

CHAIRMAN'S INTRODUCTION



Dear shareholder,

I am pleased to introduce EVRAZ annual report for 2015. The year proved a difficult one, as conditions in the Group's key markets deteriorated throughout. Despite these headwinds, EVRAZ proven strategy of pursuing a vertically integrated business model, underpinned by a strong set of assets in advantageous locations, allowed the Group to maintain its positions in key markets. Over the year, EVRAZ made good progress with its cost leadership initiatives, improving product quality while reducing costs.

Safety

Safe working conditions at all facilities are and always will be EVRAZ overriding priority. In 2015, the Group implemented enhanced management and control systems, enabling accidents at facilities to be tracked better. The subsequent increase in reporting was reflected in EVRAZ lost-time injury frequency rate (LTIFR), which rose noticeably year-on-year. Despite the Group's commitment, I regret to report that there were 13 fatalities at sites during the year, including three contractors (for more information, see pages 81-101 of the Corporate Social Responsibility section).

Management activities

As part of the focus on cost control and operations, EVRAZ streamlined its organisational structure in 2015, establishing new divisions based on the geography of assets: Ural, Siberia and Ukraine. To head these, the Group appointed new vice-presidents based on the ground thereby moving the management focus to assets (see page 109 for more details).

Despite the many challenges posed by the ongoing macroeconomic instability, the management team proved that it can accomplish the most ambitious tasks, and this gives me great confidence in the positive prospects for EVRAZ and its future success.

Governance and succession

One of EVRAZ strengths is its experienced board, which reviews its composition and performance regularly.

In 2015, Terry Robinson stepped down as an independent non-executive director, having been a Board member for nine years. On behalf of EVRAZ, I would like to thank him for his major contribution to the business. Terry remained an adviser to the Board and the Audit Committee until 14 March 2016.

Succeeding Terry is Deborah Gudgeon, who has also become Chairman of the Audit Committee. She is a chartered accountant with extensive experience and I would like to welcome her once again. Her presence on the Board increases gender diversity in line with the recommendations of the report by Lord Davies.

In 2015, Sir Michael Peat, our senior independent non-executive director, stepped down from the Audit Committee. He remains Chairman of the Nominations Committee. Succeeding Sir Michael on the Audit Committee is Alexander Izosimov, an independent non-executive director.

In addition, Karl Gruber, an independent non-executive director, has replaced Terry Robinson on the Nominations Committee.

As part of our duty to run the Group in a responsible, sustainable and transparent manner for all shareholders, our paramount ongoing priority is to ensure that the business is governed as required. The Board follows changes to corporate governance reporting requirements closely and remains actively involved in discussing and shaping EVRAZ strategy.

Board changes

To respond both to today's challenges and EVRAZ future strategic direction, the Board reviewed the appropriate composition and has made a decision to downsize the Board of Directors in 2016.

Duncan Baxter, the current chair of the Remuneration Committee, and Olga Pokrovskaya stood down as directors on 14 March 2016.

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.

On behalf of the Board I would like to thank them for their considerable efforts and many years of successful service. (pls, see page 112 for more detail).

As we progress through 2016, the external environment remains challenging. At the same time, EVRAZ is well positioned to adapt rapidly to any economic turbulence and maintain its industry-leading positions. In large part, this is due to the unswerving commitment of our team, and I would like to thank the members of the Board, the management and every one of our employees for their efforts and dedication.

I firmly believe that we have the right team and strategy to fulfil our ultimate objective, namely to deliver long-term sustainable returns to shareholders, whom I would also like to thank for their support in 2015.

As part of our duty to run the Group in a responsible, sustainable and transparent manner for shareholders, our paramount ongoing priority is to ensure that the business is governed appropriately.



ALEXANDER ABRAMOV
Chairman of the Board
EVRAZ plc