

REPUBLICAN UNITARY ENTERPRISE  
Byelorussian Steel Works

# SOCIAL REPORT

# 2011

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БМЗ





## GENERAL DIRECTOR'S APPEAL



DEAR FRIENDS!

SOCIAL REPORT FOR 2011 OF BYELORUSSIAN STEEL WORKS IS LYING IN FRONT OF YOU. THIS DOCUMENT MEANS A LOT FOR OUR ENTERPRISE ORIENTED TOWARDS EXPORT AND PROVIDING OVER 12 THOUSAND PEOPLE WITH WORK. IT PROVES OPENNESS AND TRANSPARENCY OF OUR WORK WITHOUT WHICH IT IS IMPOSSIBLE TO BUILD SUCCESSFUL RELATIONS WITH BUSINESS PARTNERS TODAY.

SPEAKING ABOUT RESULTS OF 2011 I WOULD LIKE TO UNDERLINE THAT THE YEAR WAS SUCCESSFUL FOR OUR PLANT. THUS, AS FOR STEEL PRODUCTION WE CROSSED OVER THE THRESHOLD OF 2,6 MLN TONS WHICH HAD SEEMED TO BE INACCESSIBLE. THE RESULTS OF EACH PRODUCTION STAGE WERE GOOD AND THIS ALLOWED US TO PRODUCE MARKETABLE PRODUCTS IN THE AMOUNT OF USD 2 BILLION AND REACH 17,1 PER CENT OF SALE PROFITABILITY. BESIDES, THE SHARE OF EXPORT IN THE TOTAL AMOUNT OF THE PRODUCT SOLD MADE UP 76 PER CENT.

ONE OF THE MOST IMPORTANT ACHIEVEMENTS

OF 2011 IS THE RESULT OF SCRAP PROCESSING AND RAW MATERIAL TRANSPORTATION. WE EXPANDED THE PLANT'S SPECIAL EQUIPMENT PARK AND DID MUCH TO REGULATE THE ISSUE OF THE ROLLING STOCK. IN PARTICULAR, AGREEMENTS WITH SUCH PARTNERS AS OJSC "PSKOVVTORMET" AND THE LIMITED LIABILITY COMPANY "TORGOVYI DOM OF BMZ" (ST. PETERSBURG) ON PURCHASING OF MORE THAN 1000 OPEN-TOP WAGONS FOR TRANSPORTATION OF THE PLANT'S LOADS WERE SIGNED. AVAILABILITY OF THIS ROLLING STOCK ALLOWS US TO ENSURE TROUBLE-FREE DELIVERY OF RAW MATERIALS AND SHIPMENT OF FINISHED PRODUCTS. ONE MORE IMPORTANT CONSTITUENT PART OF PROVIDING FOR RAW MATERIAL SAFETY OF THE ENTERPRISE IS JOINING OF THE PA "BMZ" BY SA "BELVTORMET" WHICH PROVIDED MORE THAN 40 PER CENT OF THE SCRAP REQUIRED BY THE PLANT BASED ON THE RESULTS OF 2011 AND IN FUTURE THIS FIGURE WILL REACH 50 PER CENT.

TODAY BSW IS ONE OF THE BEST STEEL MAKING PLANTS OF THE WORLD AS REGARDS THE TECHNOLOGICAL LEVEL OF PRODUCTION AND WE CONTINUE FURTHER DEVELOPMENT. AT PRESENT TECHNICAL REVAMPING OF THE ENTERPRISE IS CARRIED OUT IN ACCORDANCE WITH THE PROGRAM BEING A PART OF THE BUSINESS-PLAN FOR 2011-2015. ONE OF ITS MOST IMPORTANT GOALS IS GROWTH OF STEEL PRODUCTION CAPACITY UP TO 3 MLN TPY. WITHIN THIS PROGRAM IMPLEMENTATION OF THE LARGEST IN THE LAST YEARS INVESTMENT PROJECTS DIRECTED TOWARDS GROWTH OF THE PRODUCTION CAPACITY, DEEPENING OF THE STEEL MAKING STAGE, PROVISION OF THE PRODUCTION WITH MATERIALS, POWER CARRIERS AND AUXILIARY MEDIA IS GOING ON A FULL SCALE.

KEY PROJECTS INCLUDE CONSTRUCTION OF A BAR MILL WITH POTENTIAL CAPACITY OF 1 MLN T OF ROLLED MATERIAL PER YEAR, MODERNIZATION OF THE STEEL MAKING PROCESS, CONSTRUCTION OF THE THIRD LIME KILN. OVER EUR500 MILLION WILL BE DIRECTED TOWARDS REALIZATION OF THIS PROGRAM.

INCREASING THE PRODUCTION CAPACITY WE DO NOT FORGET ABOUT DECREASE OF ENVIRONMENTAL LOAD. SO AS TO REDUCE EMISSION OF HARMFUL SUBSTANCES



IN THE AIR **BSW** WILL IMPLEMENT A PROJECT OF MODERNIZATION OF THE SYSTEM OF GAS AND DUST REMOVAL. OUR PLANT WILL SPEND ABOUT **EUR 22 MILLION** ON ECOLOGICAL PROGRAM TILL 2015.

ALL ACHIEVEMENTS INCLUDING HIGH VOLUMES OF PRODUCTION, RECOGNITION ON GLOBAL MARKETS AND IMPLEMENTATION OF FORWARD-LOOKING PLANS ARE SUPPORTED BY MANY THOUSANDS OF EMPLOYEES OF THE PLANT. SUCCESS OF THE PLANT IS PROVIDED FOR BY ITS STAFF THAT IS WHY MUCH ATTENTION IS PAID TO CARING FOR PEOPLE, CREATION OF SAFE AND COMFORTABLE WORKING CONDITIONS AND APPROPRIATE PAYMENT. THEREFORE, **USD 1,2 MLN** WERE SPENT ON LABOUR SAFETY MEASURES IN 2011. WE SHALL CONTINUE THIS WORK IN FUTURE AS WELL.

DURING THE YEARS OF ITS OPERATION **BSW** HAS DELIVERED ITS PRODUCTS TO **107 COUNTRIES** WORLDWIDE. EVERY YEAR THE PLANT PROVIDES FOR **15 PER CENT** OF CURRENCY PROCEEDS OF THE REPUBLIC OF BELARUS. NATURALLY, THIS SCALE OF ACTIVITY DETERMINES HIGH LEVEL OF RESPONSIBILITY TO OUR PARTNERS, EMPLOYEES AND THE STATE. TO A LARGE EXTENT THIS IS WHY STARTING FROM 2008 **BYELORUSSIAN STEEL WORKS** SEEKS TO REFLECT COMPREHENSIVELY THE RESULTS OF ITS WORK

AND THE CONCEPT OF ITS SOCIAL RESPONSIBILITY IN ITS ANNUAL SOCIAL REPORT.

ON JANUARY 2, 2012 AN IMPORTANT EVENT TOOK PLACE: RUE "BMZ" WAS REORGANIZED IN AN OPEN JOINT-STOCK COMPANY "BYELORUSSIAN STEEL WORKS". THE FORM OF OWNERSHIP WAS CHANGED BUT OUR CONCERN FOR IMPLEMENTATION OF SOCIAL PROGRAMS REMAINS THE SAME.

I HOPE THAT YOU WILL CONSIDER **BSW** SOCIAL REPORT FOR 2011 COMPLETE AND SUBSTANTIAL.

BEST REGARDS,  
A.M. SAVIZNOK,  
GENERAL DIRECTOR

HIGH PRODUCTION VOLUMES, RECOGNITION AT WORLD MARKET, REALIZATION OF FAR-SEEING PLANS — WERE ACHIEVED OWING TO MANY-THOUSANDS EMPLOYEES OF THE ENTERPRISE.

## PREFACE FOR THE FOURTH EDITION

OJSC "BSW" KEEPS THE TRADITION OF REPORTING ON SUSTAINABLE DEVELOPMENT AND CONFIRMS ITS READINESS FOR OPEN DIALOGUE WITH THE PARTIES CONCERNED. THE PLANT DOES NOT DENY THE OBLIGATIONS UNDERTAKEN AND FOLLOWS THE POLICY OF IMPROVEMENT AND REORGANIZATION IN ALL DIRECTIONS OF STABLE DEVELOPMENT MANAGEMENT, ECONOMIC ACTIVITY, WORK WITH THE STAFF, IN THE ISSUES OF SOCIAL ACTIVITY OF THE ENTERPRISE IN THE REGIONS AND COOPERATION WITH SUPPLIERS AND CUSTOMERS, IN THE POLICY OF ECOLOGICAL AND INDUSTRIAL SAFETY. GENERAL RESULTS REACHED BY THE PLANT IN 2011 EXPRESSIVELY EVIDENCE THAT THE YEAR WAS SUCCESSFUL.

WITHIN THE FRAMEWORK OF THE ANNUAL REPORT ALL ASPECTS OF THE PLANT ACTIVITY IN THE AREA OF SOCIAL RESPONSIBILITY ARE SHOWN (SEE THE CONTENT OF THE REPORT).

OJSC "BSW" PRESENTS ITS FOURTH CORPORATE SOCIAL REPORT IN G3 FORMAT OF THE SUSTAINABLE DEVELOPMENT REPORTING MANUAL GRI AND IN ACCORDANCE WITH THE PRINCIPLES OF THE UN GLOBAL COMPACT. THE REPORT CONTAINS DATA OF THE PLANT ACTIVITY IN 2011 AS WELL AS PLANS, TASKS AND OBLIGATIONS OF FUTURE ACTIVITY.

THE STRATEGIC CHALLENGES THE PLANT FACED IN 2011 TO A LARGE EXTENT REMAIN IMPORTANT IN 2012 KEEPING THE CONTINUITY AND SUSTAINABILITY OF BSW DEVELOPMENT. ASSESSMENT OF THE PLANT ACTIVITY IN 2011 IS GIVEN VERSUS THE PERFORMANCE IN THE PREVIOUS REPORTING PERIOD OF 2010 AND IS BASED ON THE DEGREE OF THE TARGET ACHIEVEMENT.

WHILE PREPARING THIS REPORT WE TOOK INTO ACCOUNT THE COMMENTS OF THE INTERESTED PARTIES ON 1020 SOCIAL REPORT.

THE REPORT IS BASED ON DOCUMENTS DEVELOPED BY THE PLANT IN ACCORDANCE WITH THE REQUIREMENTS OF THE LAW

OF THE REPUBLIC OF BELARUS  
AND INTERNATIONAL  
STANDARDS.

SOCIAL  
RESPONSIBILITY  
AND CORPORATE  
SUSTAINABILITY  
REPORT INFORMS  
THE PARTIES CONCERNED  
ABOUT STRATEGIC PRIORITIES  
AND POTENTIAL OF OJSC "BSW",  
ABOUT SPECIFIC FEATURES  
OF MANAGEMENT AND LEVEL  
OF COMPETENCE OF THE MANAGERS,

EFFICIENCY OF RISK MANAGEMENT AND INTERACTION WITH  
STAKEHOLDERS.

THE REPORT DOES NOT ONLY DISCLOSE EFFECTIVENESS OF THE PLANT OPERATION AIMED AT GAINING PROFIT, INTRODUCTION OF NEW TECHNIQUES AND EQUIPMENT, BUT ALSO REFLECTS THE ACTIVITY AIMED AT FORMATION OF HUMAN CAPITAL, PROVISION OF ENVIRONMENTAL SAFETY AND CREATION OF FAVOURABLE CONDITIONS FOR DYNAMIC SOCIAL AND ECONOMIC DEVELOPMENT OF THE REGION OF BSW BUSINESS ACTIVITY.

MATERIALS GIVEN IN THE REPORT ARE DIRECTED TOWARDS INFORMATION OF THE SOCIETY AND ALL PARTIES CONCERNED: THE OWNER, INVESTORS, PERSONNEL, REPRESENTATIVES OF REGIONAL, DISTRICT AND REPUBLICAN AUTHORITIES, POPULATION AND PRODUCT CONSUMERS.

THIS REPORT CONTAINS NO CONSIDERABLE CHANGES OF INFORMATION GIVEN IN THE PREVIOUS REPORTS OF THE PLANT. THE ECONOMIC FIGURES IN THE REPORT ARE GIVEN IN US DOLLARS AT THE AVERAGE ANNUAL EXCHANGE RATE OF THE NATIONAL BANK OF THE REPUBLIC OF BELARUS EXISTING IN 2011 WHICH WAS EQUAL TO BRB 4 623,47.

THE REPORT DOES NOT INCLUDE THE INFORMATION CONCERNING THE JOINT-VENTURES AND THE ENTERPRISES LOCATED OUTSIDE THE REPUBLIC OF BELARUS.

ELECTRONIC VERSION OF 2011 REPORT WILL BE ALLOCATED ON BSW CORPORATE SITE: [WWW.BELSTEEL.COM](http://WWW.BELSTEEL.COM).

FOR THE DEVELOPMENT OF A CONSTRUCTIVE DIALOGUE WITH ALL PARTIES CONCERNED IT IS VERY IMPORTANT FOR THE PLANT TO KNOW THE OPINION ABOUT ITS ACTIVITY IN THE AREA OF SUSTAINABLE DEVELOPMENT. WITH THIS AIM CONTACT INFORMATION AND A FEEDBACK FORM WAS INCLUDED IN THE REPORT.

PLEASE, SEND YOUR COMMENTS AND PROPOSALS REGARDING THE FORM AND THE CONTENT OF THE REPORT AS WELL AS QUESTION ARISING IN CONNECTION WITH IT TO:

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## STEELMAKING: STEEL MARKETS

**F**OR BYELORUSSIAN STEEL WORKS AND FOR THE COUNTRY ECONOMY IN WHOLE THE YEAR 2011 WAS TOUGH. WE HAD TO SURMOUNT MANY BARRIERS AND COMPLICATED LABYRINTHS BUT THE STAFF MANAGED TO OVERCOME THEM AND MADE THE YEAR 2011 RESULTANT.

DROP OF DEMAND FOR STEEL PRODUCTS AND FOLLOWING DECREASE OF THEIR OUTPUT MADE A NEGATIVE IMPACT ON PRICES AND OTHER ECONOMIC INDICATORS OF THE INDUSTRY. BYELORUSSIAN STEEL WORKS INTEGRATING INTO THE GLOBAL STEEL MARKET FACED THE SAME PROBLEMS AS THE OVERWHELMING MAJORITY OF METALLURGICAL ENTERPRISES OF OTHER COUNTRIES.

MEASURES TAKEN TO OPTIMIZE THE NUMERICAL STRENGTH, RESTRUCTURING OF ENTERPRISES, IMPROVEMENT OF PRODUCTION ORGANIZATION AND INCREASE OF THE PRODUCTION FACILITY USAGE HAD A POSITIVE EFFECT ON STEEL MAKING IN GENERAL AND BYELORUSSIAN STEEL WORKS IN PARTICULAR FROM THE POINT OF VIEW OF WORKING EFFICIENCY GROWTH.

ACCORDING TO THE FORECAST OF MEPS, BRITISH CONSULTING COMPANY, WORLD STEEL MELTING VOLUME IN 2012 WILL REACH 1,625 MLN TONS ADDING 5,4% AS COMPARED WITH THE PREVIOUS YEAR. AT THE SAME TIME WORLD STEEL ASSOCIATION SHOWS IN ITS OUTLOOK THAT THE WORLD ANNUAL CONSUMPTION OF STEEL PRODUCTS IN 2012 WILL BE 1,42 MLN T, I.E. 3,6% MORE THAN LAST YEAR.

THIS GROWTH IS CONDITIONED BY INCREASE OF STEEL CONSUMPTION IN SOUTH-EAST ASIA. THUS, DURING LAST YEARS STEEL MAKING AND ROLLED MATERIAL CAPACITIES WERE INTENSIVELY EXPANDED BY TURKEY, KOREA, PERSIAN GULF STATES, I.E. BY LARGE IMPORTERS. NEW PROJECTS HAVE BEEN PLANNED OR ARE ALREADY BEING IMPLEMENTED IN INDIA, BRAZIL AND IRAN.

ACCORDING TO REUTERS, EUROPEAN STEEL MAKERS STRUGGLING FOR SURVIVAL ON THE STEEL MARKET ACCELERATE THE TRANSITION TO MORE COMPLICATED STEEL PRODUCTS WITH A HIGH ADDED VALUE SO AS TO SURVIVE AND WITHSTAND CHEAP IMPORT. AGGRAVATION OF COMPETITION IS OBSERVED. ALL EC STEEL COMPANIES FELT CONSEQUENCES OF THE EUROPEAN DEBT CRISIS. MANY OF THEM INCLUDING ARCELOR MITTAL AND THYSSEN KRUPP HAVE ALREADY REDUCED THEIR PRODUCTION.

AT THE SAME TIME THERE IS STILL AN IMBALANCE BETWEEN THE DEMAND AND SUPPLY OF STEEL IN EUROPE. THUS, ACCORDING TO THE EXECUTIVE DIRECTOR OF VOESTALPINE MR. WOLFGANG EDER, EUROPEAN STEEL CAPACITIES ARE 210 MLN T, AND DEMAND IS ONLY 150-160 MLN T.



COMPETITION OF THE KEY MARKETS BECAME MUCH STRONGER. ACCORDING TO REUTERS, EUROPEAN STEEL MAKERS STRUGGLE TO SURVIVE ON THE STEEL MARKET AND ACCELERATE TRANSITION TO MORE COMPLICATED TYPES OF STEEL PRODUCTS WITH A HIGH ADDED VALUE SO AS TO SURVIVE AND RESIST TO CHEAP IMPORT. ALL EC STEEL COMPANIES FELT THE CONSEQUENCES OF THE EUROPEAN INDEBTEDNESS CRISIS.

Y.A. MALCHANAU,  
MARKETING DIRECTOR

AT THE END OF 2011 THE MIDDLE-EAST MARKET DOES NOT DEMONSTRATE A HIGH LEVEL OF ACTIVITY.

MOST OF THE REGIONAL ROLLERMAN HAVING REPLENISHED THE STOCK OF SEMI-FINISHED PRODUCTS AT THE END OF 2011 ARE WAITING AT THE BEGINNING OF 2012, THE MORE SO BECAUSE GENERAL PRICE TENDENCIES IN THE SECTOR OF LONG ROLLED MATERIAL GO DOWN. ONLY SAUDI COMPANIES CONTINUE TO BUY AND MANAGE TO UNDERCUT.

