

# Success factors and KPIs



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“ We base our annual KPI targets and initiatives on EVRAZ’ vision of being a leader in infrastructure steel products worldwide and the Russian coking coal market. ”

## Health, safety & environment

**Strategic goal.** EVRAZ’ top priority is the health and safety of its employees. The Group’s strategic goal is to achieve and preserve LTIFR below a level of one by 2021.

**Overview.** Behaviour safety conversations, and developing and implementing standard safe work procedures are the two initiatives that have been consistently implemented across EVRAZ in 2016. Additionally, in 2016, EVRAZ assets started to implement their key risk localisation programmes, which will continue in 2017-2018.

**Outlook.** In 2017, EVRAZ will put extra focus on the quality of behaviour safety conversations, making sure issues raised during such conversations are duly addressed and changes are made to conditions and processes. EVRAZ will also continue its efforts to standardise all processes from both a safety and efficiency perspective. The 2017 annual target is to achieve LTIFR below 2.0x.

### LTIFR (excluding fatalities)<sup>1</sup>, per 1 million hours



Despite the Group’s efforts, there were 6 fatalities (6 employees and 0 contractors) at its sites during the year, and the lost-time injury frequency rate (LTIFR) reached 2.36, compared with 2.18 in 2015. One of the reasons for the increase in these statistics is the improved reporting through the implementation of an incident reporting system that the Group developed in-house and implemented in 2015. EVRAZ remains committed to the goal of reaching zero fatalities at its sites and will continue efforts to improve reporting transparency.

## Human capital

**Strategic goal.** Involved, motivated, loyal and competent employees are the key pillar of the Group’s business. EVRAZ aims to reach total standardisation of human resources processes organisation-wide.

**Overview.** During 2016, EVRAZ’ efforts focused mainly on the “From Foreman to Managing Director” programme, which aims to evaluate and develop operations management to create a management candidate pool at plants. In response to market conditions in the beginning of the year, the Group has undertaken a headcount reduction programme and streamlined administrative functions. The total number of employees has decreased by 6,625 people.

**Outlook.** Looking into 2017, the Group’s focus will be on employee engagement management, staff assessment and development programmes, as well as continuing ongoing initiatives to centralise HR functions and improve process quality.

### Labour productivity steel<sup>1</sup>, US\$/t



Labour costs per tonne of steel products decreased once again in 2016, down by 12.4% to US\$36.5 per tonne compared with US\$41.6 per tonne in 2015, due to the ongoing labour productivity improvement project pipeline.

<sup>1</sup> Please see page 261 for details.