

CORPORATE GOVERNANCE REPORT

Introduction

EVRAZ plc is a public company limited by shares incorporated in the United Kingdom. The Company is committed to high standards of corporate governance and control.

Further information on the Company's Corporate Governance policies and principles are available on the Company's website: www.evraz.com. The UK Corporate Governance Code is available at www.frc.org.uk.

Compliance with corporate governance standards | EVRAZ's approach to corporate governance is primarily based on the UK Corporate Governance Code (September 2014) published by the Financial Reporting Council (FRC) and the Listing Rules of the UK Listing Authority. The Company complies with the UK Corporate Governance Code or, if it does not comply, explains the reasons for non-compliance.

During the year to 31 December 2015 EVRAZ complied with all the principles and provisions of the 2014 UK Corporate Governance Code (the Governance Code which is available at www.frc.org.uk) with the following exceptions:

- New Provision D.11 of the Governance Code requires that performance related remuneration schemes should include malus and clawback provisions. An explanation for this non-compliance is set out in the Remuneration Report on page 132.
- Contrary to provision C.3.1 of the UK Corporate Governance Code, Olga Pokrovskaya is a member of the Audit Committee, but does not meet the independence criteria set out in the UK Corporate Governance Code. More than 50% of EVRAZ activities and operations are based in the Russian Federation, and Olga Pokrovskaya's technical and regional experience and qualification, as a past senior audit manager at Arthur Andersen and as Head of Corporate Finance at Russian oil company Sibneft is of particular value to the Committee. The Audit Committee includes three non-executive directors, all independent, which we believe mitigates any potential risks.

Board responsibilities and performance | The Board and management of EVRAZ aim to pursue objectives in the best interests of EVRAZ, its shareholders and other stakeholders, and particularly to create long-term value for shareholders.

Chairman and Chief Executive

The Board determines the division of responsibilities between the Chairman and the Chief Executive Officer.

The Chairman's principal responsibility is the effective running of the Board, ensuring that the Board as a whole plays a full and constructive part in the development and determination of the Group's strategy and overall commercial objectives. The Board is chaired by Alexander Abramov.

→ The EVRAZ Board is responsible for the following key aspects of governance and performance:

- Financial and operational performance;
- Strategic direction;
- Major acquisitions and disposals;
- Overall risk management;
- Capital expenditure and operational budgeting;
- Business planning;
- Approval of internal regulations and policies.

→ During the year ended 31 December 2015, the Board considered a wide range of matters, including:

- the Company's strategy and key priorities;
- the performance of key businesses;
- consolidated budget and budgets of individual business units;
- the interim and full year results and 2014 Annual Report;
- HSE updates;
- the appointment of Deborah Gudgeon as an Independent Non-Executive Director following Terry Robinson's decision to not seek re-election as a director of the Company at the 2015 Annual General Meeting;
- a review of investment projects;
- changes to the composition of the various Board Committees;
- the return of capital to shareholders by way of a tender offer;
- corporate governance matters including a review of the Board and Committees; and
- amendments to the Board Committees' terms of reference.

The Chief Executive Officer (CEO) is responsible for leading the Group's operating performance and day-to-day management of the Company and its subsidiaries. The Company's chief executive is Alexander Frolov.

→ Membership of the executive team is set out on pages 108-109.

The CEO is supported by the executive team.

Meetings of the Board, Board composition and AGM | EVRAZ plc held 10 scheduled Board meetings and 2 ad-hoc meetings held in the form of conference calls during 2015. In 2016, up to the date of this report's publication, 12 Board meetings were held.

Members of senior management attended meetings of the Board by invitation. They delivered presentations on the status of projects and performance of the business units.