EXPORT OF REBARS FROM RUSSIA AND BLACK SEA COUNTRIES WAS RATHER LOW DURING LAST MONTHS OF 2011 AND ACCORDING TO THE FORECASTS WILL REMAIN THE SAME IN THE FIRST HALF OF 2012, BECAUSE A STRONG DOLLAR CUT THE PROFIT OF EXPORTERS AND MANY PRODUCERS TURNED TO THEIR NATIONAL MARKET.

AT THE END OF THE YEAR NO SERIOUS ACTIVITY WAS DETECTED OUTSIDE THE BLACK SEA REGION, BESIDES THE PLANTS COULD MAKE MORE PROFITABLE DEALS ON THE NATIONAL MARKET IN VIEW OF GOOD DEMAND OF THE BUILDING MARKET.

AGGRAVATION OF THE POLITICAL SITUATION IN SYRIA STARTED AT THE END OF THE YEAR FACILITATED FURTHER WEAKENING OF THE MIDDLE EAST MARKET OF LONG ROLLED MATERIAL WHERE THERE WERE NO PARTICULAR PURCHASING POWER PREVIOUSLY. BUILDING SECTOR



## STEELMAKING: STEEL MARKETS

» IS AT RISE ONLY IN SAUDI ARABIA WHERE LOCAL ROLLED MATERIAL OR SUPPLIES FROM OTHER GULF COUNTRIES ARE USED.

IN THE USA THE DEMAND SITUATION IS A LITTLE BETTER THAN IN OTHER REGIONS DUE TO THE RISE IN SUCH INDUSTRIES AS ENGINEERING AND MOTOR INDUSTRY, OIL AND GAS INDUSTRY, AND POWER INDUSTRY.

BUT VOLUME OF THE ROLLED MATERIAL DELIVERED TO THE AMERICAN MARKET DURING THE LAST MONTHS APPEARED TO BE TOO LARGE. AS A RESULT, AS ON THE END OF 2011 DISTRIBUTORS' STOCKS WERE EXCESSIVE AND AFFECTED THE APPARENT DEMAND. BESIDES, IN SUMMER MONTHS TRADERS TRADITIONALLY REDUCED THE AMOUNT OF RESERVES AND DO NOT INTEND TO REFUSE THE TRADITIONAL PRACTICE NEXT YEAR.

HAVING FACED AN INSUFFICIENT DEMAND, AMERICAN STEEL COMPANIES HAD TO DECREASE PRICES. FURTHER PRICE DROP IS POSSIBLE BECAUSE THE SUPPLY EXCEEDS THE DEMAND BUT EVEN IF PRODUCERS MANAGE TO RETAIN PRICE STABILITY DURING THE FIRST HALF-YEAR OF 2012, PRICE RISE IS POSSIBLE ONLY AFTER THE SUMMER DROP FORECAST. THIS PRICE RISE CAN LAST FOR A SHORT TIME, IF THE MARKET DEVELOPS SIMILAR TO THE LAST TWO YEARS.

DEMAND FOR IMPORTED REBARS IN THE USA REMAINS LUKEWARM; MATERIAL IS IMPORTED IN SMALL SHIPMENTS, LARGE CONSUMERS TAKE A RESPITE FROM EXCESSIVE IMPORT EXISTING PREVIOUSLY.

EUROPEAN STEEL SECTOR GROWTH OPPORTUNITIES GO DOWN AS STEEL DEMAND OF MOTOR AND POWER SECTORS DECREASES AND EXCESSIVE CAPACITIES CAUSE A "PRICE WAR".

FURTHER SITUATION ON THE STEEL MARKET WILL FIRST OF ALL DEPEND ON THE STATE OF REGIONAL ECONOMIES. CONTINUING ECONOMIC PROBLEMS, CONCERN IN EUROPE AND INACCESSIBILITY OF BANK LOANS ARE THE KEY FACTORS OF BAD MOOD, THAT IS WHY IN THE FIRST HALF OF 2012 PRICE DROP IS POSSIBLE IF IN THE ABOVE PERIOD DEMAND DROPS AND BUYERS UNWILLINGLY ACCEPT THE NEW PRICES, FURTHER REDUCTION OF PRICES IS POSSIBLE.

ACCORDING TO METAL BULLETIN THE COMPANIES SHOULD DECREASE THEIR CAPACITIES SO AS TO CHANGE THE TENDENCY TRACED. SOME PLANTS HAVE ALREADY DONE IT.

INTERNAL WIRE ROD PRICES IN NORTHERN EUROPE DROPPED BY € 10-20 (\$ 12-25).

VALLOUREC, A FRENCH PRODUCER OF SEAMLESS STEEL PIPES, DECREASED THE FORECAST OF PRODUCT SALE IN 2012 IN CONNECTION WITH THE REDUCED DEMAND OF THE OIL AND GAS SECTOR. ACCORDING TO THE COMPANY REPORT, SALE GROWTH RATE IN 2012 WILL BE ONLY 5%, WHEREAS PREVIOUSLY ITS GROWTH PLANNED

TO BE AT THE LEVEL OF 10 PER CENT.

EXTERNAL DEMAND FOR STANDARD SEAMLESS PIPES FROM CIS COUNTRIES CONTINUES TO BE WEAK. EXPORT SUPPLY FROM RUSSIAN PRODUCERS VOLZHSKY PIPE MILL AND URALTRUBOSTAL REMAINED UNCHANGED DURING LAST MONTHS. AT THE SAME TIME EXPORT SEAMLESS PIPE RATES OF UKRAINIAN PRODUCERS DROPPED LITTLE - BY \$ 10-30 PER TON. MARKET PARTICIPANTS THINK THAT THIS TENDENCY MAY CONTINUE TILL AUGUST-SEPTEMBER 2012 IN CONNECTION WITH SEASONAL REDUCTION OF CONSUMING ACTIVITY ON THE KEY TRADE AREAS. IN THE JUDGEMENT OF THE MAJORITY OF EXPERTS OF THE STEEL MARKET, THE SITUATION WILL BE UNEASY: PROFITABILITY AND DEMAND WILL GO DOWN, AND COMPETITION WITH CHINESE IMPORT WILL BE SERIOUS. TILL THE END OF 2012 PRODUCTION OUTPUT IS SUPPOSED TO DROP.

THAT IS WHY FORECAST OF THE PLANT'S ACTIVITY IN THESE CONDITIONS TAKING INTO CONSIDERATION THE RESULTS OF THE ANALYSIS OF CONSTANTLY CHANGING MACROECONOMIC CONDITIONS HAS BECOME OUR FIRST PRIORITY SO AS TO READJUST THE PRODUCTION IN THE DIRECTIONS DEMANDED BY THE MARKET.

ALL EFFORTS OF OUR MANAGERS AND SPECIALISTS WERE AIMED AT OPTIMIZATION OF THE CURRENT AND OPERATIONAL COSTS AND IT WAS NOT JUST A REACTION TO THE ENVIRONMENT BUT A CONTINUED CORPORATE STRATEGY OF THE LAST YEARS.

IN SPITE OF THE DIFFICULTIES, 2011 WAS A SUCCESSFUL YEAR FOR BSW AND ITS GENERAL RESULTS CAN BE FOR SURE CONSIDERED EXCELLENT.

UNICREDIT BANK, OUR AUSTRIAN PARTNER, INCREASED THE AMOUNT OF ITS CREDIT LINE. IT GREW ALMOST BY ONE THIRD AND IT WAS AGAINST THE BACKGROUND OF THE ECONOMIC SITUATION IN THE COUNTRY WHEN AMOUNTS OF LOANS OF WORLD BANKS TO OTHER NATIONAL ENTERPRISES WERE CONSIDERABLY REDUCED. TIME HAS PROVEN OUR PLANT TO BE A RELIABLE PARTNER AND BSW TRADEMARK IS THE BEST RELIABILITY ASSURANCE FOR UNICREDIT BANK.

WE ACHIEVED A BREAKTHROUGH IN SCRAP PROCESSING AND RAW MATERIAL TRANSPORTATION: PRODUCTION MOTOR TRANSPORT STOCK INCREASED BY 4 BELAZES AND 5 MANIPULATORS TO ALLOW US TO REDUCE THE TIME OF SCRAP UNLOADING. IT IS NECESSARY TO MENTION THE WORK WITH THE ROLLING STOCK. IN APRIL AN AGREEMENT WAS SIGNED WITH OJSC "PSKOVTVORMET" ACCORDING TO WHICH OUR SUPPLIER PURCHASED MORE THAN 500 OPEN-TOP WAGONS FOR BSW GOODS TRANSPORTATION. CONSIST OF TORGOVYI DOM OF BSW (ST. PETERSBURG) INCREASED BY 500 PIECES AND 200 OF THEM WILL BE SUPPLIED TO BSW IN JANUARY 2012.



CREATION OF A GROUP OF TRAFFIC LOGISTICS WAS AN IMPORTANT STEP IN ORGANIZATION OF WORK. IT HELPED US TO ADJUST COOPERATION WITH THE OWNERS OF THE ROLLING STOCK AND THE RAIL WAY ADMINISTRATION AND ARRANGE LOGISTICS CHAINS OF DELIVERY OF RAW MATERIALS TO **BSW** AND SHIPMENT OF EXPORTED PRODUCTS WITHIN A SHORT PERIOD OF TIME.

BASED ON THE RESULTS OF 2011 THE STAFF OF ROLLING MILL 320 STRENGTHENED ITS POSITIONS AND PROVED THAT THE LEVEL OF 1 MLN TONS OF ROLLED PRODUCTS IS NOT A RECORD BUT A NORM. AUGUST BECAME THE BEST MONTH OF THE YEAR FOR IT: OVER 95 THOUSAND TONS OF ROLLED MATERIAL WERE MANUFACTURED. PIPE MILL HAS CONSIDERABLY INCREASED ITS PRODUCTION AS WELL: IN 2011 IT PRODUCED ALMOST 120 THOUSAND TONS OF PRODUCTS. MARCH, MAY, AND OCTOBER WERE THE MONTHS WHEN STEELMAKERS DEMONSTRATED VERY HIGH RESULTS. THE SHOPS PRODUCING STEEL CORD ACHIEVED A RECORD PRODUCTION (ALMOST 9 THOUSAND THONS) IN MARCH. AS FOR STEEL WIRE AND FIBER PRODUCTION, THE PLANT SHOWED ITS BEST RESULTS IN SEPTEMBER WHEN IT MANUFACTURED 21 THOUSAND TONS.

THE ANALYSIS SHOWED THAT THE MAIN CONDITION FOR RETAINING THE PRODUCTION OUTPUT ACHIEVED AND ITS FURTHER GROWTH IN THE CONDITIONS OF A SEVERE COMPETITION ON THE GLOBAL MARKET IS A MORE ACTIVE IMPLEMENTATION OF MEASURES AIMED AT THE INCREASE OF THE TECHNICAL LEVEL OF PRODUCTION AND QUALITY OF THE PRODUCTS MANUFACTURED AND EXPORTED. THE LAST SHOULD ENSURE GROWTH OF EFFICIENCY OF THE USE OF MATERIAL, FUEL AND HUMAN RESOURCES WHICH IS VERY ACTUAL FOR THE NATIONAL METALLURGY.

INITIAL CAPACITY OF THE STEEL MAKING PRODUCTION WAS 700 THOUSAND TONS AND 2,6 MLN TONS PRODUCED IN 2011 ARE CONSIDERED AS AN EXTREME LIMIT. BUT IT IS NOT SO: THE PLANT IS CONSTANTLY DEVELOPING AND IN 2016 **BSW** SHOULD REACH 3 MLN TON PRODUCTION. FOR THAT WE PLANNED TO IMPLEMENT A NUMBER OF IMPORTANT INVESTMENT PROJECTS. FIRST OF ALL WE HAVE TO CREATE AN INFRASTRUCTURE REQUIRED FOR THE PRODUCTION GROWTH: TO BUILD THE THIRD LIME KILN WITH A DAILY OUTPUT OF 400 TONS. THE CONSTRUCTION IS PLANNED TO BE COMPLETED IN 2013. A SCRAP YARD CAPACITY DEVELOPMENT PLAN WAS WORKED OUT AND APPROVED. ITS FIRST STAGE INCLUDING BUILDING OF ADDITIONAL PLACES FOR LOADING OF CHARGING BUCKETS WILL BE IMPLEMENTED IN 2012.

IT IS NECESSARY TO POINT OUT THE FORTHCOMING INTENSIFICATION OF STEEL MELTING IN **EAf1**. INTRODUCTION OF OXYGEN METHODS WILL IMPROVE POWER EFFICIENCY AND MATERIAL CAPACITY OF MELTING AND ALLOW US TO PRODUCE ADDITIONAL 12 THOUSAND



TONS PER MONTH. IF ALL WORK REQUIRED WILL BE CARRIED OUT IN DUE TIME, THEN BY THE END OF 2013 **BSW** WILL INCREASE THE AMOUNT OF MOLTEN STEEL PRODUCED.

AT THE SAME TIME ONE MORE PROJECT IS BEING IMPLEMENTED: MODERNIZATION OF DEDUSTING UNIT No.1 AND No. 3. WE HAVE NO RIGHT TO INCREASE THE OUTPUT OF STEEL MELTING PRODUCTION WITHOUT IMPLEMENTATION OF THIS PROJECT.

**BSW** DEVELOPMENT PLAN FOR THE PERIOD TILL 2016 INCLUDES A NUMBER OF PROJECTS DIRECTED TOWARDS GROWTH OF THE FINISHED PRODUCT OUTPUT. THEY INCLUDE BUILDING OF A NEW SECONDARY METALLURGY DEPARTMENT, INCREASE OF THE CAPACITY OF **CCM** No.2 (UP TO 1,2 MLN TPY), CONSTRUCTION OF A NEW BAR MILL AND THE THIRD PIPE FINISHING LINE. AT THE SAME TIME, WE WILL WORK ON COMMISSIONING OF NEW PRODUCTIONS: WE PLANT TO ESTABLISH A JOINT-VENTURE TO PROVIDE **BSW** WITH THE REQUIRED AMOUNT OF TECHNICAL GASES; ORGANIZE OUTPUT OF HOT-ROLLED **OCTG** SEAMLESS PIPES AGAINST **API 5CT** STANDARD AND THUS INCREASE SALES PROCEEDS OF THE PIPE MILL BY **USD 40 866,7** THOUSAND.

THE ABOVE AND OTHER PROJECs OF NO LESS IMPORTANCE ARE TO BE IMPLEMENTED BY THE TEAM OF **BYELORUSSIAN STEEL WORKS** WITHIN THE NEAREST FIVE YEARS, SO IT IS TOO EARLY TO SAY ABOUT THE LIMIT OF **BSW** PRODUCTION GROWTH.

THE PLANT SUPPORTS THE PRINCIPLES OF SOCIAL RESPONSIBILITY AND CONTINUES TO SOLVE SOCIAL ISSUES WITHOUT REDUCTION OF ITS BUSINESS ACTIVITY AND TAKING INTO CONSIDERATION THE POSSIBILITIES AVAILABLE.

IMPLEMENTATION OF OXYGEN TECHNOLOGIES WILL ALLOW IMPROVE ENERGY EFFICIENCY AND MATERIALS CONSUMPTION OF STEEL-MELTING PROCESS.

## PARTICIPATION OF THE SCIENTIFIC POTENTIAL OF THE REPUBLIC IN THE DEVELOPMENT OF THE METALLURGICAL FACILITY

STEEL MAKING IS ONE OF THE KEY PRODUCTION LINKS OF ANY STATE WITH A DEVELOPED INDUSTRY. THIS BRANCH PLAYS AN IMPORTANT ROLE IN THE DEVELOPMENT OF THE NATIONAL ECONOMY OF THE REPUBLIC OF BELARUS IN WHOLE. WITHIN A RATHER SHORT PERIOD OF TIME BYELORUSSIAN STEEL WORKS – ONE OF THE LARGEST ADVANCED METALLURGICAL ENTERPRISE WAS ESTABLISHED IN OUR REPUBLIC AND TOOK THE LEADING POSITION IN THE INDUSTRIAL COMPLEX AND ECONOMY OF THE BELARUS AND BECAME THE LARGEST SUPPLIER OF SCIENCE-INTENSIVE AND COMPETITIVE STEEL PRODUCTS OF HIGH QUALITY: WIRE ROD, REINFORCING BARS, TIRE CORD, ETC. PRODUCED ON THE BASIS OF POWER-SAVING, ADVANCED AND INNOVATIVE PRODUCTION PROCESSES IN CONFORMITY WITH THE GLOBAL CRITERIA OF TECHNICAL NOVELTY. STEEL PRODUCTION ARE TO A CERTAIN DEGREE AVAILABLE PRACTICALLY IN ALL LARGE INDUSTRIAL ENTERPRISES OF BELARUS: OJSC “MINSK AUTOMOTIVE PLANT”, OJSC “BELARUSIAN AUTOMOTIVE PLANT», PA “MINSK TRACTOR PLANT”, OJSC “MINSK HEATING FACILITIES PLANT”, OJSC “GOMEL “TSENTROLIT” FOUNDRY”, OJSC “MOGILYOV METALLURGICAL PLANT” WHICH USE STEEL MAKING, CASTING, POWDER AND ALLIED PRODUCTION TECHNOLOGY ON A SMALL OR A LARGE SCALE. IN GENERAL, BELARUSIAN ENTERPRISES HAVE OVER 300 SHOPS AND DEPARTMENTS OF CASTING, METALLURGICAL AND HEAT-TREATMENT PRODUCTIONS. STRATEGY OF FURTHER DEVELOPMENT OF TECHNOLOGICAL PROCESSES OF STEEL MAKING, CASTING, ROLLING AND HEAT-TREATMENT PRODUCTION DEMANDS THE NECESSITY OF OBTAINING OF QUALITY STEEL GRADES AND ALLOYS AND CREATION OF SCIENCE-INTENSIVE STEEL PRODUCTS ON THIS BASIS. IT INCLUDES DESIGN, TECHNICAL REVAMPING AND MODERNIZATION OF CASTING, METALLURGICAL AND HEAT-TREATMENT EQUIPMENT: STEEL MELTING FURNACES, SECONDARY METALLURGY UNITS, CONTINUOUS CASTING MACHINES, ROLLING MILLS, HEATING AND HEAT-TREATMENT FURNACES, DRAWING AND OTHER EQUIPMENT. POWER-EFFECTIVE METHODS ARE REQUIRED.

