

# Ethics and business conduct

## APPROACH TO PROMOTING FAIR BUSINESS PRACTICES

EVRAZ strives to meet the highest standards of ethical business conduct and we adopt an attitude of zero tolerance towards corruption and bribery. The Group takes strict measures to prevent and effectively deal with the consequences of misconduct when it occurs.

EVRAZ seeks to ensure full compliance with all applicable laws and regulations, including the Russian Law “On Preventing Corruption”, the UK Bribery Act, and the US Foreign Corrupt Practices Act, and regularly monitors this area.

This approach allows the Group to maintain a reputation of being a fair, responsible, and transparent company.

We have elaborated a comprehensive set of internal documents to be used by the Group and EvrazHolding. These contain

norms of ethical and fair business conduct and is adhered to by all – Group-employees. Our main documents are:

- The Code of Business Conduct
- The Anti-Corruption Policy
- The Anti-Corruption Compliance System
- The Anti-Corruption Training Policy
- The Sponsorship and Charity Policy
- The Gifts and Business Entertainment Policy
- The Hotline Policy
- The Conflicts of Interest Policy

We conduct background and criminal record checks when considering candidates, as well as due diligence checks in case of contractors and suppliers.



**For more information on the contents of these documents, read our corporate webpage <https://www.evraz.com/en/sustainability/anti-corruption/> and the Short summary of relevant anti-corruption policies section of the Annual report.**

The vision, principles, and behavioural norms adopted in the Group are set forth in the Anti-corruption Policy and the Code of Business Conduct. These documents were updated in late 2019 to reflect the changes that EVRAZ has undergone since 2013, when the documents were first introduced. Accepted standards of behaviour and conduct include providing equal rights and opportunities, respect for people, rejecting all forms of discrimination and slave labour, zero tolerance towards corruption (including bribery), attention to potential conflicts of interests, and prohibiting insider trading.

In order to establish the EVRAZ sustainability approach at all levels, we have integrated aspects of sustainable development into the Code of Business Conduct. The code provides an overall direction and vision of the Group for conducting business, based on the following principles:

GRI 102-16

### The EVRAZ principles for conducting business

## OUR PRINCIPLES FOR CONDUCTING BUSINESS



### Daily improvement

By constantly developing and introducing new ideas, we contribute to the sustainable growth of our company.



### Attention to the consumer

By constantly improving products and services, we strengthen long-term relationships with our customers and clients.



### Result and responsibility

We persistently strive to achieve the set goals and are responsible for the result.



### Active team work

We succeed in the team of like-minded people.



### Concern for people

Creation of safe working conditions, development of our employees and local communities are an important part of EVRAZ business.



**For more details read the Code of Business Conduct, which is available on the Group’s official website: <https://www.evraz.com/en/sustainability/mission-and-principles/key-documents/index.php>**

## GRI 205-2

EVRAZ communicates documents and policies to our stakeholders, including our employees, through the Group's corporate website and intranet. We expect all our employees and subsidiaries to fully comply with the provisions of documents at all times. Potential employees get acquainted with key Code of Business Conduct and Anti-Corruption Policy provisions when they attend job interviews. New joiners study these documents after they begin work for the Group, and, when documents are updated or new ones approved, employees read them and sign that they are familiar with their contents.

Ethical behaviour is especially important for EVRAZ, and the Group has a set of approval and notification procedures in place to ensure that business is conducted ethically. These procedures are implemented by the Audit Committee at headquarters level and by compliance managers at subsidiary level.

The responsibilities of the Audit Committee, which reports directly to the Board of Directors, include overall monitoring of the efficiency of the anti-corruption system, examining corruption-related issues, and monitoring compliance.

Each material subsidiary of the Group has appointed compliance managers. Their duties consist of monitoring employee compliance with internal regulations, investigating reported cases of misconduct and unethical behaviour, and monitoring charity payments and hospitality spending. Compliance managers vet potential and existing business partners and are involved in monitoring tender procedures, which are typically linked with higher risks of corruption.

