

MEMBERSHIPS OF ASSOCIATIONS AND INSTITUTIONS

GRI 102–13

The Group recognises the importance of contributing to the attainment of sustainable development objectives and collaborates with leading industry and business association and institutions. The Group actively supports sustainability initiatives and events and engages in various roundtables and discussions.

As of 2020, EVRAZ was a member of the following organisations:

- The Russian Managers Association (AMR).
- The Russian Union of Industrialists and Entrepreneurs (RSPP).
- The Association of Industrialists of the Mining and Metals Production Sector of Russia (AMROS).
- The World Steel Association (WSA).
- The Russian Steel Association.
- The Non-Commercial Partnership National Association for Subsoil Use Auditing (NP NAEN).

- The American Railway Engineering and Maintenance-of-Way Association (AREMA).
- The Consumer Council on Operations of OJSC Russian Railways.
- The Steel Construction Development Association (SCDA).
- The Russian Union of Metal and Steel Suppliers.
- The Canadian Chamber of Commerce.
- The Saskatchewan Chamber of Commerce.
- The Canadian Manufacturers & Exporters organisation.
- The Canadian Steel Producers Association.
- The American Iron and Steel Institute.
- The Donors Forum.

And is an associate member of the following organisation:

- The Association of American Railroads.

TAX LIABILITIES

GRI 207–1 GRI 207–2

Compliance with tax legislation of the countries where the Group operates is a key principle underlying EVRAZ' approach to taxation. EVRAZ has a low tolerance towards tax risk and seeks to minimise the risk of dispute with the tax authorities by being open and transparent about its tax affairs. Maintaining an open dialogue with representatives of tax authorities at different levels allows EVRAZ to avoid adverse tax consequences and represents an inherent aspect of the Group's tax strategy.

EVRAZ plc has publicly available **UK Tax Strategy** which is reviewed by the Board of Directors on a regular basis.

The Group CFO has ultimate responsibility for tax affairs and delegates daily responsibility to the Group's internal tax departments, which are present in most of the jurisdictions in which the Group operates. Local tax departments are subordinate to local CFOs. The tax departments are staffed by qualified, experienced tax professionals who undertake the majority of tax activities on a day-to-day basis.

EVRAZ seeks to reduce the level of tax risk arising from its operations as far as is reasonably practical by ensuring

reasonable care is applied in relation to all processes which could materially affect its compliance with tax obligations. The Group's approach is to manage tax risks and tax costs in a manner consistent with applicable regulatory requirements and with shareholders' best long-term interests, taking into account operational, economic and reputational factors.

EVRAZ has a robust process in place for identifying and addressing tax risks. The register of tax risk is updated regularly and discussed with the Group's CFO. The Audit Committee of the Board provides oversight in the review of tax risks on a regular basis as part of the financial reporting cycle. Information regarding taxes is verified by independent auditors as part of the audit of the financial statements. The Service Solutions Center, an uniform service company of EVRAZ, performs under contracts tax accounting for all the Group's Russian entities and interacts directly with the Russian tax authorities. The Service Solutions Center works in cooperation with Tax Department of the Management Company, EvrazHolding, in accordance with the adopted internal rules and instructions, which are regularly updated. Training and testing are also provided for the employees of the Service Solutions Center.

As part of the overall improvement of internal tax control system, tax monitoring was implemented in 2020 by the Management Company, EvrazHolding.

EVRAZ has a unified hotline through which any employee can report any situation involving unethical or unlawful behavior, including in the area of taxation. In 2020, there were no reports of violations of tax laws.

GRI 207-3

As a participant of the industry associations such as the Russian Union of Industrialists and Entrepreneurs (RSPP) and Russian Steel, EVRAZ can draw the attention of other members to any topic in terms of taxes and make a targeted request to the Ministry of Finance or the Federal Tax Service. In 2020, EVRAZ, in cooperation with other sectoral companies, participated in discussions devoted to the issue of possible increase of the mineral tax (iron ore and coal).

Also, in 2021 EVRAZ will continue to evaluate available tax incentives in the framework of its investment projects and work towards sustaining a high level of transparency in terms of tax payments, creating and maintaining an optimal and effective business structure.

Taxes paid, US\$ million, 2020¹

GRI 207-4

Indicator	Russian Federation	Kazakhstan	USA	Canada	Switzerland	Czech Republic	United Kingdom	Cyprus	Luxembourg
Name of legal entities (residents)	EVRAZ Consolidated West-Siberian metallurgical Plant, EVRAZ Kachkanarsky Ore Mining and Processing Plant, EVRAZ Nizhny Tagil Metallurgical Plant and others ²	Evrz Caspian Steel, EvrazMetall Kazakhstan	EVRAZ Inc. NA CF&I Steel LP, East Metals North America, LLC and others ³	EVRAZ Inc. NA Canada EVRAZ Canada Holding Company Ltd and others ⁴	East Metals A.G. East Metals Shipping A.G.	EVRAZ Nikom, a.s.	EVRAZ North America plc EVRAZ plc	Actionfield Limited, Malvero Holdings Limited, Mastercroft Finance Limited, Nafkratos Limited	Evrz Group S.A.
Main activities of the Group	Steel production and coal/ore mining/Trading	Steel mill/Trading	Steel production	Steel production	Trading	Producer of ferrovanadium	Holding companies	Holding companies/Dormant	Holding companies
Number of employees (with an indication of the approach to the calculation of this indicator)	63,789	212	1,518	1,686	54	61	13	-	6
Revenue from sales to third parties	4,276	151	1,074	732	3,520	1	-	-	-
Revenue from intra-group transactions with other tax jurisdictions	2,624	1	2	61	118	79	-	-	-
Profit / loss before tax	2,269	(19)	(139)	(382)	163	1	1,802	(61)	367
Tangible assets other than cash and cash equivalents	3,869	37	639	714	244	9	-	-	-
Income tax paid	342	-	1	(1)	1	-	197	-	-
Income tax accrued on profit/loss	(358)	-	(2)	3	(5)	-	(213)	(2)	-
Total employee remuneration	679	-	134	127	13	2	3	-	1
Taxes withheld and paid on behalf of employees	(319)	-	(40)	(41)	(1)	(1)	-	-	-