SO AS TO SOLVE THESE MATTERS, IN 2005 A STATE PROGRAMME OF APPLIED SCIENTIFIC RESEARCHES NAMED “CREATION OF HIGHLY EFFICIENT TECHNOLOGICAL PROCESSES AND EQUIPMENT FOR THE DEVELOPMENT OF THE METALLURGICAL COMPLEX OF THE REPUBLIC OF BELARUS” WAS WORKED OUT. THE PROGRAMME WAS APPROVED BY THE DECISION OF THE COUNCIL OF MINISTERS OF THE REPUBLIC OF BELARUS, AND THE DECISION OF THE PRESIDUM OF NATIONAL ACADEMY OF SCIENCE OF BELARUS. AIM OF THE PROGRAMME IS TO IMPROVE QUALITY, COMPETITIVENESS AND EXPORT POTENTIAL OF THE STEEL INDUSTRY THROUGH IMPROVEMENT OF THE EXISTING AND DEVELOPMENT OF NEW TECHNOLOGICAL PROCESSES OF CASTING AND METALLURGY INCLUDING POWDER METALLURGY AND ATTRACTING SCIENTIFIC POTENTIAL OF THE COUNTRY. HENCE, THE KEY TASKS OF THE PROGRAMME CONCERNING BSW CONSISTED IN:

- DEVELOPMENT OF TECHNOLOGIES AND EQUIPMENT FOR CASTING TO PRODUCE QUALITY INGOTS AND BILLETS OF SPECIAL CAST IRON, STEELS AND ALLOYS;
- ESTABLISHMENT OF POWER- AND RESOURCE- SAVING PROCESSES AND METHODS IN STEEL MAKING, POWDER METALLURGY TO DECREASE FUEL CONSUMPTION AND SCALE FORMATION;
- DEVELOPMENT OF METHODS OF METAL FORMING AND HEAT-TREATMENT, PRINCIPLES OF DESIGNING OF UP-T-DATE HEATING EQUIPMENT AND PROPOSALS FOR REDUCTION OF POWER CONSUMPTION AND PAYBACK PERIOD.

SO AS TO CONSOLIDATE ITS POSITION ON THE MARKET AND WITHSTAND A STRONG COMPETITION, IT IS NOT ENOUGH FOR AN INDUSTRIAL ENTERPRISE TO HAVE GOOD PRODUCTION OUTPUT FIGURES. ITS IS NECESSARY TO PRODUCE GOODS CHARACTERIZED BY HIGH QUALITY AND OPTIMAL PRIME COST BESIDES, ONE SHALL NOT FORGET ABOUT POSITIVE FULFILLMENT OF THE REQUESTS OF CUSTOMERS AND FILLING OF YET FREE MARKET NICHES WITH NEW TYPES OF PRODUCTS. ACHIEVEMENT OF ALL COMPONENTS OF SUCCESS IS SIMPLY NOT POSSIBLE WITHOUT SCIENTIFIC AND RESEARCH SUPPORT.

SCIENTIFIC ACTIVITY CARRIED OUT AT THE PLANT IS MAINLY CONCENTRATED AROUND THE RESEARCH CENTRE. IT CONSISTS OF 4 LABORATORIES: STEEL MELTING, ROLLING, STEEL CORD AND WIRE AND RESEARCH LABORATORY PROVIDING THE WORK PERFORMED WITH METALLOGRAPHIC TESTS. BSW RESEARCH CENTRE ACTIVITY CAN BE DIVIDED IN 4 IMPORTANT DIRECTIONS: APPROVAL OF NEW MATERIALS AND PRODUCTS; MASTERING OF NEW TYPES OF PRODUCTS, WORK WITH SCIENTIFIC AND EDUCATIONAL ESTABLISHMENTS, AND IMPROVEMENT OF THE EXISTING PRODUCTION METHODS.

IN 2011 THE RESEARCH CENTRE TESTED 65 TYPES OF RAW MATERIALS AND AUXILIARY MATERIALS. THIS APPROACH ALLOWS US TO CHOOSE SUPPLIERS WHICH OFFERS MEET THE REQUIREMENTS OF THE TECHNOLOGY USED AT MOST. THANKS TO THE WORK DONE BY THE RESEARCH CENTRE BSW DEVELOPED AND MASTERED THE TECHNOLOGY OF AUTOMOTIVE STEEL PRODUCTION. IT ALLOWED THE ENTERPRISE TO ACCESS NEW PROMISING MARKETS: THE PRODUCT HAS ALREADY BEEN APPROVED AND IS SHIPPED TO HAMMERWERK FRIDINGEN (GERMANY) DELIVERING ITS COMPONENT PARTS TO VOLKSWAGEN PLANTS.

A GOOD EXAMPLE OF COOPERATION WITH SCIENTIFIC AND RESEARCH ESTABLISHMENTS OF OUR COUNTRY IS THE WORK BEING CARRIED OUT BY BSW SPECIALISTS TOGETHER WITH THE DEPARTMENT OF MATERIAL SCIENCE IN ENGINEERING OF BNTU. THUS, WITHIN THE PROGRAMME OF IMPORT REPLACEMENT OJSC “LEGMAH” ORGANIZED THE PRODUCTION OF PIERCING PLUGS TO BE USED TO PIERCE BILLETS IN PIPE PRODUCTION.



SO AS TO PRODUCE PLUGS WITH HIGH CAPABILITY THE PLANT RESEARCH CENTRE AND BNTU WERE INVOLVED IN THE IMPROVEMENT OF THEIR PRODUCTION TECHNOLOGY. BASED ON THE RESULTS OF THE INVESTIGATIONS UNIVERSITY SPECIALISTS SUGGESTED A NUMBER OF TECHNICAL SOLUTIONS TO IMPROVE THE QUALITY AND OPERATIONAL CHARACTERISTICS OF THE PLUGS PRODUCED. ON THE BASIS OF THEIR RECOMMENDATIONS OPTIMAL STEEL GRADES AND PRODUCTION TECHNOLOGY TO ENSURE THE REQUIRED DURABILITY WERE CHOSEN. IN 2011 PROMISING RESULTS WERE ACHIEVED IN ONE OF THE DIRECTIONS: THE REQUIRED CHARACTERISTICS WERE OBTAINED AND PRODUCTION TIME WAS REDUCED. IF THIS WORK IS SUCCESSFULLY COMPLETED, SELF COST OF THE PIPE PIERCING PROCESS WILL BE CONSIDERABLY REDUCED.

ACTIVE WORK IS CARRIED OUT IN STEEL MELTING TO IMPROVE DURABILITY OF REFRACTORY MATERIALS AND ARTICLES. EVERY YEAR WE SPEND ABOUT USD 40 MILLION TO PURCHASE THESE GOODS. THAT IS WHY OUR LONG-TERM TASK IS INCREASE OF DURABILITY OF THE ELECTRIC-ARC FURNACE LINING FROM 400 TO 1000 HEATS.

RUE BMZ CLEARLY REALIZES THE IMPORTANCE OF THE INNOVATIVE ACTIVITY BEING THE MAIN INSTRUMENT OF THE TECHNOLOGICAL DEVELOPMENT AND ALWAYS PAYS UNDIVERTED ATTENTION TO IT. 8 CANDIDATES OF SCIENCE, 15 UNDERGRADUATES, 25 BACHELORS WORK AT THE PLANT. THE PLANT HAS ESTABLISHED GOOD PARTNERSHIP RELATIONS WITH BELARUSIAN NATIONAL TECHNICAL UNIVERSITY, GOMEL STATE TECHNICAL UNIVERSITY NAMED AFTER P.O. SUKHOI, PHYSICOTECHNOLOGICAL INSTITUTE OF THE NAS OF BELARUS, SUBDIVISIONS NAS OF BELARUS. A PROJECT OF ESTABLISHMENT OF OUR OWN PIPE SCHOOL AIMED AT DEVELOPING AND STRENGTHENING OF A NEW FOR THE REPUBLIC OF BELARUS INDUSTRY – PRODUCTION OF HOT-ROLLED SEAMLESS PIPES – IS AT THE STAGE OF IMPLEMENTATION..

BASED ON THE ANALYSIS OF CERTAIN EXAMPLES ONE MAY CONCLUDE THAT LEADING POSITIONS MAY BE PROVIDED ONLY BY ADVANCED EQUIPMENT AND TECHNOLOGY IN CONJUNCTION WITH PROGRESSIVE IDEAS AND DEVELOPMENTS. BELARUSIAN METALLURGICAL SCHOOL SHOULD DEVELOP BECAUSE OUR FUTURE BELONGS TO IT.



Leading positions can be ensured only due to utilization of state-of-the-art equipment and modern techniques along with advanced ideas and developments.

## STEEL MAKING OF BELARUS

«THERE ARE NOT SO MANY COMPANIES IN THE WORLD AND MOREOVER IN EUROPE WHICH PRODUCE SUCH A VAST RANGE OF STEEL AS BYELORUSSIAN STEEL WORKS. THAT IS WHY FOR US, EQUIPMENT PRODUCERS, PARTNERSHIP WITH BSW IS VERY IMPORTANT».

**Renato Pezzano,  
Danieli Vice-president for  
work with key customers**



**T**HE STEEL MAKING COMPLEX INCLUDES 8 ENTERPRISES THE KEY PRODUCTS OF WHICH ARE CERTIFIED IN MANY COUNTRIES OF THE WORLD AND PRODUCED IN ACCORDANCE WITH INTERNATIONAL STANDARDS. ENTERPRISES OF THE BRANCH PRODUCE STEEL WELDING ROUND AND SHAPED PIPES, STEEL BILLET, ROLLED SECTIONS, DIFFERENT TYPES OF WIRE, STEEL CORD, BOLTS, SCREWS, NUTS, NAILS, MOLDING MATERIALS, HEATING EQUIPMENT.

OJSC "BSW" IS THE LARGEST ENTERPRISE NOT ONLY IN BELARUS BUT IN EUROPE AS WELL AND IS A HEAD METALLURGICAL ENTERPRISE OF THE REPUBLIC. IT HAS BEEN AMONG THE REPUTABLE STEEL PRODUCERS FOR TWO DECADES. DESIGN, ERECTION AND EQUIPPING OF THE PLANT WITH THE ADVANCED EQUIPMENT AND STATE-OF-THE-ART TECHNOLOGY WITH SUBSEQUENT COMMISSIONING OF THE PRODUCTION FACILITIES IN THE GUARANTEE OPERATION PERIOD WAS CARRIED OUT UNDER THE CONTRACT WITH EUROPEAN COMPANIES ON A TURN-KEY BASIS. ADVANCED WORLD EXPERIENCE AND STATE-OF-THE-ART TECHNOLOGIES ATTRACTED FOR THE ERECTION AND FURTHER OPERATION OF THE PLANT ALLOWED CREATION OF A UNIQUE INDUSTRIAL FACILITY IN THE REPUBLIC OF BELARUS.

## AIMS AND TASKS OF THE REFORMATION OF THE BRANCH

**M**AIN FORCES OF FERROUS METALLURGY ARE REORIENTED FROM THE GROWTH OF VOLUME OF METALLURGICAL RAW MATERIALS PROCESSING TO THE EXPANSION OF THE DEPTH OF THEIR PROCESSING AND IMPROVEMENT OF THE TECHNOLOGICAL EFFECTIVENESS (IMPROVEMENT OF PRODUCT QUALITY AND MASTERING OF NEW TYPES OF PRODUCTS). IN THE NEAREST FIVE YEARS THE FIRST PRIORITY DIRECTIONS OF THE DEVELOPMENT WILL BE: INCREASE OF PRODUCTION OF HIGHLY TECHNOLOGICAL PRODUCTS WITH A LARGE DEGREE OF PROCESSING, IMPROVEMENT OF THE STRUCTURE OF MANUFACTURING AND SELLING OF QUALITY STEEL GRADES, ROLLED MATERIALS, HARDWARE PRODUCTS, DEVELOPMENT OF POWER-SAVING METHODS, MODERNIZATION OF PRODUCTION, AS WELL AS ERECTION AND COMMISSIONING OF NEW PRODUCTION FACILITIES.

METALLURGY IS ONE OF BASIC BRANCHES OF INDUSTRY OF THE REPUBLIC OF BELARUS AND THE LEVEL OF ITS DEVELOPMENT SHOULD CORRESPOND TO THE STRATEGIC TASKS OF PROVIDING BELARUSIAN ECONOMY WITH QUALITY PRODUCTS AND STABLE POSITION ON THE EXTERNAL MARKETS.

MAIN TASKS TO BE SOLVED BY ANY STEEL MAKING ENTERPRISE ARE:

- MARKET-ADEQUATE GROWTH OF PRODUCTION;
- STRENGTHENING OF THE POSITION ON THE EXISTING MARKETING OUTLETS AND NEW MARKET PENETRATION;
- HIGH VALUE-ADDED PRODUCT SALE INCREASE.

CONSEQUENTLY, THE WORKED OUT STRATEGY OF THE BRANCH DEVELOPMENT SHOULD STRENGTHEN THE EXISTING COMPETITIVE ADVANTAGES AND CREATE NEW ONES.





IT IS NECESSARY TO CONSIDER THE FOLLOWING MAIN DIRECTIONS OF FURTHER DEVELOPMENT OF THE METALLURGICAL BRANCH OF THE REPUBLIC:

- FURTHER DEVELOPMENT OF THE EXISTING ROLLED SECTION PRODUCTION AT RUE “BMZ” AND A COMPLETE REFUSAL FROM PRODUCTION AND SELLING OF SUCH TYPE OF PRODUCT AS MARKETABLE SEMI-FINISHED PRODUCTS (CAST BILLET AND BLOOM) WHICH CONSTITUTE 25% IN THE EXISTING SHIPMENT STRUCTURE OF RUE “BMZ” IN THE MEDIUM-TERM PERSPECTIVE;
- EXPANSION OF THE PIPE MILL BY ORGANIZING A FINISHING LINE FOR OCTG PIPES AT RUE “BMZ”;
- ERECTION AND DEVELOPMENT OF A NEW INDEPENDENT SHEET PRODUCTION FACILITY;
- SOLVING A PROBLEM OF PROVIDING THE STEEL INDUSTRY OF THE REPUBLIC WITH RAW MATERIALS.

## DEVELOPMENT STRATEGY

**S**O FAR THE STRATEGY OF STEEL PLANTS DEVELOPMENT WAS FOCUSED ON INCREASING VOLUMES OF STEEL MELTING. BUT HIGH RATE OF THE CHINESE METALLURGY DEVELOPMENT, GROWTH OF COMPETITION ON ALL TRADITIONAL EXPORT MARKETS LEAD TO HIGH RISKS RELATED TO THIS EXTENSIVE WAY OF DEVELOPMENT.

MAIN TASK OF RUE “BMZ” DEVELOPMENT PROGRAM FOR 2011-2015 IS ARRANGEMENT OF TECHNICAL AND TECHNOLOGICAL MEASURES TO REMOVE THE IMBALANCE OF THE PRODUCTION CAPACITIES AND CREATION OF CONDITIONS FOR STEEL MELTING AND CASTING GROWTH TO THE LEVEL OF 3 MILLION TONS PER YEAR (AT PRESENT IT IS 2,6 MLN T). BESIDES, THE MAIN TASK OF MASTERING NEW CAPACITIES IS COMPLETE PROCESSING OF CAST BILLET INTO A FINISHED MARKETABLE



“WE KNOW THE MANAGERS OF THE PLANT VERY WELL: THEY ARE TRUSTWORTHY AND RELIABLE PEOPLE. YOU WORKED OUT INVESTMENT PROJECTS. BSW ASPIRES TO PRODUCE MORE AND WE HOPE THAT WE CAN ASSIST YOU WITH THIS”.

**RUDOLPH KIRCHMEIER,**  
DIRECTOR OF FIS FINANCE & INVESTMENT SERVICES GMBH

PRODUCT WITH A HIGH ADDED VALUE, CREATION OF NEW FACILITIES TO ALLOW EVENTUAL REDUCTION OF THE FINISHED PRODUCT PRIME COST. SO AS TO FULFIL THE TASKS SET FORTH, MODERNIZATION OF THE EXISTING MAIN AND AUXILIARY PRODUCTION FACILITIES IS FORESEEN, AS WELL AS BUILDING AND PUTTING INTO OPERATION OF A NUMBER OF NEW FACILITIES.

ON THE BASIS OF THE TARGET MENTIONED, THE PLANT DETERMINED THE FOLLOWING DIRECTION OF DEVELOPMENT:

- INCREASE OF THE TECHNICAL AND ECONOMIC LEVEL OF PRODUCTION DUE TO RECONSTRUCTION, MODERNIZATION, AND ERECTION OF NEW FACILITIES;
- EXPANSION OF HIGH ADDED-VALUE PRODUCTS MANUFACTURING;
- IMPROVEMENT OF EXPORT DELIVERIES STRUCTURE IN THE DIRECTION OF INCREASING THE PORTION OF DOWNSTREAM PRODUCTS, DEVELOPMENT OF IMPORT-REPLACING PRODUCTION;
- FURTHER DECREASE OF THE SPECIFIC CONSUMPTION OF RAW MATERIALS, FUEL, POWER, AND HUMAN RESOURCES FOR STEEL MANUFACTURING;
- IMPROVEMENT OF THE ENVIRONMENTAL CHARACTERISTICS OF THE EXISTING PRODUCTION (INTRODUCTION OF ENVIRONMENTALLY SAFE METHODS, DECREASE »

**METALLURGY  
IS ONE OF THE BASIC  
BRANCHES  
OF INDUSTRY  
IN THE REPUBLIC  
OF BELARUS**



## STEEL MAKING OF BELARUS

- » OF WASTE YIELD AND SPECIFIC EMISSION OF HARMFUL SUBSTANCES IN THE AIR AND WATER BASIN, GROWTH OF THE VOLUMES AND EFFECTIVENESS OF INDUSTRIAL WASTE PROCESSING);
- IMPROVEMENT OF THE STANDARD OF LIVING OF THE PERSONNEL.
- PREREQUISITES REQUIRED FOR THE FULFILLMENT OF THE CHOSEN STRATEGY:
- PROVISION WITH RAW MATERIAL RESOURCES. AVAILABILITY OF RAW MATERIAL SOURCES IS A POWERFUL LEVER OF PRODUCT PRIME COST CONTROL;
  - UNIFIED STEEL PRODUCTS MARKETABLE ON EXPORT MARKETS WHICH IS THE BASIS OF THE PRODUCTION PROGRAM;
  - GROWING COMPETITION AND INCREASING COSTS DEMAND THE NECESSITY OF A FAST INTRODUCTION OF RESOURCE- SAVING AND POWER- SAVING METHODS AND EQUIPMENT, OPTIMIZATION OF THE COST COMPOSITION (REDUCTION OF RAW MATERIAL AND POWER EXPENSES, GROWTH OF THE AMORTIZED DEDUCTIONS). ALTERNATIVE: GRADUAL LOSS OF COMPETITIVENESS ON THE EXTERNAL AND CONSEQUENTLY ON THE INTERNAL MARKET;
  - EFFICIENT MANAGEMENT;
  - STABLE ECONOMIC POSITION OF THE ENTERPRISES ALLOWING TO INCREASE THE LEVEL OF BORROWINGS FOR TROUBLE-FREE IMPLEMENTATION OF LARGE-SCALE PROJECTS.