Compliance managers work with reports on potential cases of corruption, bribery, and misconduct. They present the results of investigations and recommendations to the business unit's senior management, the Group's compliance manager, and the Senior Vice President for Business Support.

## ANTI-CORRUPTION RISK MANAGEMENT

EVRAZ determines, evaluates, and manages corruption-related risks on a regular basis. At the end of each year compliance managers at all subsidiaries analyse risks related to fraud and corruption.

The Group considers its business processes and focuses on those that are particularly prone to corruption risk, and carefully assesses existing controls and procedures in these areas. The Division of Compliance and Asset Protection and compliance managers enact risk management procedures to stop corruption-related risks arising. Areas particularly prone to corruption risk typically include procurement, payments, sales, charity and sponsorship, business gifts and hospitality, interaction with government authorities, the vetting of business partners, and contract approvals.

The main documents regulating anti-corruption risk management are:

- The Anti-Corruption Policy
- The Anti-Corruption Compliance System

In the second part of 2019, the Group updated its main anti-corruption guidance documents by adding more information about company specific situations where corruption is likely to arise and how employees are expected to act should they encounter it.



**For more information on the analysis and management of corruption risks, read the Anti-corruption and anti-bribery section of the Annual report.**

## RAISING AWARENESS OF ETHICAL BUSINESS CONDUCT

The Group believes that information is key in preventing misconduct; in particular, fraud, corruption, and bribery. Therefore, EVRAZ consistently informs stakeholders, including employees and business partners, about its principles of business conduct.

The Group posts anti-corruption policies and procedures on the official website and makes documents available for all stakeholders. At the same time, to ensure that employees are informed about corporate behaviour standards and the consequences of engaging in bribery and corruption, we provide business conduct trainings for management, specialists, and administrative staff. To keep personnel fully aware, the Group conducts online trainings every three years.

To satisfy this need, the Group administers an online anti-corruption course (created by Thomson Reuters), which covers such topics as gifts and hospitality, communications with suppliers, and charity. The course also emphasises the importance of alerting responsible managers and consulting with compliance specialists when in any doubt. The group runs a whistleblowing hotline in order to make it convenient for individuals to raise concerns.

Informing business partners about ethical business conduct is equally important. EVRAZ asks contractors and suppliers to get acquainted with corporate principles related to ethical behaviour, and incorporates special anti-corruption provisions in all contracts.

## WHISTLEBLOWING LINE

EVRAZ upholds the principle of transparency and encourages stakeholders to adhere to it. For all to have convenient opportunities to raise concerns or to report an issue that a stakeholder may find disturbing, suspicious, or unethical, the Group has a whistleblowing line. This is a tool for fostering confidence and safety and to ensure ethical behaviour, and can be used by any stakeholder of the Group.

The Group operates two separate whistleblowing lines:

The Corporate Whistleblowing line in Russia and Kazakhstan:

- email: [vopros@evraz.com](mailto:vopros@evraz.com)
- toll-free number: 8-800-555-88-88 (Russia) 8-800-080-43-58 (Kazakhstan)
- internal corporate portal: <https://portal.evraz.com/hotline/SitePages/Hotline.aspx>

The EVRAZ North America whistleblowing line:

- email: [hotline@evraz.com](mailto:hotline@evraz.com)
- toll-free number: 866-334-1777
- internal corporate portal: <https://secure.ethicspoint.com/domain/media/en/gui/56482/index.html>

Both lines operate 24/7 and allow users to make reports anonymously which eliminates

any risks of possible retaliations. Incoming inquiries are registered in the IT system and are then allocated to relevant specialists (e.g. HR, HSE, Compliance), depending on the topic of the request. Specialists analyse requests, investigate concerns, prepare responses, and take actions to resolve issues. If the whistle-blower left his or her contact details, the Group informs this person about the status of the report as well as the taken actions.

The Hotline Committee (for the Corporate Whistleblowing line) and the Hotline Team (for the ENA whistleblowing line) comprise senior executives and handle complicated, controversial, or sensitive issues submitted via these channels. The Group uses these specialists to be confident that all appropriate measures are taken to address all signals.

