30	249
Deborah Gudgeon	274	30	304	269	30	299

¹Total fees include annual fees and fees for Committee membership or chairmanship (pro rata working days).

²The Group contributes an annual amount of US\$30,000 towards secretarial and administrative expenses of non-executive directors. In addition to the amounts disclosed above, the Group reimburses directors' travel and accommodation expenses incurred in the discharge of their duties.

³Resigned on 14 March 2016.

Relative importance of spend on pay

The table below shows a comparison of the total cost of remuneration paid to all employees between current and previous years and financial metrics in US\$ millions. EBITDA was chosen for the comparison as it is a KPI which best shows the Group's financial performance.

➤ RELATIVE PERFORMANCE OF SPEND ON PAY, US\$ million

	2016	2017
EBITDA	1,542	2,624
Shares buyback	0	0
Dividends	0	430
Total employee pay	1,200	1,364

For more information on the definition of EBITDA, please see page 267.

Performance graph

The graph on the right shows the Company's performance measured by total shareholder return compared with the performance of the FTSE 350 Basic Resources index since EVRAZ plc's admission to the premium listing segment of the London Stock Exchange on 7 November 2011. The FTSE 350 Basic Resources index has been selected as an appropriate benchmark, as it is a broad-based index of which the Group is a constituent member. ➤

The table on the right shows as a single figure the CEO's total remuneration over the past six years, along with a comparison of variable payments as a percentage of the maximum bonus available. ➤

Percentage change in remuneration over the period

The table on the right sets out the percentage change in the elements of remuneration for the director undertaking the role of CEO compared with average figures for Russia-based administrative personnel. This group of employees has been selected as an appropriate comparator, as they are based in the same geographic market as the CEO, and so are subject to a similar external environment and pressures. ➤

Committee composition

This section details the Remuneration Committee's composition and activities undertaken over the past year.

Committee members

The Remuneration Committee's composition was unchanged during the year and its current members are:

- Alexander Izosimov
- Deborah Gudgeon
- Sir Michael Peat

No directors are involved in deciding their own remuneration. The committee may invite other individuals to attend all or part of any committee meeting, as and when appropriate and necessary, in particular the CEO, the head of human resources and external advisers.

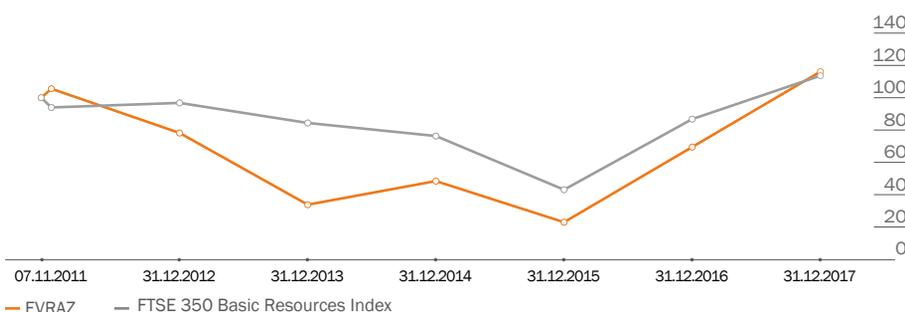
Role

The Remuneration Committee is a formal committee of the Board and can operate with a quorum of two committee members. It is operated according to its Terms of Reference, a copy of which can be found on the Group's website.

The Remuneration Committee's main responsibilities are:

- to set and implement the Remuneration Policy covering the chairman of the Board, the CEO, the company secretary and other executive directors, and to recommend and monitor the level and structure of remuneration for key senior management;
- to take into account all factors that it deems necessary to determine, such as framework or policy, including all relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code and associated guidance;

➤ TOTAL SHAREHOLDER RETURN PERFORMANCE, %



➤ CEO'S TOTAL REMUNERATION PAID IN 2011-2017

	CEO single figure of total remuneration, US\$	Annual bonus payout (as a % of maximum opportunity)
2017	5,516,553	59.82
2016	4,560,054	40.8%
2015	3,186,585	13.3%
2014	5,808,752	77%
2013	4,894,286	50%
2012	2,141,000	0%
2011	1,667,000	11.3%

➤ PERCENTAGE CHANGE IN THE ELEMENTS OF REMUNERATION FOR THE DIRECTOR UNDERTAKING THE ROLE OF CEO COMPARED WITH AVERAGE FIGURES FOR RUSSIA-BASED ADMINISTRATIVE PERSONNEL

	CEO	Russia-based administrative personnel (local currency)
Salary	0%	0%
Benefits	22%	4%
Annual bonus	47%	14%

- to review and consider remuneration trends across the Group when setting the Remuneration Policy;
- to review regularly the Remuneration Policy's appropriateness and relevance;
- to determine the total individual remuneration package of the chairman of the Board, the company secretary and other executive directors, including pension rights, bonuses, benefits in kind, incentive payments and share options, or other share-based remuneration within the terms of the agreed policy;
- to approve awards for participants where existing share incentive plans are in place;
- to review and approve any compensation payable to executive directors and key senior executives in connection with any dismissal, loss of office or termination (whether for misconduct or otherwise) to ensure that such compensation is determined in accordance with the relevant contractual terms and Remuneration Policy, and that such compensation is otherwise fair and not excessive for the Group;
- to oversee any major changes in employee benefits structures throughout the Group.

During 2017, the committee met four times. The purpose of the meetings was to consider and make recommendations to the Board in relation to the remuneration packages of the executive director and key senior managers; to approve the annual bonus for the 2016 results; and to approve the 2017 long-term incentive plan (LTIP) awards for key senior management.

Advisers

Following a competitive tendering process, the Remuneration Committee during the year appointed Korn Ferry Hay Group Limited (KFHG), which it selected to provide independent remuneration consultancy services to the Group. KFHG is a member of the Remuneration Consultants' Group and, as such, voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK. The code of conduct can be found at www.remunerationconsultantsgroup.com.

During the year, consultants advised the committee on developments in the regulatory environment and market practice, and on the development and disclosure of the Group's pay arrangements. The total fee for advice provided to the committee during the year was GBP36,912.

The committee is satisfied that the advice it has received has been objective and independent.

Shareholder considerations

EVRAZ remains committed to ongoing shareholder dialogue and takes an active interest in feedback received from its shareholders and from voting outcomes.

Where there are substantial votes against resolutions in relation to directors' remuneration, the Group shall seek to understand the reasons for any such vote and will detail any actions in response to these.

The table below sets out actual voting results from the Annual General Meeting, which was held, in respect of the previous remuneration report and Remuneration Policy. ➔

➔ ACTUAL VOTING RESULTS FROM THE ANNUAL GENERAL MEETING

Number of votes	For	Against	Withheld	Total votes as % of issued share capital
To approve the Annual Remuneration Report section of the directors' Remuneration Report for the year ended 31 December 2016	1,066,790,366 (98.00%) ⁴	21,770,261 (2.00%)	554	76.01%
To approve the Directors' Remuneration Policy Report for the year ended 31 December 2016	1,056,318,861 (97.29%)	29,439,227 (0.68%)	2,803,093	75.82%

⁴Percentage of votes cast.

Signed on behalf of the Board of Directors,

Alexander Izosimov

Chairman of the
Remuneration Committee



28 February 2018