«IN 2012 BSW PLANS TO START THE ERECTION OF A NUMBER OF OBJECTS, AND OUR BANK IS GOING TO ASSIST THE ENTERPRISE IN THEIR IMPLEMENTATION».

**Rudolph Kirchmeier,**  
Director of FIS  
Finance&Investment  
ServiesGesmbh



ANALYSIS OF THE EXISTING SITUATION AND PROSPECTS OF DEVELOPMENT OF THE NATIONAL STEEL INDUSTRY MAKE IT POSSIBLE TO FOCUS ON THE FOLLOWING THREE PROBLEMS:

1. IN THE NEAR-TERM OUTLOOK: RETENTION OF EXPORT MARKETS AND DOMINANCE ON THE DOMESTIC MARKET, RETENTION OF A RATHER HIGH LEVEL OF PROFITABILITY OF THE METALLURGICAL INDUSTRY. OUR AIM IS: RETENTION AND GRADUAL GROWTH OF THE PRODUCTION VOLUME ON THE EXISTING BASIS, GRADUAL INCREASE OF DELIVERIES TO THE DOMESTIC MARKET IN COMPLIANCE WITH THE GROWTH OF CONSUMPTION, SUCCESSFUL COMPETITION WITH CIS PRODUCERS, FURTHER MODERNIZATION OF EQUIPMENT

2. IN THE MEDIUM-TERM OUTLOOK: GROWTH OF STEEL YIELD, ERECTION OF NEW PRODUCTION FACILITIES AND MASTERING OF NEW PRODUCTIONS.

3. IN THE LONG-TERM OUTLOOK: SOLVING OF RAW MATERIAL PROBLEMS, DEVELOPMENT OF IRON ORE DEPOSITS, PRODUCTION OF SPONGE IRON WITH THE USE OF ECOLOGICALLY CLEAN TECHNOLOGIES OF THE DIRECT REDUCTION OF IRON.

REALIZATION OF THE STRATEGY WILL HELP TO FULFIL THE TASKS DETERMINED BY THE PROGRAM OF DEVELOPMENT OF THE INDUSTRIAL COMPLEX OF THE REPUBLIC OF BELARUS FOR 1998–2015 AND THE NATIONAL STRATEGY OF STABLE SOCIAL AND ECONOMIC DEVELOPMENT OF THE REPUBLIC OF BELARUS FOR THE PERIOD TILL 2020 WHERE PROVISION OF A STEADY HIGH GROWTH RATE ON THE BASIS OF MODERNIZATION, IMPROVEMENT OF THE SECTOR AND TECHNOLOGICAL STRUCTURE OF PRODUCTION AND IMPROVEMENT OF THE COMPETITIVENESS OF THE MANUFACTURED PRODUCTS WERE DETERMINED AS THE MAIN AIM OF ITS DEVELOPMENT. ADVANCE DEVELOPMENT OF SCIENCE-INTENSIVE EXPORT-ORIENTED PRODUCTIONS IS FORESEEN WITH THE STATE SUPPORT OF THE ENTERPRISES WHICH ARE VERY IMPORTANT FOR THE STATE AND STRENGTHENING OF RESPONSIBILITY FOR THEIR EFFICIENT USE.

AS FOR FERROUS METALLURGY, ITS MAIN ATTEMPTS WILL BE REORIENTED FROM THE INCREASE OF VOLUMES OF METALLURGICAL RAW MATERIALS PROCESSING TO THE INCREASE OF THE DEPTH OF ITS PROCESSING AND INCREASE OF THE TECHNOLOGICAL EFFECTIVENESS OF PRODUCTION (IMPROVEMENT OF PRODUCT QUALITY AND MASTERING OF NEW TYPES OF PRODUCTS). IN THE NEAREST FIVE YEARS FIRST-PRIORITY DIRECTIONS OF DEVELOPMENT WILL BE GROWTH OF PRODUCTION OF HIGH-TECHNOLOGICAL DOWNSTREAM PRODUCTS, IMPROVEMENT OF THE STRUCTURE OF PRODUCTION AND SELLING OF QUALITY STEEL GRADES, ROLLED MATERIAL, HARDWARE PRODUCTS, DEVELOPMENT OF POWER- SAVING METHODS, PRODUCTION MODERNIZATION, AND ERECTION AND COMMISSIONING OF NEW PRODUCTION FACILITIES.



## CHARACTERISTICS OF KEY IMPACTS, RISKS AND OPPORTUNITIES

### DATES AND EVENTS

#### OF SUSTAINABLE DEVELOPMENT

**MARCH 19, 1982** – SIGNING OF THE PLANT DEVELOPMENT CONTRACT.

**OCTOBER 15, 1984** – START OF THE OPERATION OF THE PRODUCTION FACILITIES OF THE MELT SHOP AND MELTING AND CASTING OF THE FIRST HEAT

**NOVEMBER 4, 1984** – START OF THE OPERATION OF THE PRODUCTION FACILITIES OF THE ROLLING MILL AND ROLLING OF THE FIRST LOT OF ROLLED SECTION IN MILL 320/150.

**NOVEMBER 21, 1987** – START OF THE OPERATION OF:

- THE SECONDARY METALLURGY FACILITIES (LADLE-FURNACE, LADLE AND CIRCULATION DEGASSERS) AND CCM No.3 AT THE MELT SHOP;
- LARGE-SECTION ROLLING MILL 850 OF THE ROLLING PLANT;
- PRODUCTION FACILITIES OF WIRE SHOP No. 1 AND PRODUCTION OF THE FIRST LOT OF BELARUSIAN TIRE CORD.

**NOVEMBER 5, 1990** – COMMISSIONING OF EAF-3.

**MARCH 1, 1991** – START OF OPERATION OF THE PRODUCTION FACILITIES OF WIRE SHOP No.2, LIME KILN No.2, EAF-3 AND LADLE DEGASSER AT THE MELT SHOP.

**AUGUST 1, 1996** – OPENING OF THE METALLURGICAL TECHNICAL SCHOOL.

**SEPTEMBER 15, 2000** – COMMISSIONING OF A NEW COMPLEX OF WIRE MILL 150 IN THE PRESENCE OF THE PRESIDENT OF THE REPUBLIC OF BELARUS A. G. LUKASHENKO.

**NOVEMBER 30, 2000** – START OF OPERATION OF THE PRODUCTION FACILITIES OF WIRE SHOP No.3.

**MAY 19, 2002** – START OF OPERATION OF THE PRODUCTION FACILITIES OF THE 2ND STAGE OF THE OXYGEN STATION.

**MAY 24, 2005** – BEGINNING OF ERECTION OF THE PIPE FACILITY.

**FEBRUARY 24, 2006** – COMMISSIONING OF A NEW BRASS-PLATING LINE No. 6 AFTER MODERNIZATION AT WIRE SHOP No.2.

**OCTOBER 2006** – REALIZATION OF THE «DNEPR» PROJECT: INSTALLATION OF NEW SIX-BLOCK AND TEN-BLOCK DRAWING MACHINES AT WIRE SHOP No. 3.

**DECEMBER 28, 2006** – COMMISSIONING OF A NEW BEAD WIRE BRONZING LINE No.2 AT WIRE SHOP No. 1.

**DECEMBER 30, 2006** – COMMISSIONING OF A NEW

ION-EXCHANGE PLANT AT WIRE SHOP No.1.

**JULY 13, 2007** – COMMISSIONING OF THE PIPE MILL IN THE PRESENCE OF THE PRESIDENT OF THE REPUBLIC OF BELARUS A.G. LUKASHENKO.

**JANUARY 17, 2008** – OPENING CEREMONY OF THE OLYMPIC RESERVE CENTRE: A SKATING RINK AND A SWIMMING POOL INCLUDING WATER ATTRACTIONS, SAUNAS, A SOLARIUM, A CAFE AND OTHER OBJECTS. THE CEREMONY WAS ATTENDED BY THE CHAIRMAN OF THE REGIONAL EXECUTIVE COMMITTEE A.S. YAKOBSON, THE CHAIRMAN OF ZHLOBIN DISTRICT EXECUTIVE COMMITTEE L.N. APANASYUK, THE GENERAL DIRECTOR OF RUE “BMZ” N.V. ANDRIANOV AND THE DIRECTOR OF BUILDING COMPANY No. 27 A.M. RYABKOV.

**MARCH 6, 2008** – 62ND MEETING OF THE BOARD OF MANUFACTURERS AND EXPORTERS OF FERROUS METALS OF CIS COUNTRIES WAS HELD AT RUE “BMZ”. MEMBERS OF THE BOARD DISCUSSED FERROUS METAL MARKET OPPORTUNITIES, EVALUATED THE OUTLOOKS FOR ITS DEVELOPMENT AND WORKED OUT A FORECAST OF THE AVERAGE LEVEL OF EXPORT PRICES FOR MAIN TYPES OF FERROUS METALS.

**JUNE 18, 2008** – A BELARUSIAN METALLURGICAL FORUM “INTEGRATION OF SCIENCE, PRODUCTION AND EDUCATION IN THE DEVELOPMENT OF METALLURGY IN THE REPUBLIC OF BELARUS TILL 2020” WAS HELD AT RUE “BMZ” PREMISES. THIS EVENT HELPED TO DETERMINE A CONCEPT FOR FURTHER DEVELOPMENT OF THE STEEL MAKING INDUSTRY OF RB FOR THE NEAREST FUTURE.

**JUNE 30, 2008** – MODERNIZATION OF THE SULFURIC ACID REGENERATION STATION OF THE CHEMICAL PLANT OF WIRE SHOP No. 2.

**AUGUST 8, 2008** – MODERNIZATION OF THE GAS-CLEANING SYSTEM OF EAF-2.

**DECEMBER 2008** – ACHIEVEMENT OF THE FULL CAPACITY OF THE PIPE PRODUCTION.

**MARCH 2009** – MODERNIZATION OF THE FINISHING LINE OF SECTION MILL 320.

**JULY 9, 2009** – PRESENTATION OF A NEW TYPE OF BMZ PRODUCT – STEEL FIBER.

**OCTOBER 9, 2009** – THE PLANT WAS THE FIRST IN THE COUNTRY TO SUBMIT ITS CORPORATE SOCIAL REPORT FOR HEARING BY THE PUBLIC AND PARTICIPANTS OF THE UN GLOBAL COMPACT.

**DECEMBER 6, 2009** – COMPLETION OF A LARGE INVESTMENT PROJECT: RECONSTRUCTION OF CONTINUOUS CASTING MACHINE No.3.



## CHARACTERISTICS OF KEY IMPACTS, RISKS AND OPPORTUNITIES

» **DECEMBER 14, 2009** – APPROVAL OF MR. ANATOLY SAVENOK'S APPOINTMENT AS GENERAL DIRECTOR OF RUE "BMZ" BY THE VICE-PRESIDENT OF THE INTERNATIONAL UNION OF METALLURGISTS.

**2009** – THE PLANT EXPANDED DISTRIBUTION OF EXPORT DELIVERIES TO MORE THAN 17 COUNTRIES IN SPITE OF THE CRISIS.

**FEBRUARY 2010** – MANDREL AND DISK SAW PREPARATION DEPARTMENT STARTED TO WORK AT THE PIPE MILL. THE DEPARTMENT IS FITTED WITH THE EQUIPMENT UNIQUE FOR OUR COUNTRY.

**MARCH 2010** – TECHNOLOGY OF SHAPED (SQUARE) WIRE PRODUCTION FOR PRESSURE HOSES WAS MASTERED AT SWS-2.

**APRIL 2010** – START OF PRODUCTION OF PIPES FROM ROUND BILLET DIAMETER 200 MM CAST IN CCM-3.

**MARCH 29, 2010** – A CONTRACT FOR THE ERECTION OF THE THIRD LIME-KILN WAS SIGNED WITH TECHCOM (GERMANY).

**JUNE 2010** – REALIZATION OF ONE OF 11 PROJECTS FOR THE EXPANSION OF THE ROUGH-INTERMEDIATE DRAWING DEPARTMENT OF SWS-1. TWO NEW ROUGH DRAWING MACHINES WERE INSTALLED.

**JULY 2010** – IN THE RESULT OF BMZ NEGOTIATIONS WITH TECHCOM A CONTRACT FOR THE DELIVERY OF THE EQUIPMENT FOR THE NEW LIME-KILN WAS SIGNED WITH MAERZ (AUSTRIA).

**JULY 2010** – INTERNATIONAL SCIENTIFIC AND TECHNICAL CONFERENCE "METAL-2010" WORKED AT BMZ; IT UNITED 80 PLANT WORKERS AND 45 REPRESENTATIVES OF THE ENTERPRISES AND EDUCATIONAL INSTITUTIONS OF BELARUS, RUSSIA, UKRAINE, LITHUANIA AND KAZAKHSTAN.

**AUGUST 2010** – MASTERING OF THE TECHNOLOGY FOR FLAT WIRE PRODUCTION FOR PRESSURE HOSES.

**SEPTEMBER 2010** – A CONTRACT FOR MODERNIZATION OF GAS RECOVERY AND CLEANING SYSTEM OF EAF No.1 AND No.3 WAS SIGNED WITH WATER GROUP. THE PROJECT WAS DEVELOPED BASED ON THE CONDITIONS OF THE STEEL-MAKING FURNACES OF BMZ.

**OCTOBER 2010** – TEAM No. 4 OF ROLLING MILL 150 SET UP A RECORD: 1200 TONS OF WIRE ROD WERE PRODUCED DURING A SHIFT. PREVIOUS MAXIMUM PRODUCTION REACHED 1070 TON LEVEL.

**NOVEMBER 2010** – 20 YEARS AGO FIRST STEEL WAS PRODUCED IN EAF-3. NOW IT PRODUCES 12 HEATS PER SHIFT, NOT 4 AS BEFORE.

**NOVEMBER 2010** – A JUBILEE 500TH THOUSAND TON

OF STEEL CORD WAS PRODUCED AT SWS-2.

**DECEMBER 2010** – A MILLION TON THRESHOLD WAS EXCEEDED BY SWS-2. THIS IS THE YIELD OF THE SHOP IN THE PERIOD OF 1991 - 2010 INCLUSIVE.

**DECEMBER 2010** – THE STAFF OF ROLLING MILL 320 PRODUCED A MILLIONTH TON OF REINFORCING MATERIAL IN 2010.

**FEBRUARY 2011** – FEBRUARY 1 – MARCH 7: 80 SPECIALISTS FROM SLOVAK REPUBLIC WERE TRAINED AT THE ROLLING MILL AND THE MELT SHOP WITHIN THE FRAMEWORK OF THE INTERNATIONAL COOPERATION OF WORKERS OF STEEL INDUSTRY.

**FEBRUARY 2011** – TWO UNIVERSAL FIBER REWINDING UNITS PRODUCED BY GCR EURODRAW (ITALY) WERE COMMISSIONED AT SWS- THERMAL PICKLING AND GALVANIZING DEPARTMENT.

**MARCH 2011** – MARCH 17: THE 1ST INTERNATIONAL SUPPLIER CONFERENCE TOOK PLACE AND GATHERED ABOUT 90 REPRESENTATIVES OF DIFFERENT COMPANIES COOPERATING WITH BSW IN THE AREA OF DELIVERIES OF RAW MATERIAL, AUXILIARY MATERIALS AND EQUIPMENT.

**MARCH 2011** – MARCH 23: START OF PRODUCTION OF REBAR No.14 WITH A 4-STRAND SLITTING PROCESS IN ROLLING MILL 320. ROLLERS REQUIRED A LITTLE MORE THAN ONE MONTH TO START COMMERCIAL PRODUCTION OF THIS MATERIAL.

**MARCH 2011** – MARCH 24: IX SITTING OF THE MEMBERS OF THE QUALITY LEADERS CLUB OF CENTRAL AND EASTERN EUROPE (CEE) AT THE PLANT. REPRESENTATIVES OF MORE THAN 10 ENTERPRISES OF DIFFERENT COUNTRIES TOOK PART IN THE EVENT.

**APRIL 2011** – THE 1ST CONSIDERABLE MILESTONE IN THE HISTORY OF THE PIPE MILL: 250 TONS OF PRODUCT HAD BEEN PRODUCED TILL APRIL 6, 2011.

**APRIL 2011** – A MACHINE FOR FLAME PROCESSING OF STEEL WAS INSTALLED AT THE MECHANICAL REPAIR SHOP. THE NEW EQUIPMENT PRODUCED BY AKYAPAK (TURKEY) OPENS NEW POSSIBILITIES FOR RESTORATION AND PRODUCTION OF LARGE PARTS BY THE MAINTENANCE STAFF.

**APRIL 2011** – APRIL 21: 10-MILLIONTH TON OF BILLET WAS CAST AT ELECTRIC MELT SHOP No. 2 SINCE THE START-UP OF THE CCM.

**JUNE 2011** – THE PANT PURCHASED THE AGROTEKHSERVICE SITE (11 HA) AT THE AUCTION TO EXPAND ITS SCRAP YARD. THE SITE WILL GIVE THE POSSIBILITY TO INCREASE THE STORING AREA FOR WINTER SCRAP STOCK.



**JUNE 2011** – JUNE 20: 35-MILLIONTH TON OF STEEL WAS PRODUCED AT THE PLANT.

**JULY 2011** – JULY 7: A CEREMONIAL OPENING OF THE 11TH INTERNATIONAL SCIENTIFIC AND TECHNICAL CONFERENCE OF YOUNG WORKERS "METAL 2011" AT ZHLOBIN METALLURGICAL TECHNICAL SCHOOL. REPRESENTATIVES FROM RUSSIA, THE UKRAINE, LATVIA, GREAT BRITAIN AND AUSTRIA TOOK PART IN THE CONFERENCE.