### Working process of the Corporate Whistleblowing line

#### 1. INDIVIDUAL MAKING A REPORT

##### Communication through available channels:

- email ([vopros@evraz.com](mailto:vopros@evraz.com) and [hotline@evraz.com](mailto:hotline@evraz.com)),
- the hotline phone number,
- and internal corporate portals

#### 2. CONTACT CENTRE

**Key role:** collecting and registering reports

**Corporate Whistleblowing line:** reports are received and registered by an in-house contact centre

**ENA Whistleblowing line:** reports are received and registered by a third party, Navex Global

#### 3. RESPONSIBLE EXECUTIVE

**Key role:** ensuring the transparency, swiftness, and independence of whistleblowing procedures

**Corporate Whistleblowing line:** Vice President of Corporate Communications, Internal Audit Director

**ENA Whistleblowing line:** General Counsel and Corporate Secretary, Internal Audit Director, Director of Corporate Security

#### 4. SERVICES RESPONSIBLE FOR HANDLING REPORTS

**Key role:** investigating issues and preparing appropriate responses/solutions

At the end of the investigation feedback is provided to the person that submitted the report (if the message is not anonymous)

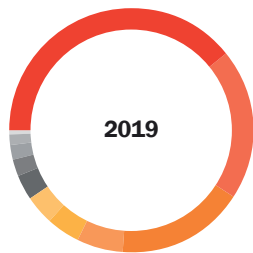
EVRAZ is pleased to report that, year-to-year, there is growing confidence in whistleblowing lines among our stakeholders: the number of inquiries is growing and all requests are resolved in compliance with the above procedure. This is a tool that gains in popularity each year.

#### GRI 205-3

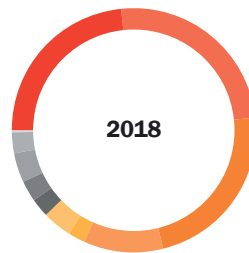
In 2019, 34 security and fraud and corruption-related complaints were submitted via the Corporate Whistleblowing line, and seven fraud and security inquiries were submitted via the ENA hotline. Out of these complaints, 11 related to fraudulent intent. The involved employees' contracts were duly terminated, where applicable, and all necessary measures were taken to improve controls and mitigate against related risks.



### Topics and shares of popular issues raised via Corporate Whistleblowing line, 2018–2019

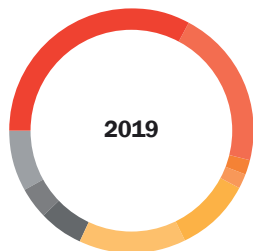


Labour relations	39.2%
Other	20.1%
Public services	17.1%
Labour compensation	6.1%
Hazardous conditions	4.4%
Corruption and fraud	3.7%
Violation of Cardinal Safety Rules	3.5%
Information	2.1%
Employees and managers relations	1.9%
Personal protective equipment (except quality)	1.6%
Prosecution of employees for using hotline	0.3%

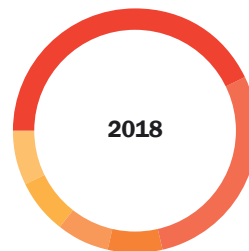


Labour relations	23.4%
Other	25.1%
Public services	22.7%
Labour compensation	10.5%
Hazardous conditions	2.3%
Corruption and fraud	3.8%
Violation of Cardinal Safety Rules	2.7%
Information	2.8%
Employees and managers relations	3.9%
Personal protective equipment (except quality)	2.7%
Prosecution of employees for using hotline	0.1%

### Topics and shares of popular issues raised via the EVRAZ North America whistleblowing line, 2019



Discrimination or Harassment	33%
Other	21%
Environmental Protection, Health or Safety Law	2%
Inquiry	2%
Conflicts of Interest	10%
Safety	14%
Retaliation	6%
Gifts and Entertainment	4%
Violence or Threat	8%



Discrimination or Harassment	42.9%
Other	28.7%
Environmental Protection, Health or Safety Law	7.1%
Inquiry	7.1%
Conflicts of Interest	7.1%
Safety	7.1%