¹ Some of the indicators disclosed in the table do not coincide with the IFRS data, since the methodology for calculating these indicators is different

² Aktiv-Media, ATP Yuzhkuzbassugol, AVT-Ural, Centr Servisnykh Resheniy, Centralnaya Obogatitel'naya Fabrika Abashevskaya, Centralnaya Obogatitel'naya Fabrika Kuznetskaya, EVRAZ Metall Inprom, EVRAZ Uzlovaya, EVRAZ Vanady Tula, EVRAZ Yuzhny Stan, Evrazenergotrans, EvrazHolding Finance, EvrazHolding LLC, EvrazService, Evraztehnika, Ferro-Building, Gurievsky rudnik, Industrial'naya Vostochno-Evropayskaya company, Kachkanarskaya teplosnabzhauschaya company, Kuznetskpogruztrans, Kuznetskteplosbyt, Managing Company EVRAZ Mezhdurechensk, Metallenergofinance, Mefservice, Mezhegeyugol Coal Company, Mine Abashevskaya, Mine Alardinskaya, Mine Esaulskaya, Mine Osinnikovskaya, Mine Uskovskaya, Mining Metallurgical Company "Timir", Montazhnik Rapsadskoy, MU-Invest, Nizhny Tagil Telecompany Telecon, Novokuznetskmetalloptorg, Olzherasskoye shakhtoprokhodcheskoye upravlenie, Osinnikovskiy remontno-mekhanicheskiy zavod, Promugleproject, Rapsadskaya, Rapsadskaya Coal Company, Rapsadskaya Preparation Plant, Rapsadskaya-Koksovaya, Razrez Rapsadskiy, Regional Media Company, Sibir-VK, Sibmetinvest, Tagilteplosbyt, Tomusinskoye pogruzochno-transportnoye upravlenie, Trade Company EvrazHolding, TV-Most, TVN, United Coal Company Yuzhkuzbassugol, Upravlenie po montazhu, demontazhu i remontu gornoshakhtnogo oborudovaniya, Vtorresurs-Pererabotka Yuzhno-Kuzbasskoye geologorazvedochnoye upravlenie

³ Colorado and Wyoming Railway Company, EVRAZ Claymont Steel, Inc., EVRAZ Trade NA LLC, Fremont County Irrigating Ditch Co., General Scrap Inc., New CF&I Inc., Oregon Ferroalloy Partners, Oregon Steel Mills Processing Inc., Palmer North America LLC, Union Ditch and Water Co.

⁴ EVRAZ Materials Recycling Inc., EVRAZ Recycling, EVRAZ Wasco Pipe Protection Corporation, Genalta Recycling Inc., Kar-basher Manitoba Ltd, King Crusher Inc.

Indicator	Russian Federation	Kazakhstan	USA	Canada	Switzerland	Czech Republic	United Kingdom	Cyprus	Luxembourg
Industry-related and other taxes or payments to governments	54.96	-	46.80	-	-	-	-	-	-
Tax on mining	17.69	-	-	-	-	-	-	-	-
Property Tax	13.06	-	5.57	2.19	-	-	-	-	-
Other Taxes	24.20	-	41.23	-	-	-	-	-	-
Significant uncertain tax positions	31	-	-	-	-	-	-	-	41

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

As the Group's operations generate value for its stakeholders, the wealth created and the consequent allocation of revenue by stakeholder group is demonstrated by the direct economic value generated and distributed.

By examining the numbers presented in this section it can be seen that

some economic value is retained, which is used to further develop the business. We endeavour to boost the value generated and distributed and hence increase our contribution to society. For this reason, we strive to ensure that our actions are taken with integrity when it comes to information disclosure.

In 2020 the value generated by EVRAZ amounted to US\$ 9,782 million, the value distributed US\$ 9,346 million, and the value retained US\$ 436 million. In accordance with GRI recommendations for Disclosure 201-1, the audited IFRS Financial Statements of the Group were used to prepare the table below.

EVRAZ's direct economic value generated and distributed⁵, US\$ million

GRI 201-1		
Item	Stakeholder	2020
Direct economic value generated		9,782
Revenue from the sale of goods		9,514
Revenue from providing services	A wide variety of stakeholders	240
Revenue from financial investments		6
Other operating income		22
Economic value distributed		(9,346)
Operating expenses	Suppliers and contractors	(6,244)
Wages and other payments to employees	Employees	(1,320)
Payments to providers of capital		(1,172)
payments to shareholders	Shareholders and investors	(872)
payments to creditors		(300)
Payments to the government	Government authorities	(579)
including income tax expenses		(579)
Community investments	Local communities	(31)
Economic value retained		436

⁵ Information from the audited IFRS Financial Statements of the Group was used to prepare Disclosure 201-1 in accordance with the GRI recommendation. Data are presented on an accrual basis.