**JULY 2011** – NEW EQUIPMENT FOR AIR DRYING PRODUCED BY ATLAS COPCO (BELGIUM) WAS COMMISSIONED AT THE COMPRESSOR STATION OF REPAIR SHOPS.

**AUGUST 2011** – AUGUST 18, 2011 THE MINISTRY OF INDUSTRY SIGNED AN ORDER REGARDING INCLUSION OF SA "BELVTORMET" UNITING SIX REGIONAL ENTERPRISES BUSY WITH STOCKING AND PROCESSING OF FERROUS SCRAP AND UE "BELTSVETMET" WITH A DAUGHTER COMPANY "TSVETMET" (ZHODINO) IN THE PA "BMZ". DURING LAST THREE YEARS BELVTORMET WAS JOINED BY THREE MORE ENTERPRISES: OJSC "TEKHNOPRIBOR (MOGILYOV), OJSC "POLESJEELEKTROMASH" (LUNINETS), OJSC "KBRINSKI TOOL FACTORY "SITOMO".

**AUGUST 2011** – AUGUST 26, 2011 SWS-3 REACHED THE PRODUCTION OF 1 MLN T.

**AUGUST 2011** – AUGUST 31, 2011 A CONTRACT FOR BUILDING OF A NEW 700 THOU. T BAR MILL WITH THE PERSPECTIVE TO PRODUCE 1 MLN TPY WAS SIGNED WITH DANIELI (ITALY).

**SEPTEMBER 2011** – SEPTEMBER 22, 2011 MELT SHOP No. 2 PRODUCED 10 000 000 T OF STEEL SINCE START UP.

**OCTOBER 2011** – OCTOBER 20, 2011 THE 1ST SCIENTIFIC AND PRACTICAL SEMINAR "PRINCIPAL DIRECTIONS OF INNOVATIVE AND TECHNOLOGICAL DEVELOPMENT OF THE PRODUCTION ASSOCIATION "BYELORUSSIAN STEEL WORKS" PARTICIPATED BY RECTORS OF THE LEADING HIGHER EDUCATIONAL INSTITUTIONS OF GOMEL REGION WAS HELD AT THE PLANT.

**OCTOBER 2011** – STAFF OF EMS No.1 AND No.2 SET A RECORD IN PRODUCTION OF CONCAST BILLET: 229 673 TONS.

**NOVEMBER 2011** – NOVEMBER 28, 2011 A CONFERENCE OF THE EMPLOYEES TOOK A DECISION ABOUT REORGANIZATION OF THE REPUBLICAN UNITARY ENTERPRISE IN AN OPEN JOINT-STOCK COMPANY.

**DECEMBER 2011** – ROLLING MILL 850 ROLLED 9 MILLIONTH TON OF CAST BILLET.

**DECEMBER 2011** – DECEMBER 8 ROLLING MILL 320 CROSSED THE LEVEL OF 1 MILLION TONS.

**DECEMBER 2011** – ELECTRIC MELT SHOP No. 1 PERFORMED FIRST CASTING OF SQUARE BILLET 140X140 MM IN CCM No.2 AFTER ITS RECONSTRUCTION.

**DECEMBER 2011** – DECEMBER 20 A CONSTITUENT MEETING OF BYELORUSSIAN STEEL WORKS, DUFERCO S.A. (SWITZERLAND), PISEC GROUP GMBH (AUSTRIA) TO ESTABLISH BMZ TUBULARS, A LIMITED LIABILITY JOINT VENTURE FOR OCTG PIPE FINISHING.

## STRATEGY AND MISSION

SINCE ITS START-UP IN 1984 THE PLANT HAS SUCCESSFULLY FULFILLED ITS INFRASTRUCTURAL FUNCTION BEING AN INTEGRAL PART OF A COMPLICATED SYSTEM OF SOCIAL AND ECONOMIC RELATIONS IN THE REGION WHERE IT CARRIES OUT ITS BUSINESS ACTIVITY. RUE "BMZ" IS RECKONED AMONG THE LARGEST COMPANIES OF THE REPUBLIC FROM THE VIEWPOINT OF THE VOLUME OF THE PRODUCT SOLD AND THE SCALE OF PURCHASING ACTIVITY: IT IS THE BIGGEST EMPLOYER AND TAX-PAYER

BMZ MAKES A SIGNIFICANT CONTRIBUTION TO THE DEVELOPMENT OF THE ECONOMY OF THE REPUBLIC OF BELARUS. IN 2011, SIMILAR TO THE PREVIOUS PERIODS, THE PLANT TRADITIONALLY INVESTED ITS PROFIT TO SUPPORT AND DEVELOP A STEADY PRODUCTION ACTIVITY, TO THE RATIONAL USE OF RESOURCES, CREATION OF NEW WORK PLACES AND PAYMENT OF SALARIES AND WAGES TO THE PERSONNEL. THE CREATED COST WAS ALSO DISTRIBUTED FOR PAYMENT OF THE REPUBLICAN AND REGIONAL TAXES, FINANCING OF THE PROGRAMS OF SOCIAL AND ECONOMIC PARTNERSHIP, AND CHARITY PROJECTS IN THE REGION OF ITS PRESENCE. TIMELY DEDUCTIONS TO THE BUDGETS OF ALL LEVELS ARE CONSIDERED BY THE PLANT AS A PART OF ITS SOCIAL RESPONSIBILITY AND BASIS FOR THE DEVELOPMENT OF SOCIAL PROJECTS (SEE SECTION «ECONOMY»). ACCORDING TO THE DATA OF 2011, THE PLANT'S SHARE IN THE GROSS DOMESTIC PRODUCT (GDP) OF THE REPUBLIC OF BELARUS WAS 3,5%, EXPORT SHARE OUT OF THE TOTAL VOLUME OF THE COUNTRY WAS 4,6%.

THE PLANT STEADILY ADHERES TO THE CHOSEN COURSE OF IMPROVEMENT AND REFORMS IN ALL DIRECTIONS: MANAGEMENT OF SUSTAINABLE DEVELOPMENT, ECONOMIC ACTIVITY, WORK WITH THE PERSONNEL, SOCIAL ACTIVITY OF THE ENTERPRISE IN THE REGION, AND INTERACTION WITH SUPPLIERS AND CUSTOMERS, ENVIRONMENTAL AND INDUSTRIAL SAFETY POLICY.

IN 2011 WE CONTINUED FORMATION OF A NEW TOP-MANAGEMENT TEAM AND IMPROVEMENT





OF THE MANAGEMENT STRUCTURE OF BYELORUSSIAN STEEL  
WORKS.

BEING ORIENTED TOWARDS EFFECTIVENESS, THE TOP  
MANAGEMENT ATTACHES GREAT IMPORTANCE  
TO IMPLEMENTATION OF THE PRINCIPLES AND PRACTICES  
OF SUSTAINABLE DEVELOPMENT ON THE PLANT SCALE.  
STRATEGIC TASK OF **BMZ** IS TO OCCUPY LEADING  
POSITIONS AMONG METALLURGICAL ENTERPRISES  
OF THE WORLD IN THE AREA OF SUSTAINABLE DEVELOPMENT.  
ASPECTS OF PERSONNEL SUPPORT, ENVIRONMENT  
INTERRELATIONS WITH THE REGION ARE CLOSELY  
CONNECTED WITH THE PRODUCTION AND ECONOMIC  
PRIORITIES

RUE “**BMZ**” TOP MANAGEMENT UNDERTOOK OBLIGATIONS,  
DETERMINED THE COMMON CORPORATE POLICY AND SET  
COMMON TARGETS FOR THE PLANT. THE TOP MANAGEMENT  
ANALYSES THE FULFILLMENT OF THE TARGETS EVERY SIX  
MONTHS AND EVERY YEAR AND MAKES ADJUSTMENTS,  
IF REQUIRED

REPUBLICAN UNITARY ENTERPRISE «BYELORUSSIAN S

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PREVENTION OF OCCUPATIONAL ILLNESSES AND ACCIDENTS IN THE PRODUCTION;

- PREVENTION OF ENVIRONMENT POLLUTION, INJURIES AND PERSONNEL HEALTH IMPAIRMENT DURING THE PRODUCTION ACTIVITY;
- ACTIVITY IN THE AREA OF QUALITY, SOCIAL RESPONSIBILITY, INFORMATION PROTECTION, FINANCE, POWER SAVING IN CONFORMITY WITH THE REQUIREMENTS OF THE INTERNATIONAL STANDARDS, THE EXISTING LAW AND OTHER REQUIREMENTS;
- ACTIVITY IN THE AREA OF LABOUR PROTECTION AND INDUSTRIAL SAFETY, ENVIRONMENT PROTECTION IN ACCORDANCE WITH THE REQUIREMENTS OF THE INTERNATIONAL STANDARDS, THE EXISTING LAW, AND OTHER REQUIREMENTS CONCERNING ENVIRONMENTAL ASPECTS OF THE ACTIVITY, PRODUCTS, AND SERVICES, DANGER IN THE AREA OF PROFESSIONAL HEALTH, AND LABOUR SAFETY;
- REGULAR MONITORING OF THE PRODUCTION AND MANAGEMENT PROCESSES;
- IMPROVEMENT OF PRODUCT QUALITY, PROVISION OF LABOUR SAFETY AND HEALTH PROTECTION, PROTECTION OF ENVIRONMENT, POWER SAVING INCLUDING SUPPLIERS, SUBCONTRACTORS AND RUE "BMZ" CUSTOMERS;
- TASK-ORIENTED PROFESSIONAL TRAINING OF THE PERSONNEL, CREATION OF OPTIMAL CONDITIONS FOR HIGH-QUALITY LABOUR, REVEAL OF PERSONAL ABILITIES AND INITIATIVE OF EVERY WORKER AND THEIR INTEREST IN PROVIDING A HIGH LEVEL OF PRODUCT QUALITY, RATIONAL USE OF RAW MATERIALS, AUXILIARY MATERIALS AND POWER RESOURCES;
- IMPROVEMENT OF PRODUCTION CULTURE AND PROVISION OF PERSONAL MORAL AND MATERIAL RESPONSIBILITY FOR LABOUR QUALITY.

THE PLANT MANAGEMENT IS INTERESTED IN THE FULFILLMENT OF THE CORPORATE POLICY AND CONTINUOUSLY CREATES ALL CONDITIONS REQUIRED FOR PROVIDING AN ADEQUATE STANDARD OF LIFE OF THE STAFF AND THEIR CONFIDENCE IN THE MORROW.

THE PLANT MANAGEMENT AND THE STAFF CARRY OUT THEIR ACTIVITY IN ACCORDANCE WITH THE CODE OF BUSINESS ETHICS AND ACQUAINT THEIR BUSINESS PARTNERS WITH IT. RUE "BMZ" CODE OF BUSINESS ETHICS IS WORKED OUT WITH CONSIDERATION OF KEY VALUES, SUCH AS TRUTHFULNESS, STRAIGHTFORWARDNESS, AND RESPECT FOR INTERESTS; AND THEIR FULFILLMENT LEADS TO MUTUAL CONFIDENCE, OPENNESS AND TRANSPARENCY OF

RELATIONS. TRUST OF INTERESTED PARTIES IS ONE OF THE KEY VALUES OF OUR PLANT.

EVERY YEAR RUE "BMZ" TOP MANAGEMENT ESTABLISHES TARGETS ON THE BASIS OF PREDICTIVE FIGURES DETERMINED BY THE MINISTRY OF INDUSTRY OF THE RB, THE POLICY, TARGET-ORIENTED ORDERS AND RESULTS OF MANAGEMENT ANALYSIS. BASED ON THESE TARGETS, POLICY, TARGET-ORIENTED ORDERS MANAGERS OF THE SUBDIVISIONS SET TARGETS FOR THEIR SUBDIVISIONS. THE PLANT TARGETS AND GOALS OF THE SUBDIVISIONS ARE BROUGHT TO THE NOTICE OF ALL WORKERS OF THE SUBDIVISION. TOP MANAGEMENT, LEADERS OF THE STRUCTURAL SUBDIVISIONS ANALYZE FULFILLMENT OF THE TARGETS EVERY HALF-YEAR, EVERY YEAR, AND ADJUST THEM, IF REQUIRED. EFFECTIVENESS OF FULFILLMENT OF THE GOALS IS CHECKED DURING INTERNAL AUDITS AND MANAGEMENT ANALYSIS. THIS PROCEDURE IS REGULATED BY STP 840-KSM-4.2.

*ANALYSIS OF TARGET FULFILLMENT BY RUE "BMZ" FOR 2011 AS COMPARED WITH THE SAME PERIOD OF 2010 IS GIVEN IN ANNEX 1.*

Стратегическая цель БМЗ – занимать лидирующие позиции среди металлургических предприятий мира в области устойчивого развития.





## STRATEGY AND TARGETS OF SUSTAINABLE DEVELOPMENT

**T**HE PLANT MANAGEMENT PROVIDES THE DEVELOPMENT AND IMPLEMENTATION OF TECHNICAL, PRODUCTION, AND INVESTMENT PROGRAMS AIMED AT PRODUCT QUALITY IMPROVEMENT AND WHICH DIRECTLY CONTRIBUTE TO SUSTAINABLE DEVELOPMENT OF THE PLANT IN ACCORDANCE WITH ITS POLICY.

A NUMBER OF MEASURES AIMED AT PROVISION OF HIGH CONSUMER PROPERTIES OF THE PRODUCE, IS INCLUDED IN AN ANNUAL BUSINESS-PAN, THE DEVELOPMENT PROCEDURE OF WHICH IS REGULATED BY STP 840-SMK-4.1.2.

FOR THE IMPROVEMENT OF PRODUCT QUALITY AND PROVISION OF ITS COMPETITIVENESS, INCREASE OF THE TECHNICAL PRODUCTION LEVEL A LONG-TERM PLAN OF INTRODUCTION OF ADVANCE METHODS AND NEW TYPES OF PRODUCTS FOR 2006-2010

IS WORKED OUT AT THE PLANT; PLANS OF SCIENTIFIC RESEARCH AND PILOT DESIGN (TECHNOLOGICAL) WORK ARE APPROVED AND FULFILLED ON CONTRACTUAL BASIS BY OWN FORCE.

KEY MEASURES FOR QUALITY AND PRODUCTION EFFECTIVENESS

IMPROVEMENT ARE INCLUDED IN ANNUAL GOAL-ORIENTED ORDERS OF THE GENERAL DIRECTOR INDICATING TIME OF PERFORMANCE AND RESPONSIBLE PERSON(S):

No.1 «IMPROVEMENT OF BUSINESS ACTIVITY AND INVESTMENT PROGRAMS»;

No. 2 «MEASURES FOR QUALITY AND COMMODITY COMPETITIVENESS IMPROVEMENT»

No. 3 «MEASURES FOR PROVISION OF SAFE LABOUR CONDITIONS»;

No.5 «PERSONNEL DEVELOPMENT»;

No.6 «ADVANCED TECHNOLOGIES, MASTERING OF NEW TYPES OF PRODUCTS, RATIONALIZATION AND INVENTION ACTIVITY»;

No. 7 «MEASURES OF ENVIRONMENTAL PROTECTION»;

No.8 «MEASURES FOR PRODUCTION COSTS DECREASE».



## TARGETS OF THE PLANT FOR MEDIUM-TERM DEVELOPMENT OUTLOOK

ACHIEVEMENT OF THE FOLLOWING LEVEL OF THE KEY TARGETS OF THE SOCIAL AND ECONOMIC DEVELOPMENT OF THE PLANT IS PLANNED FOR 2012

PRODUCTION, FINANCE, AND ECONOMY:	
– INDUSTRIAL PRODUCTS (IN COMPARABLE PRICES) AS COMPARED WITH THE LEVEL OF 2011, MINIMUM, %	102
– SALES PROFITABILITY, MINIMUM, %	12,3
– SPECIFIC WEIGHT OF INNOVATIVE PRODUCTS SHIPPED IN TOTAL AMOUNT OF PRODUCT SHIPPED, MINIMUM, %	20,5
– MATERIAL CONSUMPTION LEVEL DECREASE, %	-2,0
– POWER SAVING INDICATOR, %	-5,0
– REDUCTION OF PRODUCTION COST LEVEL, %	- 0,1
– PRODUCT EXPORT AS COMPARED WITH THE LEVEL OF 2011, MINIMUM, %	111,2
– BALANCE OF FOREIGN TRADE, MINIMUM, USD THOU	697 640,0
– RELATION OF PRODUCT EXPORT AND VOLUME INDUSTRIAL PRODUCTION, MINIMUM %	82,7
QUALITY:	
– LEVEL OF REJECTS DUE TO THE PRODUCTION SHOPS, MAXIMUM, %	ORDER No.2
– LEVEL OF NON-CONFORMING PRODUCTS, MAXIMUM, %	ORDER No.2
– LEVEL OF EXPENSES DUE TO DEFECTS PER BRB1000 OF THE COMMERCIAL OUTPUT, MAX., %	3,47
– EVALUATION OF THE CUSTOMER SATISFACTION, MINIMUM, %	90,1
– AMOUNT OF CLAIMED PRODUCT IN COMPARISON WITH 2011, %	TO BE DECREASED BY 10
ENVIRONMENT:	
– AMOUNT OF STORED PRODUCTION WASTES IN COMPARISON WITH THE LEVEL OF 2011, %	TO BE DECREASED BY 5
LABOUR PROTECTION AND INDUSTRIAL SAFETY:	
– ON-THE-JOB INJURY RATE SHOULD NOT EXCEED THE LEVEL OF 2011	
– IMPROVEMENT OF LABOUR CONDITIONS AND PROVISION OF ITS SAFETY FOR WORKERS OF THE SHOPS, PEOPLE	700
SOCIAL RESPONSIBILITY:	
– TRAINING OF MANAGERS AND SPECIALISTS, PEOPLE.	1517
– PROFESSIONAL TRAINING IF WORKERS, PEOPLE	3102
– GENERAL SATISFACTION OF THE PERSONNEL, MINIMUM, %	72,0
– ТЕМП РОСТА ЗАРАБОТНОЙ ПЛАТЫ, НЕ МЕНЕЕ, %	175,0
– ТЕКУЧЕСТЬ КАДРОВ, НЕ БОЛЕЕ, %	3,5

# CHARACTERISTICS OF KEY IMPACTS, RISKS AND OPPORTUNITIES

## CHRONOLOGY OF NEW PRODUCT TYPES MASTERING

RUE "BMZ" IS ONE OF A FEW ENTERPRISES OF THE REPUBLIC OF BELARUS WHICH INCREASES THE VOLUME OF INDUSTRIAL PRODUCTION EVERY YEAR INVESTING CONSIDERABLE AMOUNTS IN RECONSTRUCTION, MODERNIZATION, AND TECHNICAL REVAMPING. STARTING WITH THE PLANT COMMISSIONING IN 1984, MOLTEN STEEL OUTPUT GREW FROM THE ESTIMATED 700 THOUSAND TPY BY MORE THAN 3 TIMES.

