

EVRAZ plc UK Tax Strategy

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Overview

This document sets out the Tax Strategy of EVRAZ plc and its UK subsidiary undertakings (“EVRAZ” or the “Group”) prepared in compliance with the requirements stipulated by the paragraph 19(2), the Schedule 19, Finance Act 2016 (“Schedule”) in its financial year ended 31 December 2019.

This Tax Strategy applies to all UK taxes applicable to the Group. References to “UK Taxation”, “UK taxes” or “Taxation” are to the taxes and duties set out in paragraph 15(1) of the Schedule.

The Tax Strategy has been approved by the Board of Directors of EVRAZ plc.

This Tax Strategy sets out:

- The Group’s approach to risk management and governance arrangements in relation to UK taxation;
- The attitude of the Group towards tax planning (so far as affecting UK taxation);
- The level of risk in relation to UK taxation that EVRAZ is prepared to accept; and
- The Group’s approach towards dealing with tax authorities.

Approach to risk management and governance arrangements in relation to UK taxation

As a large multi-national organisation, the Group is exposed to variety of tax risks including the following:

- Tax compliance and reporting risks, which include risks associated with submission of late or inaccurate returns, the failure to submit claims and various required reports on time, errors in the reported numbers, etc.
- The risk of misinterpretation of tax laws due to unclear laws and regulations.
- Risks arising from changes in the tax regulations, their interpretation, or changing requirements of the tax authorities.

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 its tax obligations. However, it is often impossible to eliminate tax risk entirely for a variety of reasons including the subject

nature or complexity of tax legislation. 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 on quarterly basis and discussed with the Group's Chief Financial Officer ("CFO"). The Audit Committee of the Board provides regular oversight in the review of tax risks on a semi-annual basis as part of the financial reporting cycle.

The Group CFO has ultimate responsibility for tax matters, and delegates day-to-day responsibility to the Group's in-house tax departments which are present in the majority of jurisdictions in which it operates. The tax departments are staffed by qualified, experienced tax professionals who undertake the majority of tax activities on a day to day basis. The International Tax unit, based in Luxembourg, maintains oversight of the Group tax compliance and tax reporting activities in the UK. The Group also operates a comprehensive business approval process whereby all material transactions and proposed changes to the business or organisational structure of the Group require prior approval from the CFO and, where appropriate, the approval of the Board of Directors. The tax consequences of significant commercial transactions are considered by the Board of Directors as part of their decisions on the transactions in question. It is the responsibility of the CFO to keep the Audit Committee and the Board informed of all material developments relating to the Group's taxation position, especially financial and reputational risks that may arise.

More details on the Group overall corporate governance and risk management system can be found in the Annual Report available at <http://ar2018.evraz.com/>

Approach to tax planning

EVRAZ may engage in tax planning to structure its operations and finances in a tax efficient manner and to take advantage of available tax incentives, reliefs and exemptions in line with the relevant tax legislation and intentions of UK Parliament. All such tax planning is undertaken in the context of wider business activities having a genuine commercial basis. All Group transactions must have a commercial rationale as their primary purpose.

Tax planning or structuring advice may be sought from external advisors in respect of complex transactions, with the main purpose to ensure compliance with the relevant regulations and to ensure that the business decisions are undertaken in the full knowledge of the current and likely interpretation of the tax legislation. Input from external advisors is also sought to supplement the skills of EVRAZ's in-house tax team when necessary.

In its business activities, the UK Group applies an ethical philosophy established in the Code of Business Conduct, which is publicly available at <http://www.evraz.com/governance/documents/>.

Level of acceptable tax risk

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. Internal governance is not prescriptive on the level of acceptable tax risk, but in practice where

there is material doubt as to the tax treatment of any particular transaction, the Group would seek advice from one or more leading tax advisors to provide assurance of the outcome before proceeding.

The level of acceptable tax risk is not influenced by external stakeholders.



Approach to dealings with tax authorities

EVRAZ is committed to maintain an open, transparent and collaborative approach with tax authorities in all countries in which the Group operates. EVRAZ aims to comply with all relevant tax compliance, tax reporting and tax payment requirements in the UK and all information is clearly presented to Her Majesty's Revenue and Customs ("HMRC") as appropriate.

In the UK, the Group engages with HMRC through our HMRC Customer Compliance Manager ("CCM") to discuss the Group's tax affairs on an ongoing basis. The Group meets with the CCM regularly for a Business Risk Review meeting which addresses all UK tax matters.

Where appropriate, EVRAZ pro-actively:

- raises potentially contentious matters with HMRC;
- seeks advance clearance from HMRC on the proposed tax treatment of transactions; and
- discusses interpretation of UK tax laws to provide certainty where there is more than one possible tax outcome.