

HSE reporting system

EVRAZ has developed a HSE reporting system to improve the collection and sharing of appropriate data across the Group. To ensure constant monitoring, subsidiaries submit HSE performance information to the corporate HSE directorates monthly, quarterly and annually.

Internal audits are performed periodically to review compliance with the Group's procedural requirements. External control is exercised by respective government agencies. Any recommendations issued based on the results of inspections are subject to detailed analysis and the appropriate remedial actions are then made.

EVRAZ set of rules regarding accident reporting are universal and applied across the entire organisation. All accidents involving lost time and/or any fatality are recorded and a 'flash report' is immediately circulated among all relevant managers. Further investigations are conducted in standard 'lean' format and lessons learnt are then distributed to relevant parties. Every fatality or serious accident is then reviewed by the Management Committee, which also monitors the completion of all corrective actions.

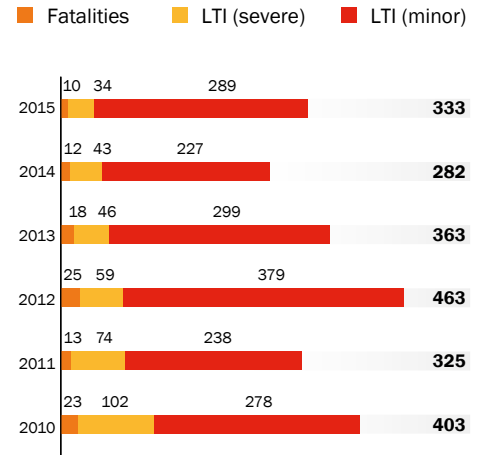
Each month, the HSE function issues a special report on incidents and accidents that occurred during the previous month. It includes related HSE key performance indicators like lost-time injury frequency rate, fatalities and violations of cardinal rules. The reports are made available to all EVRAZ employees.

Health and Safety

2015 results | As for all steelmakers, EVRAZ products are made in an environment that may possess health hazards for some employees and contractors. Risks include excessive temperature (heat), high noise levels, high levels of particulate matter (dust), confined space and ergonomic stress.

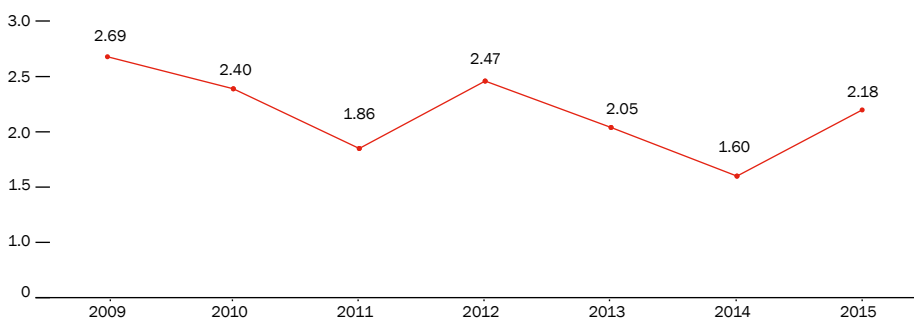
The health and safety of employees is of paramount importance for the Group. The industry has inherent risks that need to be managed effectively to ensure a safe working environment. EVRAZ constantly strives to improve its performance by avoiding or mitigating these risks. It is committed to improving HSE performance through the implementation of enhanced production processes, as well as with new management and control systems. The Group strives to create a safe workplace at all enterprises and continues to develop relevant projects, provide employees with personal protective equipment and install cutting-edge safety equipment. EVRAZ also works hard to change employees' mentality and instil a 'safety-first' culture. Regular safety conversations are aimed at increasing safety awareness among miners with regard to themselves and their colleagues.

Number of incidents¹



¹Without contractors

LTIFR (excluding fatalities) per 1 million hours



The Group's LTIFR (excluding fatalities) rose to 2.18 in 2015, up 36% year-on-year, due to a spike in reported lost-time incidents involving minor injuries. While there is a clear downward trend in the number of incidents involving severe injuries (serious lost-time injuries totalled 34 in 2015, compared with 43 in 2014), the increase in recorded incidents demonstrates the overall improvement of reporting transparency.

All treatment of occupational diseases is covered by obligatory social insurance of work-related accidents and occupational diseases. The Group is legally bound to pay insurance premiums. If an occupational disease is diagnosed, the employee affected receives benefits for temporary disability and is compensated for treatment costs. In certain cases, the Group provides financial assistance to the employee affected: for instance, as compensation for moral harm, if the individual has to undergo long-term treatment depending on the circumstances and medical condition. The funds, however, are not intended for independent organisation of medical treatment by the employee. The conditions are provided in bargaining agreements.

In 2015, EVRAZ started to report the number of days missed due to occupational diseases, recording 1,357 for the year.

In 2012, after determining the key challenges and areas of focus, EVRAZ set five-year sustainability performance targets (through to 2017).