BESIDES, INCREMENT OF THE OUTPUT IN NATURAL TERMS TAKES PLACE TOGETHER WITH THE GROWTH OF THE PERCENTAGE OF THE NEW TYPES OF PRODUCTS IN THE TOTAL OUTPUT. CLOSE COOPERATION WITH THE NATIONAL SCIENCE IN THE FIRST PLACE WITH THE ESTABLISHMENTS OF THE NAS OF BELARUS AND EDUCATIONAL ESTABLISHMENTS ALLOWS MASTERING OF NEW TYPES OF QUALITY STEEL PRODUCTS EVERY YEAR.

THE FOLLOWING PRODUCTS CAN BE SINGLED OUT AMONG THE MOST IMPORTANT TYPES OF PRODUCTS MASTERED BY THE PLANT DURING LAST 5 YEARS:

### 2006:

- HIGH-TENSILE STEEL CORD 2+2X0,26 HT AND SUPER HIGH-TENSILE STEEL CORD 4+3X0,41 ST;
- REINFORCING WIRE OF 3-SIDE DIE-ROLLED SECTION WITH MECHANICAL DESCALING ACC. TO DIN 488 Ø 5-12 MM;
- ROUND SECTION STEEL, QUALITY CARBON AND ALLOYED Ø160 MM.

### 2007:

- QUALITY CARBON STEEL PIPES;
- HOSE WIRE Л 0.33UHT (3050 – 3350 N/ MM²).

### 2008 :

- REINFORCING STEEL GRADES At800, A500C, U500, S500, RB500W, ETC. REINFORCING STEEL GRADES (5-PIECE SLITTING ROLLING);
- REINFORCING STEEL GRADES At880, A500C, U500, S500, RB500W, ETC. DIE-ROLLED SECTION No.10 PRODUCED WITH 5 –PIECE SLITTING ROLLING;
- BARE PIPE, QUALITY CARBON STEEL (6 DIMENSION TYPES AND STEEL GRADES);
- DIFFERENT CONSTRUCTIONS OF SUPER HIGH-TENSILE AND HIGH-TENSILE STEEL CORD;

- STEEL WAVY FIBER ACC. TO THE REQUIREMENTS OF TU 14-1-5564-2008.

### 2009:

- SUPER HIGH-TENSILE STEEL CORD CONSTRUCTION 7X(3+9X0.245)+0.20 HT AND ULTRA HIGH-TENSILE CONSTRUCTION 1+5X0,185UT;

- QUALITY CARBON STEEL PIPES OF DIFFERENT SIZES.

### 2010:

- DIE-ROLLED WELDING REBAR No. 10-32 CLASS A500C IN BARS;
- QUALITY CARBON STEEL PIPES OF DIFFERENT SIZES;
- DIE-ROLLED WELDING REBAR No. 10-32 CLASS B500NC;
- HOT-ROLLED SECTION OF BEARING STEEL GRADE ШХ15СГ Ø 160;
- ULTRA HIGH-TENSILE STEEL CORD CONSTRUCTION 4+3X0,35 UT;

- STEEL CORD CONSTRUCTION 3X5X0,245;
- GALVANIZED STEEL WIRE FOR SINGLE-WIRE CORES Ø 1,85; 2,10; 2,65; 3,05 MM;

- GALVANIZED STEEL WIRE FOR SINGLE-WIRE CORES Ø 2,0 MM;

- MICROFIBER.

### 2011:

- CARBON QUALITY SHAPED BILLET Ø 200MM;
- CARBON COILS OF IMPROVED QUALITY STEEL GRADE SAE 1010 Ø 18,5MM;

- REBARS No.10-28 CLASS U500-2, CARBON GENERAL-QUALITY STEEL;

- HIGH-TENSILE TIRE CORD 3+8 X 0,35HT;

- REINFORCING WIRE OF 3-SIDED DIE-ROLLED PROFILE B500A Ø 6,0; 8,0; 10,0; 12,0MM ACC. TO DIN 488;

- REINFORCING GENERAL QUALITY CARBON STEEL BARS Ø10-40MM, B500B GRADE;

- TIRE CORD (3+9) X0,22RT AS50491;

- MICROFIBER OF STEEL WIRE SIZE 0,30/6MM; 0,35/13MM;

- ANCHOR FIBER OF STEEL WIRE SIZE0,5/30MM;

- REINFORCING WIRE OF 3-SIDED DIE-ROLLED PROFILE B500K; BSt500KR (A); B500NA;



БСт500М Ø 6,0; 8,0; 10,0; 12,0мм;

- CARBON QUALITY STEEL PIPES;
- ALLOY STEEL PIPES;
- NAIL WIRE.

## STAGES OF PRODUCTION VOLUME INCREASE

CONSIDERABLE POSITIVE CHANGES HAVE TAKEN SHAPE IN THE WORLD STEEL INDUSTRY AND IN ITS OUTLOOK FOR FURTHER DEVELOPMENT. A LARGE FAILURE IN THE PROCESS OF TECHNICAL RE-EQUIPMENT OF STEEL INDUSTRY TOOK PLACE IN 2008-2009 DUE TO THE WORLD ECONOMIC AND FINANCE CRISIS. OUTCOMES OF ITS NEGATIVE IMPACT ON DECREASE OF THE GLOBAL MARKET OF STEEL CONSUMPTION LEAD TO A SHARP DROP OF THE VOLUMES OF STEEL PRODUCTION ALMOST IN ALL REGIONS OF THE WORLD AND IN COUNTRIES PRODUCING ROLLED STEEL. IN ITS TURN, SHARP DROP OF PRODUCTION VOLUMES TOLD ON THE PROFITABILITY AND EFFECTIVENESS OF THE ENTERPRISES AND THEIR ABILITY TO INVEST IN TECHNICAL REVAMPING AND PRODUCTION MODERNIZATION.

IN SPITE OF THAT IN 2011 ENTERPRISES OF THE FERROUS METAL INDUSTRY PAID MORE ATTENTION TO THE ISSUES OF RECONSTRUCTION AND TECHNICAL REVAMPING. INVESTMENT PROGRAMS OF THE ENTERPRISES WERE DIRECTED TOWARDS GROWTH OF STEEL PRODUCTION SO AS TO INCREASE OR MAINTAIN THE MARKET SHARE BY WAY OF COMMISSIONING OF NEW FACILITIES, EXPANSION AND IMPROVEMENT OF THE PRODUCT RANGE.

CONSIDERING THE TRENDS OF AN IMPETUOUS GROWTH OF STEEL DEMAND IN 2011 THE PLANT MANAGEMENT AND TECHNICAL SPECIALISTS PLANNED AND IMPLEMENTED A NUMBER OF MEASURES AIMED FIRST OF ALL AT INCREASING THE PRODUCTION OUTPUT.

THEY INCLUDED:

- ARRANGEMENT OF AN ADDITIONAL SITE FOR SCRAP STORING NEAR THE 80TH RAILWAY OF THE SCRAP YARD. THIS PROJECT HELPED US TO INCREASE SCRAP STORING VOLUME AND TURNOVER;
- RECONSTRUCTION OF THE PACKING AREA OF ROLLING MILL 320 FINISHING LINE. IN THE RESULT, VOLUME OF FINISHED PRODUCT OUTPUT GREW DUE TO INCREASE OF THE PRODUCTIVITY OF THIS AREA. FINISHED PRODUCT PACKING REQUIREMENTS OF CUSTOMERS WERE MET;
- MODERNIZATION OF ROLLING MILL 150 TO PRODUCE ROLLED BILLET CROSS-SECTION 140X140MM. THE PROJECT GAVE US THE POSSIBILITY TO TRANSFER FROM PREVIOUSLY PROCESSED BILLET 125X125 MM TO BILLET SECTION 140X140 MM. IN ITS

TURN IT ALLOWED US TO INCREASE THE CAPACITY OF ROLLING MILL 150 AND WEIGHT OF A COIL FROM 1,4 TO 1,83 TONS.

- PURCHASING OF HETRAN MACHINE FOR MACHINING OF PQF MANDRELS OF THE PIPE MILL. THIS PROJECT HELPED TO REDUCE MANDREL PURCHASING COSTS.



"BSW IS A SUCCESSFUL COMPANY WITH A LARGE TECHNICAL POTENTIAL AND EXCELLENT REFERENCES WORLDWIDE. SUCH ENTERPRISE CAN BE TRUSTED ANY, EVEN THE MOST COMPLICATED EQUIPMENT. AND WE ARE SURE THAT JUST HERE OUR EQUIPMENT WILL BE USED WITH THE BIGGEST SUCCESS".

**RENATO PEZZANO,**  
**DANIELI VICE-PRESIDENT FOR COOPERATION**  
**WITH KEY CUSTOMERS**

- REPLACEMENT OF HIGH-VOLTAGE 110kV AND 330kV TRANSFORMERS AT THE ELECTRIC SUB-STATIONS "SAL", "PROKAT", "CORD". IMPLEMENTATION OF THIS PROJECT HELPED US TO MEET THE REQUIREMENTS OF "THE RULES OF ELECTRIC POWER USE" REGARDING THE TECHNICAL FACILITIES INCLUDED IN THE AUTOMATIC COMMERCIAL ACCOUNTING OF POWER.

A CONSIDERABLE PORTION OF FINANCIAL RESOURCES WAS USED TO PROVIDE FOR THE EXISTING PRODUCTION. DURING 2011 ELECTROHYDRAULIC GRABS WERE PURCHASED FOR THE SCRAP YARD, MACHINES FOR STEEL LADLE LINING BREAKING FOR ELECTRIC MELT SHOP No. 2, ROLLING ACCESSORIES FOR THE PIPE MILL, POINTING AND WELDING MACHINES FOR TIRE CORD PRODUCTION, FRONT BUCKET LOADER FROM THE REFRACTORY WASTES PROCESSING SHOP, A SORTING DEVICE FOR SLAG PROCESSING, EXCAVATOR-MANIPULATOR FOR UNLOADING SCRAP FROM RAILWAY WAGONS, A LOCOMOTIVE OF TGM-4 SERIES AND RAILWAY WAGONS. IT GAVE US THE POSSIBILITY TO KEEP THE HIGH LEVEL OF THE TECHNICAL PROCESS AND PROVIDED FOR FULFILLMENT OF THE PRODUCTION INDICATORS.

EARNEST OF SUCCESS OF ANY MODERN ENTERPRISE ASPIRING TO OCCUPY A LEADING POSITION ON FOREIGN MARKETS IS CONTINUOUS RENOVATION. OF COURSE, RECONSTRUCTION, MODERNIZATION, COMMISSIONING OF NEW PRODUCTION FACILITIES IS A RATHER EXPENSIVE AND IMPORTANT THING, BUT IT IS THE ONLY CORRECT WAY OF DEVELOPMENT.

DURING LAST FIVE YEARS THE ENTERPRISE DIRECTED OVER USD 543,7 MLN, TO TECHNICAL REVAMPING, INCLUDING USD 91,3 MLN IN 2011. IN GENERAL, THE METALLURGICAL COMPLEX IS A SUCCESSFUL SEGMENT OF THE ECONOMY IN TERMS OF INVESTING. BUT IN SPITE OF THE FACT THAT NATIONAL ENTERPRISES ARE ABLE TO IMPLEMENT LARGE INVESTMENT PROJECTS, THE MAIN TASK OF THE STATE IS ASSIST THESE INVESTMENT PROCESSES »

## CHARACTERISTICS OF KEY IMPACTS, RISKS AND OPPORTUNITIES

» OF THE INDUSTRY, CREATE ADDITIONAL POSSIBILITIES FOR ITS PARTICIPANTS, AND UNDERTAKE SOLVING OF THE TASKS WHICH CANNOT BE RESOLVED BY THE ENTERPRISES THEMSELVES AND WHICH GIVE A CONSIDERABLE MULTIPLICATIVE EFFECT.

### METHODS

#### OF INVESTMENT PROJECTS DEVELOPMENT

**D**URING THE LAST DECADE THE METALLURGICAL INDUSTRY HAD TO SURVIVE SEVERAL UPS AND DOWNS ACCOMPANIED BY A CONSIDERABLE FLUCTUATION OF PRICES ON THE GLOBAL MARKETS. DEMAND FOR CERTAIN PRODUCTS WAS MARKED WITH VOLATILITY. NATURALLY, BYELORUSSIAN STEEL WORKS WHICH EXPORTS ABOUT 80% OF ITS OUTPUT ALSO FELT THE CYCLIC DROPS OF THE WORLD ECONOMY. THE CONCLUSIONS MADE AT THE PLANT BASED ON THE ANALYSIS OF THE STEEL MARKET DEVELOPMENT IN XXI CENTURY COME TO THE FACT THAT ONLY THOSE WHO OFFER GOOD QUALITY PRODUCTS AT A MODERATE PRICE ARE ABLE TO SURVIVE THE TOUGH COMPETITION.

THE MAIN PRECONDITION FOR SOLVING THIS TASK IS AN ACTIVE TECHNICAL REVAMPING OF PRODUCTION, EXPANSION OF THE OUTPUT RANGE AND DEVELOPMENT OF NEW MARKETS. AS FOR THE DISTRIBUTION OF BSW DELIVERIES IT WAS EXPANDED BY APPROXIMATELY 20 COUNTRIES DURING LAST TWO YEARS. AT PRESENT THE ENTERPRISE IS CARRYING OUT A LARGE-SCALE MODERNIZATION OF THE MAIN PRODUCTION AND AUXILIARY DEPARTMENTS. PLANNED INVESTMENT EXPENSES FOR IMPLEMENTATION OF THE INVESTMENT PROJECTS INCLUDING BUILDING OF NEW FACILITIES IN THE PERIOD OF 2010 - 2015 WILL MAKE UP OVER USD 860 MILLION. (BRB 4 TRILLION.) TILL 2015 THE PLANT WHICH IS NOW CONSIDERED THE BEST IN EAST EUROPE SHALL BECOME ONE OF THE MOST ADVANCED IN THE WORLD.

IN 2009 THE MANAGEMENT OF THE PLANT INITIATED PREPARATION OF THE TECHNICAL REVAMPING PROGRAM AIMED AT EXPANSION OF METALLURGICAL STAGES, REFUSAL FROM SELLING OF SEMI-FINISHED PRODUCTS WITH LOW ADDED VALUE. TECHNICAL CONCEPT OF THIS PROGRAM IS THE BASIS OF THE BUSINESS-PLAN «INNOVATIVE DEVELOPMENT OF REPUBLICAN UNITARY ENTERPRISE «BYELORUSSIAN STEEL WORKS» FOR 2010 – 2015» WHICH DETERMINES FURTHER DEVELOPMENT OF THE MAIN BUSINESS WITH CONSIDERATION OF ALL ASPECTS OF RESPONSIBILITY. THIS BUSINESS-PLAN IS

APPROVED BY THE GENERAL DIRECTOR OF THE PLANT AND THE MINISTRY OF INDUSTRY OF THE REPUBLIC OF BELARUS.

THE BUSINESS-PLAN INCLUDES:

- COMPLEX, BALANCED DEVELOPMENT OF THE PRODUCTION FACILITIES;
- PROVISION OF INDUSTRIAL, FIRE, AND ENVIRONMENTAL SAFETY, AND LABOUR PROTECTION;
- INTRODUCTION OF PROGRESSIVE POWER- AND RESOURCE- SAVING METHODS;
- RENOVATION OF THE EXISTING PRODUCTION FACILITIES;
- IMPROVEMENT OF THE COMPETITIVENESS ON THE STEEL MARKETS.

FIRST OF ALL, DURING THE NEAREST FIVE YEARS IT IS SUPPOSED TO IMPLEMENT PROJECTS ENSURING STEEL- MAKING AND ROLLING PRODUCTION AS WELL AS PROJECTS RELATED WITH ELIMINATION OF BOTTLE-NECKS OF THE PRODUCTION PROCESS AND SOLVING OF ECOLOGICAL TASKS.

BSW WILL SOLVE ITS TASKS MAINLY FOR ACCOUNT OF ITS OWN ASSETS AND BY ATTRACTION OF FOREIGN BANK LOANS AND ESTABLISHMENT OF JOINT-VENTURES WITH FOREIGN INVESTORS. IT IS SUPPOSED TO USE AUSTRIAN, GERMAN, ITALIAN CAPITAL AS WELL AS FINANCIAL RESOURCES OF SOME OTHER COUNTRIES.