The following table sets out the attendance of each director at scheduled EVRAZ plc Board and Board Committee meetings in 2015:

	Board	Remuneration Committee	HSE Committee	Audit Committee	Nominations Committee	AGM
Total meetings	12	5	2	10	3	1
Alexander Abramov	12/12	-	-	-	3/3	1
Duncan Baxter	12/12	4/5	-	8/10	-	1
Alexander Frolov	12/12	-	2/2	-	-	1
Karl Gruber	11/12	5/5	2/2	-	2/2 ²	1
Deborah Gudgeon	9/9 ¹	-	-	6/6 ²	-	1
Alexander Izosimov	12/12	5/5	-	5/5 ²	3/3	1
Sir Michael Peat	12/12	-	-	5/5 ²	3/3	1
Olga Pokrovskaya	12/12	-	2/2	10/10	-	1
Terry Robinson	4/4 ¹	-	1/1 ¹	5/5 ¹	1/1 ¹	1
Eugene Shvidler	10/12	-	-	-	3/3	0
Eugene Tenenbaum	12/12	-	-	-	-	1

¹ Deborah Gudgeon was appointed as an Independent Non-Executive Director and as a member of the Audit Committee on 31st March 2015 with an effective date of 1st May 2015. Terry Robinson stepped down from the Board (and from the Audit, HSE and Nominations Committees) at the 2015 AGM on 18th June 2015.

² On the 16 June 2015 the following changes were made to the composition of the Board's Committees, (with an effective date 19 June 2015): Deborah Gudgeon was appointed Chairman of the Audit Committee (succeeding Terry Robinson), Alexander Izosimov joined the Audit Committee, Karl Gruber joined the Nominations Committee and Sir Michael Peat stepped down from the Audit Committee.

Board composition and independence as at 31 December 2015

	Date of appointment	Years of tenure ³ as at 31 December 2015
Non-Executive Independent Directors (5)		
Duncan Baxter	14 October 2011	4
Karl Gruber	14 October 2011	4
Alexander Izosimov	28 February 2012	3
Sir Michael Peat	Senior Independent Director 14 October 2011	4
Deborah Gudgeon	31 March 2015	0
Non-Executive Directors (4)		
Alexander Abramov	Chairman 14 October 2011	4
Olga Pokrovskaya	14 October 2011	4
Eugene Shvidler	14 October 2011	4
Eugene Tenenbaum	14 October 2011	4
Executive Director (1)		
Alexander Frolov	CEO 14 October 2011	4
Total Board size (10)		

³At EVRAZ plc, does not include tenure at Evraz Group S.A.

As at 31 December 2015, the Board comprised the Chairman, one executive director, and eight non-executive directors, including a senior independent director. Terry Robinson retired as a director of the Company on 18th June 2015. He has been retained as an adviser to the Board and certain Board committees subsequent to that date. On 14 March 2016, the Board agreed that Duncan Baxter and Olga Pokrovskaya will leave the Board with immediate effect. This change was agreed following a review of the composition of the Board. Given the current economic climate and the fact that the company is now well-established in the UK-listed company environment, a smaller board will enable financial savings to be achieved without compromising the quality of the Group's governance.

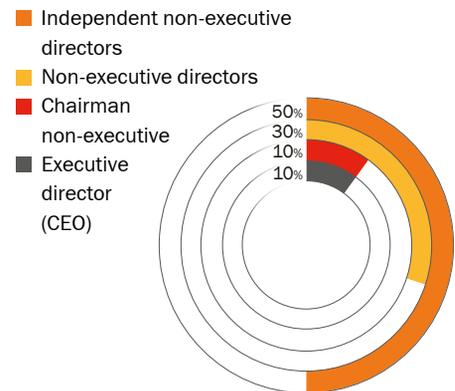
As a result, a number of changes will be made to the Board Committees: Alexander Izosimov will assume the Chairmanship of the Remuneration Committee (in succession to Duncan Baxter), Deborah Gudgeon and Sir Michael Peat will join the Remuneration Committee, and Karl Gruber will step down from the Remuneration Committee. In addition, Karl Gruber will join the Audit Committee.

The Board considers that five non-executive directors (Duncan Baxter, Karl Gruber, Alexander Izosimov, Sir Michael Peat and Deborah Gudgeon) are independent in character and judgement and free from any business or other relationship which could materially interfere with the exercise of their independent judgement, in compliance with the UK Corporate Governance Code.

The independent Non-executive Directors comprise the majority on and chair all Board Committees.

The Board has also satisfied itself that there is no compromise to the independence of, or existence of conflicts of interest, for those directors who serve together as directors on the boards of outside entities.