In 2015, following a change in legislation, all Group enterprises in Russia were subject to a special evaluation of working conditions, conducted as part of a project overseen by the head offices (vice-presidents of HR and HSE). A project manager was assigned and monthly video-conferences were held involving reports by the representatives of the enterprises.

Quarterly status updates were sent to the CEO. To date, working conditions at all workplaces were scored based on actual situation and in accordance with the new method approved by the government.

EVRAZ objective in 2016 is to update its existing system of compensation for working in highly hazardous environments, which is based on lists and results of workplace safety assessments (the old evaluation method), to ensure compliance with the updated legal requirements and the actual working environment.

Fatalities



Sustainability target performance in 2015

Targets	Progress to date
Reduce lost-time injury frequency rate LTIFR (excluding fatalities) consistently	In 2015: LTIFR of 2.18 (2014: 1.60)
Eliminate fatal incidents across the Group	13 fatalities in 2015 (2014: 19)

Safety awards in 2015

Business Unit	Award	Awarding organisation	Comments
EVRAZ KGOK	XII national competition "Most Socially Effective Metal and Mining Company", "Health Protection and Safe Working Conditions" nomination	Russian Mining and Metallurgical Trade Union, Association of Russian Industrialists and Entrepreneurs, Russian Ministry of Industry and Trade	EVRAZ KGOK focuses closely on HSE initiatives. Its annual spending in the area exceeds RUB200 million. In 2015, it launched a new programme, "Health", aimed at helping people who often fall ill to get better. Also in 2015, the plant continued to implement an alcohol testing system.
EVRAZ ZSMK	The best enterprise of Novokuznetsk in terms of HSE (in 2014, but the award ceremony took place in 2015)	Novokuznetsk city administration	EVRAZ ZSMK spent more than RUB180 million rubles on its HSE programme in 2015.

Projects

When selecting safety initiatives to implement across the Group, EVRAZ has focused on those that would have a long-lasting effect on its safety performance. Above all, in the long term, it is vital that all employees receive training in relevant safety issues and demonstrate compliance not only in the classroom, but also by behaving with the utmost care and attention in the workplace. To this end, the Group launched corporate HSE training to supplement obligatory training, and introduced awareness-raising safety conversations to ensure that managers observe and discuss employees' actions on the shop floor. In addition, the risk mitigation system should be designed in a way that is difficult to bypass, deliberately or accidentally. The LOTO system is aimed at preventing machinery from releasing hazardous energy by physically locking the controls.

LOTO | In 2013 and 2014, the Group suffered serious fatalities that were due to failure to observe energy isolation initiatives. As a result, it decided to focus on improving procedures and standard work regarding energy isolation. EVRAZ took the strict energy isolation procedures and equipment used in North America and applied the same procedures using similar LOTO equipment at other locations.

HSE Training | In 2013, the management realised that to improve safety on the shop floor, the Group needed to invest in training employees in safety well beyond the obligatory level. Each site then devised a comprehensive HSE training programme designed to give every employee on the shop floor extra 10 hours of safety-related training a year.

Safety Conversations | Best practice in occupational safety prescribes that regular safety conversations take place on shop floors among employees and managers. Recognising that such conversations are an essential part of encouraging safety, EVRAZ introduced a system of scheduling them regularly across its sites. Every manager, from a first line supervisor to the CEO, has a personal target to conduct a certain number of such conversations.

Alcohol Testing | In 2012-13, EVRAZ registered several incidents that involved employees or contractors being in a state of alcohol or drug intoxication on-site, in clear violation of one of the Group's cardinal rules. As a result, the management decided to equip all sites with alcohol and drug testing equipment to ensure strict enforcement of EVRAZ zero-tolerance policy. At present, those entering underground mines undergo alcohol and drug tests, and the Group is working to implement similar practice at its steelmaking facilities.

Based on analysis of lost-time indicators for 2014, EVRAZ focus in 2015 was on mobile equipment, railway operations and operational hazards in underground mining. In 2016, the Group will continue to focus on those areas, while further implementing energy isolation principles (LOTO) and behaviour-based conversations. The zero-tolerance policy regarding alcohol and drug intoxication remains in place.

Regarding coal mining, in 2015, EVRAZ implemented an e-mail and SMS notification system to report on excess amounts of dust and carbon monoxide and falling volumes of air in mines. This builds on the SMS and e-mail emergency notification system on excess methane levels that was installed back in 2010.

In 2016, EVRAZ will continue to improve the quality of its safety training. Every employee on the shop floor will continue to receive an extra hours of targeted safety training. In addition, EVRAZ plans to complete the implementation of employee positioning systems at all of its Russian iron ore mines.



EVRAZ NTMK has launched a state-of-the-art air purification system in its rolling mill. The equipment has been installed in the fixed mounts section of the rolling shop. Previously, workers used face masks to protect themselves from graphite and metal dust. Now, the system removes the dust from the air, and employees have noted considerable improvements.

The Group spent c.RUB8 million on the project. EVRAZ NTMK is implementing various initiatives to enhance health and safety at its enterprises, which is one of its top priorities .