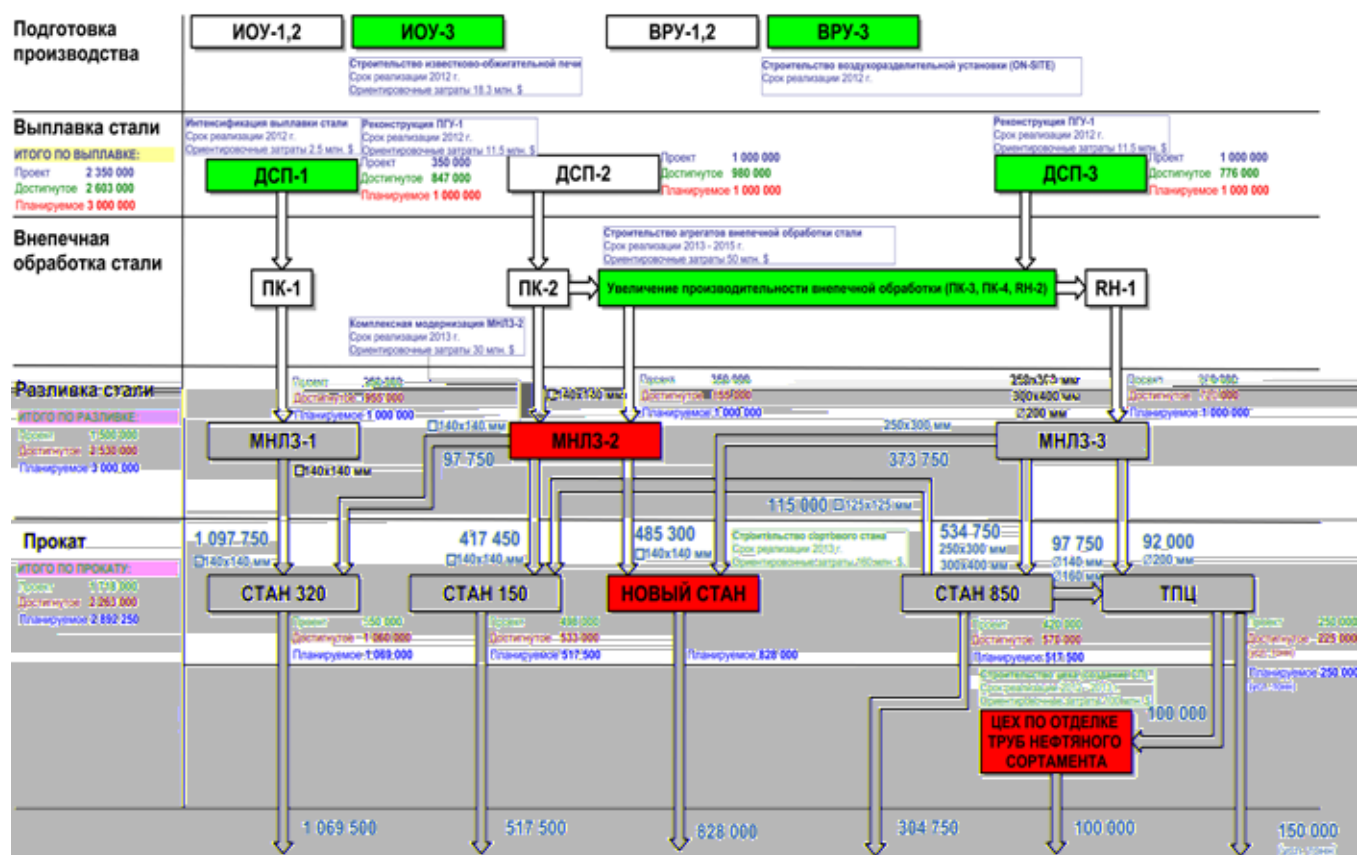
THE MAIN AIM OF RUE “BMZ” INVESTMENTS IS DEVELOPMENT OF HIGH-TECH PRODUCTIONS, A LARGE DEGREE OF RAW MATERIAL PROCESSING, REPLACEMENT OF THE OUTDATED EQUIPMENT, AND INTRODUCTION OF NEW ADVANCED TECHNOLOGIES MEETING THE WORLD LEVEL OF DEVELOPMENT OF THE STEEL INDUSTRY.

A DISTINCTIVE FEATURE OF THE INVESTMENT PROJECTS IS THEIR DIRECTION TOWARDS STEPWISE FULFILLMENT OF A COMPLEX, LARGE-SCALE RENOVATION AND MODERNIZATION OF ALL PRODUCTION STAGES. THEY FORESEE INTRODUCTION OF TECHNOLOGIES AND EQUIPMENT CONSIDERING THE LATEST TECHNICAL AND PRODUCTION ACHIEVEMENTS OF THE STEEL INDUSTRY AND WILL BE CARRIED OUT WITH THE HELP OF LEADING AUSTRIAN, ITALIAN, GERMAN, AND AMERICAN COMPANIES. BESIDES, A TRANSITION TO THE PRODUCTION OF PRINCIPALLY NEW TYPES OF PRODUCTS WITH NEW CONSUMER PROPERTIES CORRESPONDING TO THE EUROPEAN AND AMERICAN STANDARDS AND BEST WORLD ANALOGUES IS PROVIDED.

IMPLEMENTATION OF THE BUSINESS-PLAN WILL LEAD RUE “BMZ” TO NEW FRONT-LINE POSITIONS, WILL ALLOW INTRODUCTION OF MOST ADVANCED STEEL PRODUCTION METHOD, THUS, WILL CREATE THE PRECONDITIONS FOR



# БЕЛОРУССКИЙ МЕТАЛЛУРГИЧЕСКИЙ ЗАВОД BYELORUSSIAN STEEL WORKS



HIGH-RATE DEVELOPMENT OF THE ECONOMY AND SOCIAL AREA OF THE REGION.

## INFLUENCE OF THE PLANT ON THE SOCIAL AND ECONOMIC DEVELOPMENT OF THE REGION OF ITS BUSINESS ACTIVITY

FOR THE PROVISION OF A BALANCED DEVELOPMENT OF THE REGION AND UNIFORM IMPROVEMENT OF THE LIVING STANDARDS, NOT ONLY THE AUTHORITIES SHOULD MAKE ATTEMPTS, BUT BUSINESS SHOULD ALSO DISPLAY INITIATIVE ABLE TO EXERT A CONSIDERABLE INFLUENCE ON THE SOCIAL AND ECONOMIC SITUATION IN THE TERRITORY OF ITS BUSINESS ACTIVITY. RUE "BMZ" IS ONE OF THOSE ENTERPRISES OF THE REPUBLIC OF BELARUS WHICH DEMONSTRATE A SYSTEM APPROACH TO SOLVING THIS IMPORTANT ISSUE.

FULFILLING THE ARRANGEMENTS OF THE INVESTMENT PROGRAM AND MAKING INVESTMENTS, RUE "BMZ" NOT ONLY INCREASES THE CAPACITY OF THE PRODUCTION OBJECTS, BUT ALSO FULFILLS ONE OF THE MAIN TASKS IN THE AREA OF SOCIAL RESPONSIBILITY, NAMELY IT CREATES FAVOURABLE CONDITIONS FOR THE DEVELOPMENT

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ONE OF THE FIRST-PRIORITY DIRECTIONS OF INFLUENCE WITHIN THE FRAMEWORK OF SOCIAL RESPONSIBILITY IS IMPROVEMENT OF HUMAN POTENTIAL WHICH INCLUDES NOT ONLY PROVISION OF FAVOURABLE CONDITIONS FOR REALIZATION OF EACH MAN'S CAPABILITIES, IMPROVEMENT OF LIVING CONDITIONS OF THE POPULATION, AND QUALITY OF SOCIAL ENVIRONMENT, BUT IMPROVEMENT OF COMPETITIVENESS OF THE HUMAN CAPITAL.

PROVIDING SOCIAL GUARANTEES, IMPLEMENTING PROGRAMS IN THE AREA OF THE ENVIRONMENTAL SAFETY OF THE PRODUCTION FACILITIES, LABOUR PROTECTION, AND PREVENTION OF PRODUCTION INJURIES, AND SPORT DEVELOPMENT, RUE "BMZ" CONTRIBUTES TO REGULATION OF THE POPULATION SIZE AND CREATION OF CONDITIONS

Existing and planned annual output of main technological units of metallurgical industry based on complex modernization results.



## CHARACTERISTICS OF KEY IMPACTS, RISKS AND OPPORTUNITIES

» FOR ITS GROWTH. THE PLANT ENSURES EMPLOYMENT OF ABOUT 30% OF THE EMPLOYABLE POPULATION INVOLVED IN THE ECONOMY OF ZHLOBIN AREA. EVERY SECOND CITIZEN IS CONNECTED WITH THE ACTIVITY OF THE PLANT IN SOME WAY. ACTUAL NUMBER OF RUE "BMZ" STAFF IS 12 376 PEOPLE.

BEING THE LARGEST EMPLOYER IN THE REGION, THE PLANT EXERTS A DIRECT INFLUENCE ON THE LABOUR-MARKET DEVELOPMENT. WHILE IMPLEMENTING THE INVESTMENT PROGRAM, THE ENTERPRISE CREATES ADDITIONAL WORK PLACES FOR THE INHABITANTS OF THE REGION. RUE "BMZ" PROVIDES ADEQUATE SALARY AND SOCIAL GUARANTEES FOR ITS STAFF, THUS ASSISTING THE FORMATION OF A HIGHER LIVING STANDARDS AND SOCIAL STABILITY IN THE CIVIL SOCIETY.

"Implementation of the project regarding building of a new small-section rolling mill will create about 800 new work places. And not only due to internal redistribution of resources at RUE "BMZ". We have already started to recruit additional groups for Zhlobin metallurgical technical school"

**A.M. Saviznok,**  
**RUE "BMZ"**  
**General Director**



THE PLANNED SYSTEM OF THE REGION STAFF POTENTIAL DEVELOPMENT SUPPOSES NOT ONLY CONTINUOUS PROFESSIONAL TRAINING OF ITS EMPLOYEES DURING THEIR LABOUR ACTIVITY, BUT ALSO:

- FULFILLMENT OF THE TRAINING PROGRAM OF THE YOUNG CITIZENS WHO WANT TO JOIN THE PLANT OR ANY OTHER ENTERPRISE OF THE REGION BY EVENING STUDIES AT THE CORPORATE TRAINING CENTRE;
- TRAINING OF THE GRADUATES OF BELARUSIAN SCHOOLS AT ZHLOBIN METALLURGICAL COLLEGE LEADING ITS EDUCATIONAL ACTIVITY ON THE BASIS OF THE TOTAL FINANCING BY BYELORUSSIAN STEEL WORKS;
- COOPERATION WITH EDUCATIONAL ESTABLISHMENTS OF THE COUNTRY WHICH ALLOWS INCREASE OF THE LEVEL OF TRAINING OF FUTURE SPECIALISTS WITH CONSIDERATION OF OWN REQUIREMENTS AND DUE TO ORGANIZATION OF PRACTICAL TRAINING OF STUDENTS ON WORKPLACES EQUIPPED WITH ADVANCED TECHNOLOGIES AND EQUIPMENT;
- BRINGING UP OF THE COMING GENERATION CARRIED OUT BY THE TEACHERS' TEAM OF AN EXTENSIVE NETWORK OF THE PRE-SCHOOL ESTABLISHMENTS;
- FORMATION OF A HEALTHY WAY OF LIVING AND DEVELOPMENT OF CREATIVE POTENTIAL

OF THE CITIZENS OF THE REGION WHICH IS A FIRST-PRIORITY DIRECTION OF THE ACTIVITY OF THE PLANT'S PALACE OF CULTURE «METALLURG» AND THE SPORT FACILITY OF THE PLANT.

ACTIVE PARTICIPATION OF THE PLANT IN INTERNATIONAL EXHIBITIONS AND FORUMS, EFFECTIVE PROMOTION OF ITS PRODUCTS ON THE WORLD MARKETS, CREATION OF THE IMAGE OF A RELIABLE BUSINESS PARTNER HAS A POSITIVE INFLUENCE ON THE DEVELOPMENT OF THE REGION. THIS DIRECTION SUPPOSES EXPANSION OF THE POSSIBILITIES OF REALIZATION OF COMPETITIVE ADVANTAGES ON MARKETS AND STRENGTHENING OF EXTERNAL ECONOMIC POSITIONS OF THE PLANT AND THE COUNTRY IN GENERAL, FORMATION OF STABLE DIVERSIFIED RELATIONS WITH OUR INTERNATIONAL PARTNERS TO PROVIDE A STEADY DEVELOPMENT OF THE ECONOMY IN A LONG-TERM OUTLOOK.

DEVELOPING NON-FINANCIAL REPORTING IN ACCORDANCE WITH THE INTERNATIONAL STANDARDS, INTERACTING WITH ORGANIZATIONS REGARDING ISSUES OF SOCIAL RESPONSIBILITY, PARTICIPATING AND WINNING IN REPUBLICAN AND INTERNATIONAL CONTESTS, RUE "BMZ" ACTIVELY FACILITATES THE FORMATION OF A FAVOURABLE IMAGE OF THE REPUBLIC OF BELARUS

### TARGETS AND OBJECTIVES OF INVESTMENT PROJECTS

TO SOLVE THE TASKS OF THE PRODUCTION OUTPUT GROWTH UP TO THE LEVEL OF 3 MILLION TONS, AND TO ELIMINATE THE "BOTTLENECKS" IN THE EXISTING STEEL PRODUCTION FLOW OF RUE "BMZ" IN 2011 – 2015, TECHNICAL STRATEGY OF THE PLANT SUPPOSES IMPLEMENTATION OF THE PROJECTS IN THE FOLLOWING DIRECTIONS:

#### 1. FORMATION OF THE REQUIRED INFRASTRUCTURE AND INCREASE OF METALLURGICAL STAGE PRODUCTIVITY TO REACH THE FINISHED PRODUCT PRODUCTION LEVEL OF 3 MLN TPY:

- CONSTRUCTION OF LIME KILN No.3 WITH THE CAPACITY OF 400 TONS PER DAY. IT IS PLANNED TO EXPAND THE CAPACITY OF FERROALLOYS STORE, RECONSTRUCT THE TRANSPORTATION SYSTEMS FOR MATERIAL DELIVERY TO THE MELT SHOP.
- EXTENSION OF THE SCRAP PREPARATION DEPARTMENT IT IS PLANNED TO INCREASE THE NUMBER OF SLAG DISCHARGE POINTS AND THE CAPACITY OF ITS COOLING.
- BUILDING OF AN AIR SEPARATION UNIT WITH THE CAPACITY OF APPROXIMATELY 10 000 M<sup>3</sup>/H OF OXYGEN. IT IS SUPPOSED TO ORGANIZE A SEPARATE LEGAL ENTITY – A JOINT-VENTURE WITH RUE "BMZ" SHARE OF 51% FOR IMPLEMENTATION OF THE PROJECT.



PROVIDING OF THE PLANT WITH THE PRODUCTS OF AIR SEPARATION WILL BE CARRIED OUT ON A LONG-TERM BASIS.

- INTENSIFICATION OF STEEL MELTING IN EAF-1 WITH THE USE OF OXYGEN TECHNOLOGIES. IN ADDITION TO PRODUCTIVITY GROWTH UP TO 1 MLN TPY, THE PROJECT IS ASSUMED TO DECREASE THE SPECIFIC CONSUMPTION OF ELECTRIC POWER AND ELECTRODES.
- INCREASE OF SECONDARY METALLURGY PRODUCTIVITY. THE PROJECT IS SUPPOSED TO UNITE THE FRAMES OF THE BUILDINGS OF MELT SHOP No.1 AND No.2 SO AS ORGANIZE A SECONDARY METALLURGY AND LADLE DEPARTMENT IN THE NEW BAY. 2 LADLE-FURNACES AND AN RH VACUUM DEGASSER WILL BE INSTALLED.
- COMPLEX RECONSTRUCTION OF CONTINUOUS CASTING MACHINES No. 1 AND No. 2. THE FIRST STAGE: CCM-2 MODERNIZATION TO INCREASE ITS PRODUCTIVITY UP TO 1.2 MLN TPY. IN THE RESULT OF THE MODERNIZATION WE WILL GET THE POSSIBILITY TO CAST QUALITY BILLET 125X125 AND 140X140 MM WHICH WILL BE PROCESSED IN A NEW LIGHT-SECTION MILL. BASED ON THE RESULTS OF CCM-2 MODERNIZATION, A CORRESPONDING TECHNICAL CONCEPT WILL BE FORMED AND CCM-1 MODERNIZATION PROJECT WILL BE CARRIED OUT.
- MODERNIZATION OF ROLLING MILL 320 INCLUDING RECONSTRUCTION OF THE PRODUCTION PROCESS CONTROL SYSTEM AND MAIN DRIVE SPEED REGULATION SYSTEM; RECONSTRUCTION OF THE FINISHING AREA PACKING LINE. TRANSITION TO THE USAGE OF CAST BILLET 140X140 MM IN ROLLING MILL 150.
- ORGANIZATION OF A JOINT-VENTURE FOR PROCESSING STEELMAKING SLAG.

## 2. PROVISION OF A RAW MATERIALS BASE OF THE ENTERPRISE:

- DEVELOPMENT OF A SCRAP PROCUREMENT NETWORK OF THE «BMZ TRADING FIRM» LIMITED (SAINT PETERSBURG) BY A CENTRALIZED PROVISION OF SCRAP DELIVERIES FROM RUSSIAN SITES IN RAILWAY WAGONS (INCLUDING OWN AND RENTED WAGONS), AND BY WAY OF ORGANIZING OF.
- INCREASE OF SCRAP DELIVERIES FROM BALTIC STATES. ORGANIZATION OF A FIRM FOR SCRAP COLLECTION AND PROCESSING IN LITHUANIA ON THE BASIS OF BMZ TRADING FIRM BALTIJA LIMITED.
- ENTERING INTO LONG-TERM AGREEMENTS (CONTRACTS) FOR THE DELIVERY OF RAW MATERIAL RESOURCES AND HOT-BRIQUETTED IRON (HBI) IN PARTICULAR, FROM UC «METALLOINVEST» (RUSSIAN FEDERATION).
- DETAILED MARKET STUDY AND ORGANIZATION OF SCRAP DELIVERY FROM POLAND AND GERMANY.

## 3. CONSTRUCTION OF NEW FACILITIES AND MASTERING OF HIGH-ADDED VALUE PRODUCTS MANUFACTURING:

- ERECTION OF A LIGHT SECTION WIRE MILL WITH THE CAPACITY OF 700 THOUSAND TONS PER YEAR AND THE POSSIBILITY TO INCREASE ANNUAL PRODUCTION OUTPUT TO 1 MILLION TONS. TASKS OF THE PROJECT IMPLEMENTATION:

COMPLETE PROCESSING OF CAST BLOOM AND BILLET RESIDUES, ABANDONMENT OF SEMI-FINISHED PRODUCT SALE. INCREASE OF RUE «BMZ» PROCEEDS BY USD 140 MILLION PER YEAR AFTER THE PROJECT IMPLEMENTATION DUE TO PRODUCTION OF PRODUCTS WITH A HIGH ADDED VALUEОБЪЮ.

PROVISION OF RUE «BMZ» STEEL CORD AND WIRE PRODUCTION AND RUE «RECHITSA HARDWARE PLANT» WITH WIRE ROD AND CONSEQUENTLY, CREATION OF CONDITIONS FOR THEIR FURTHER DEVELOPMENT.

PRODUCTION OF ROUNDS WITH SMALL DIAMETER FOR THE ENTERPRISES OF THE REPUBLIC OF BELARUS AND WEST EUROPE.

- MASTERING OF THE PRODUCTION OF ADDITIONAL ASSORTMENT OF ROUNDS IN ROLLING MILL 850.
- GROWTH OF THE PRODUCTION OUTPUT OF OCTG PIPES:

INCREASE OF THE VOLUMES OF CAST BILLET Ø200 MM PRODUCED IN CCM-3.

REALIZATION OF MEASURES OF PIPE MILL EQUIPMENT IMPROVEMENT AIMED AT OPTIMIZATION OF THE FLOW DIAGRAM AND OBSERVATION OF INTERNATIONAL STANDARDS IN PIPE PRODUCTION.