Boardroom diversity, %



Boardroom diversity

EVRAZ recognises the importance of diversity both at Board level and throughout the whole organisation. The Company remains committed to increasing diversity across its global operations and we take diversity into account during each recruitment and appointment process, working to attract outstanding candidates with diverse backgrounds, skills, ideas and culture.

→ See the Nomination Committee's report on pages 126-127.

When making new appointments, the Board's stance on diversity, including gender, is to act in good faith towards meeting the recommendation contained in Lord Davies' report of achieving 25% female board representation while appointing the most appropriate candidate. To this end, female representation on the Board has been a particular area of focus for the Nominations Committee.

In light of the Board's declared stance on diversity and following Terry Robinson's decision to not seek re-election as a director of the Company at the 2015 Annual General Meeting, the Nominations Committee and the Board gave considerable thought and research to finding a successor. As part of this process, Deborah Gudgeon was identified as a strong candidate to succeed Terry Robinson as an Independent Non-Executive Director and as chairman of the Audit Committee. The Nominations Committee and the Board noted that Miss Gudgeon is a chartered accountant, with extensive corporate and international experience, including some experience of mining. Deborah Gudgeon was appointed as an Independent Non-Executive Director on 31st March 2015 with an effective date of 1st May 2015.

With the appointment of Deborah Gudgeon, the Company believes that the Board structure provides an appropriate balance of skills, knowledge and experience. The members comprise a number of different nationalities with a wide range of skills, capabilities and experience from a variety of business backgrounds.

→ Full details of the skills and experience of the Board members are provided in the Board of Directors section above on pages 104-107.

Board expertise

The Board has determined that as a whole it has the appropriate skills and experience necessary to discharge its functions. Executive and Non-Executive Directors have the experience required to contribute meaningfully to the Board's deliberations and resolutions. Non-Executive Directors assist the board by constructively challenging and helping develop strategy proposals. Most of the directors have been in post since the date of EVRAZ plc incorporation in October 2011.

Induction and professional development

The Chairman is responsible for ensuring that there is a properly constructed and timely induction for new directors upon joining the Board. Directors have full access to a regular supply of financial, operational, strategic and regulatory information to help them discharge their responsibilities.

During the year, Deborah Gudgeon was appointed to the Board and her induction included visits to the Company office in Moscow and one-to-one meetings with the CEO, CFO, Group Accountant, Internal audit, the Heads of the Legal Team and of Investor Relations, among

others. A meeting was also arranged with the External Auditor. Follow-up meetings were also arranged as appropriate and visits to the Company's operations in the Russian Federation are also planned.

➔ See also the Nominations' Committee report on pages 126-127.

Performance evaluation

An internally facilitated Board evaluation was conducted in December 2015. The review was carried out with the initiative and participation of the Nominations Committee of the Company. Questionnaires were distributed to all Board directors for their response and comment. The results were discussed at three levels: (i) between the members of the Nominations Committee, (ii) between Sir Michael Peat (as chairman of the Nominations Committee) and Alexander Abramov (as the chairman of the Board) and (iii) between the Board as a whole. Board performance was deemed to be satisfactory and in overall terms the review was encouraging and useful. The Company undertakes regular performance evaluations of the Board in line with the requirements of the UK Corporate Governance Code.

Board Committees

The Board is supported in its work by the following principal Committees: the Audit Committee, the Remuneration Committee, the Nominations Committee and the Health, Safety and Environment Committee.

The table below sets out the role and composition of each Committee

Function	Name of Committee	Composition	
Audit, financial reporting, risk management and controls	Audit Committee	All 4 members are non-executive directors, of which 3 are independent	See pages 118-125
Selection and nomination of Board members	Nominations Committee	All 5 members are non-executive directors, 3 are independent	See pages 126-127
Remuneration of Board members and top management	Remuneration Committee	All 3 members are independent directors	See pages 130-141
HSE issues	HSE Committee	2 of 3 members are non-executive directors, of which 1 is independent	See pages 128-129

Each Committee has written terms of reference, approved by the Board, summarising its role and responsibilities.

The terms of reference for each Committee are available on the Company's website www.evraz.com.

Reports from each Committee please see on pages 118-141.