ERECTION OF THE 3RD INSPECTION LINE.

- BUILDING OF A SHOP TO PRODUCE STEEL CORD IN THE AMOUNT OF 20 000 TPY. THE PROJECT WILL BE IMPLEMENTED TOGETHER WITH THE ERECTION OF THE LIGHT-SECTION MILL. AIM OF THE PROJECT IS TO RECEIVE AN EXTRA COST BY PROCESSING THE HIGH-CARBON WIRE ROD TO BE PRODUCED IN THE NEW MILL. WE ASSUME THAT THIS PRODUCTION WILL BE ORGANIZED IN THE FORM OF A JOINT-VENTURE.
- ORGANIZATION OF THE PRODUCTION OF STABILIZED REBARS AND PRE-STRESSED CABLES IN SWS-3 OF RUE «BMZ».
- ORGANIZATION OF SAW WIRE PRODUCTION DEPARTMENT.
- ORGANIZATION OF THE PRODUCTION OF WHEEL AXES FOR WHEEL SETS OF THE ROLLING STOCK AT JSC «MOGILEV METALLURGICAL PLANT». PRODUCTION OF AXES IN THE AMOUNT OF APPROXIMATELY 20 000 PIECES PER YEAR BY FORGING, THERMAL AND MECHANICAL PROCESSING OF BLOOM 300X400 MM PRODUCED IN MELT SHOP No.2 OF RUE «BMZ».

## RISK MANAGEMENT

HIGH LEVEL OF INFLUENCE ON SUSTAINABLE DEVELOPMENT IS EXERTED BY A POTENTIAL JEOPARDY. ITS DETECTION, ANALYSIS, SYSTEMATIZATION, »

## CHARACTERISTICS OF KEY IMPACTS, RISKS AND OPPORTUNITIES

» AND MANAGEMENT IS A PART OF THE PLANT'S ACTIVITY AIMED AT ACHIEVING PROGRESS IN THE AREA OF SUSTAINABLE DEVELOPMENT. THE TOP MANAGEMENT FORMS THE PLANT'S STRATEGY AND ACTS ON THE BASIS OF THE ANALYSIS OF EXTERNAL ENVIRONMENT RISKS AND RISKS RELATED WITH THE PLANT'S ACTIVITY. MANAGEMENT OF FINANCIAL AND NON-FINANCIAL RISKS ALLOWS DECREASE OF POTENTIAL LOSS AND PROVISION OF ADDITIONAL GUARANTEES FOR ACHIEVING THE STRATEGIC GOALS. SUSTAINABLE DEVELOPMENT OF THE PLANT IS EXPOSED TO THE FOLLOWING RISKS:

- DECREASE OF STEEL DEMAND AND PRICES;
- GROWTH OF PRICES ON RAW MATERIALS MARKETS;
- DEPENDENCE ON RAW MATERIAL BASE;
- CHANGES OF POLITICAL AND ECONOMIC CONDITIONS OF THE RB;
- CHANGES OF LAW OF THE RB;
- GROWTH OF POWER, GAS, AND RAILWAY TRANSPORT RATES OF THE NATURAL MONOPOLIES;
- FLUCTUATION OF FOREIGN CURRENCY AND INTEREST RATES;
- BREAKDOWN IN THE PRODUCTION;
- ACCIDENTS;
- PERSONNEL.

MEASURES OF RISK MANAGEMENT ARE INTEGRATED IN THE SYSTEM OF CORPORATE MANAGEMENT OF THE PLANT. RUE "BMZ" TAKES A SET OF MEASURES TO DECREASE RISKS:

- IMPLEMENTATION OF THE SYSTEM OF CALCULATION OF EXPENDITURES AT THE PLACE OF ORIGIN;
- IMPROVEMENT OF MATERIAL SUPPORT;
- DEVELOPMENT OF THE SYSTEM OF INTERNAL AUDIT AND CONTROL;
- REDUCTION OF PRODUCTION COSTS;
- IMPROVEMENT OF THE SYSTEM OF ENVIRONMENT MANAGEMENT;
- EXPANSION OF THE PRODUCT RANGE;
- PRODUCT QUALITY IMPROVEMENT;
- DEVELOPMENT OF THE MERCHANDISE NETWORK;
- RE-ORIENTATION OF THE PRODUCTION TOWARDS THE TYPES OF PRODUCTS WHICH ARE MORE IN DEMAND;
- DEVELOPMENT AND INTRODUCTION OF NEW METHODS AND PRODUCTS;
- MONITORING OF THE MARKET OF RAW MATERIALS RESOURCES;
- DEVELOPMENT OF LONG-TERM CONTRACTUAL RELATIONS WITH SUPPLIERS AND CUSTOMERS;

— MONITORING OF RATES AND QUOTAS LIMITATIONS FOR KEY AND PROSPECTIVE SALES MARKETS;

— COOPERATION WITH STATE AUTHORITIES IN THE DEVELOPMENT OF A BALANCED POLICY OF RUE "BMZ" AND ITS SUPPORT.

INTRODUCTION OF A SYSTEM OF CORPORATE STANDARDS, REGULATIONS, RULES, PROCEDURES AND UNIFIED APPROACHES TO THEIR IMPLEMENTATION BECAME AN IMPORTANT DECISION OF RISK MANAGEMENT..

PROVIDING TRANSPARENCY AND ACCESSIBILITY OF RISK INFORMATION, RUE "BMZ" OPERATIVELY DETERMINES THE REACTION STRATEGY, DEVELOPS ACTIONS OF RISK MANAGEMENT AND MONITORS THEIR IMPLEMENTATION EFFECTIVENESS.





## Description of the plant

### GENERAL INFORMATION

**R**EPUBLICAN UNITARY ENTERPRISE “BYELORUSSIAN STEEL WORKS” IS A STATE-OWNED ENTERPRISE THAT IS LOCATED IN THE CENTER OF EUROPE, NAMELY IN ZHLOBIN, GOMEL REGION, 220 KM FROM THE CAPITAL OF THE REPUBLIC OF BELARUS – THE CITY OF MINSK. THE TOTAL AREA OF RUE “BMZ” INDUSTRIAL SITE IS 249.06 HA.

RUE “BMZ” IS SUBORDINATED TO THE MINISTRY OF INDUSTRY OF THE REPUBLIC OF BELARUS.

**LEGAL ADDRESS (POSTAL ADDRESS) OF THE ENTERPRISE, HEAD OFFICE ADDRESS:**

37 PROMYSHLENNAYA ST., ZHLOBIN, GOMEL REGION, 247210, REPUBLIC OF BELARUS.

NOT ONLY IS RUE “BMZ” THE LARGEST ENTERPRISE IN THE REPUBLIC OF BELARUS, BUT ALSO IN EUROPE. IT IS THE BASE ENTERPRISE FOR THE METALLURGY INDUSTRY OF THE REPUBLIC. DURING THE LAST TWO DECADES IT HAS BEEN AMONG REPUTABLE STEEL PRODUCTS MANUFACTURERS. DESIGN, CONSTRUCTION AND FITTING OF THE WORKS WITH NEWEST EQUIPMENT AND ADVANCED TECHNOLOGY WITH FURTHER PUTTING PRODUCTION CAPACITIES FOR GUARANTEE MAINTENANCE WERE BASED ON THE EUROPEAN FIRMS CONTRACTING PRINCIPLES INVOLVING HAND-OVER OF INDUSTRIAL FACILITIES AND TECHNOLOGIES ON THE TURNKEY BASIS. USE OF ADVANCED WORLD EXPERIENCE AND NEWEST TECHNOLOGIES DURING THE WORKS CONSTRUCTION AND FURTHER DEVELOPMENT ALLOWED US TO CREATE A UNIQUE INDUSTRIAL COMPLEX IN THE REPUBLIC OF BELARUS





## DESCRIPTION OF THE MAJOR STRUCTURAL DIVISIONS

**T**HE ENTERPRISE STRUCTURE INCLUDES TWO MAIN PRODUCTIONS: METALLURGICAL (STEEL-MAKING AND ROLLING) AND HARDWARE PRODUCTION AS WELL AS INFRASTRUCTURE PLANTS AND DEPARTMENTS FOR THE WORKS ACTIVITY MANAGEMENT.

THE STEEL-MAKING PRODUCTION INCLUDES: A SCRAP YARD, TWO MELT SHOPS, AND A TECHNOLOGICAL MOTOR TRANSPORT SHOP.

THE ROLLING PRODUCTION IS REPRESENTED BY A ROLLING PLANT HAVING THREE ROLLING MILLS PRODUCING VARIOUS SECTIONS AND A PIPE MILL.

THE HARDWARE PRODUCTION CONSISTS OF THREE WIRE SHOPS, POWDER METALLURGY AND DRAWING DIE SHOP, A TARE AND DIE SHOP. THE WORKS INFRASTRUCTURE IS REPRESENTED BY THE PLANTS FOR REPAIRING METALLURGICAL, POWER, ELECTRIC AND MECHANICAL EQUIPMENT, PLANTS SUPPLYING PRODUCTION WITH MEDIA AND ELECTRIC POWER, TRANSPORTATION SHOP AND OTHER SUBDIVISIONS.

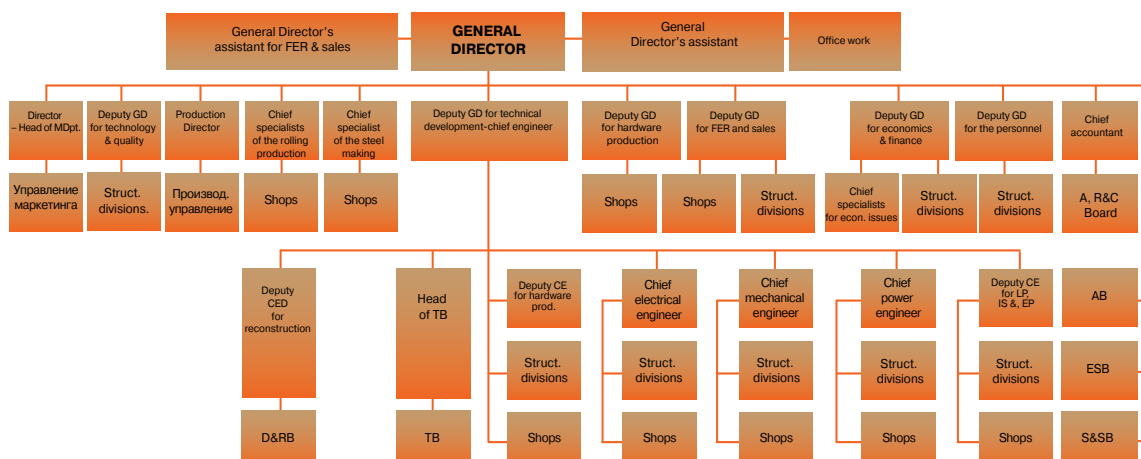
THE PRODUCT CATALOG OF THE PLANT INCLUDES SUCH COMPONENTS AS CONCAST AND HOT-ROLLED BILLET; ROLLED SECTION AND SHAPES, CONCRETE REINFORCING BAR; PIPE BILLET, WIRE ROD, STEEL CORD, HOT-DEFORMED SEAMLESS PIPES; STEEL ANCHORING AND WAVY FIBER AND MICROFIBER, MULTIPURPOSE STEEL WIRE.

REPUBLICAN UNITARY ENTERPRISE "BYELORUSSIAN STEEL WORKS" IS A HIGH-TECHNOLOGY METALLURGICAL COMPLEX WITH A COMPLETE METALLURGICAL CYCLE. THE OVERALL PRODUCTION TAKES PLACE ON A SINGLE PRODUCTION SITE IN THE REPUBLIC OF BELARUS THAT ALLOWS TO SAVE THE SIZE AND MANUFACTURE LOW-EXPENSES PRODUCTS. VAST CHOICE OF THE PRODUCTIVE CAPACITIES ALLOWS TO ORGANIZE A FLEXIBLE PRODUCTION FLOW TAKING INTO ACCOUNT MARKET CONDITIONS AND TO MAINTAIN STABLE LONG-TERM SALES QUANTITIES.

## Description of the plant

### ORGANIZATIONAL MANAGEMENT STRUCTURE

THE ORGANIZATIONAL STRUCTURE IS BASED ON THE HIERARCHICAL PRINCIPLE. THE ENTERPRISE IS HEADED BY THE DIRECTOR GENERAL THAT ACTS IN CONFORMITY WITH THE REPUBLICAN LEGISLATION AND THE ARTICLES OF THE ENTERPRISE, SETS OBJECTIVES AND POLICIES, DISTRIBUTES RESPONSIBILITY AND AUTHORITY TO THE SUBDIVISION MANAGERS. AS OF DECEMBER 31, 2011 THE TOTAL NUMBER OF EMPLOYEES WAS 12376 PEOPLES.



Organizational structure of RUE «BSW» was established based on hierarchical principle.

### COMPETITIVE ADVANTAGES

#### OF RUE «BMZ»

**B**ASIC COMPETITIVE ADVANTAGES ARE:

- STRONG POSITION ON GLOBAL STEEL MARKETS;
- FAVOURABLE GEOGRAPHIC LOCATION OF THE PLANT;
- PROFESSIONALISM OF THE PERSONNEL;
- HIGH COMPETITIVENESS OF THE PRODUCTS;
- UP-TO-DATE INVESTMENT PROGRAM;
- HIGH LEVEL OF REPUTATION AMONG CUSTOMERS DUE TO PRODUCT QUALITY.

### APPROACHES ENSURING STABLE DEVELOPMENT

2011 WAS RATHER COMPLICATED. ITS START WAS DIFFICULT. THERE WERE SERIOUS DROPS OF MARKETS IN DIFFERENT REGIONS.

IN THE EXISTING BUSINESS SITUATION IT WAS NECESSARY TO CONTINUE STRONGLY TO ADHERE TO THE POLICY OF COSTS REDUCTION AND IMPROVEMENT OF THE EFFICIENCY OF WORK OF MARKETING AND SALES SERVICES ADOPTED BY THE PLANT AT THE PERIOD OF RECESSION. THESE SERVICES HAD TO REACT TO THE CHANGED MARKET CONDITIONS AND CHANGE THEIR APPROACHES TO PRODUCT SALES. NEVERTHELESS, DUE TO A VAST DIVERSIFICATION OF THE ENTERPRISE IN TERMS OF PRODUCTS AS WELL AS IN TERMS OF REGIONS, WE MANAGE TO RETAIN VERY GOOD POSITIONS ON MANY MARKETS. IT CONCERNS MOST OF ALL THE PIPE MILL PRODUCTS; WE INCREASED OUR VOLUMES ON THE MARKETS OF EUROPE AND NORTH AMERICA.

CONTINUOUS MONITORING OF THE SALES MARKET ALLOWED SELLING OF RUE «BMZ» PRODUCTS AT RATHER HIGH AND COMPETITIVE PRICES TAKING INTO CONSIDERATION REGIONS AND RECEIVING COUNTRIES AT THE SAME TIME SUPPORTING ITS PRESENCE ON THE MOST SIGNIFICANT MARKET OUTLETS. STARTING WITH THE MIDDLE OF 2010 CONTINUOUS MONITORING OF RAW MATERIALS MARKETS HAS BEEN CARRIED OUT. THIS HELPS US TO PROCURE QUALITY MATERIALS AT OPTIMAL PRICES. ANALYSIS OF STEEL CONSUMING BRANCHES OF INDUSTRY INCLUDING



## БЕЛОРУССКИЙ МЕТАЛЛУРГИЧЕСКИЙ ЗАВОД BYELORUSSIAN STEEL WORKS

ENGINEERING, CONSTRUCTION, AND TIRE INDUSTRY ALLOWS DETERMINATION AND SETTING OF OPTIMAL PRICES, RUE «BMZ» PRODUCTION OUTPUT, AND PRODUCT SALE WITH A RATHER PRECISE DEGREE OF RELIABILITY.

### TRANSPORT-LOGISTICS SCHEME OF RUE «BMZ» STEEL EXPORT

JOINT-VENTURE ESTABLISHED WITH PARTICIPATION OF RUE «BMZ» CAPITAL CARRY OUT LOGISTICS WHICH INCLUDES INSURANCE OF EXPORT AND IMPORT, ORGANIZATION AND FULFILLMENT OF EXPORT TRANSPORTATION FROM RUE «BMZ» TO CLIENTS, ORGANIZATION AND FULFILLMENT OF IMPORT AND RETURN TARE FROM CUSTOMERS TO RUE «BMZ», CUSTOMS CLEARANCE OF EXPORTED AND IMPORTED GOODS AND RETURNED TARE, ORGANIZATION AND SERVICING OF BUFFER AND CONSIGNMENT STORES, TEMPORARY STORES, COORDINATION OF DELIVERIES BETWEEN THE BUYER AND THE SELLER, DELIVERY SETTLEMENT CONTROL

TRANSPORTATION OF GOODS IS CARRIED OUT ON THE BASIS OF ANNUAL AGREEMENTS FOR TRANSPORT AND FORWARDING SERVICES SIGNED EITHER BY NEGOTIATIONS BETWEEN THE JOINT-VENTURES AND RUE «BMZ» WITH A FREIGHT CARRIER OR BY AGREEMENT AND APPROVAL OF TRANSPORTATION RATE FROM RUE «BMZ» SIDE.

MAIN CONDITION OF RUE «BMZ» PRESENCE ON THE EXTERNAL MARKET IS PROVISION OF END USERS

WITH DELIVERY CONDITIONS AND PAYMENT TERMS EQUAL TO OFFERS OF THE MAIN COMPETITORS THAT ALLOW DELAYED PAYMENTS AFTER DELIVERY.

FOR THE DELIVERY OF GOODS TO CUSTOMERS RUE «BMZ» USES DIFFERENT TYPES OF TRANSPORTATION: MOTOR AND MIXED TRANSPORTATION (CONTAINERS), RAILWAY AND HOLD TRANSPORTATION.

MOTOR AND MIXED (CONTAINER) TRANSPORTATION ARE USED TO DELIVER PRODUCTS TO OUR CUSTOMERS IN THE USA AND EUROPE. MOTOR TRANSPORTATION IS USED TO DELIVER LOADS TO LITHUANIAN PORTS. THEN THE GOODS ARE TRANSPORTED IN CONTAINERS BY SEA. WE USE OUR OWN TRANSPORT AND ATTRACT EXTERNAL CARRIERS. TRANSPORTATION IS BASED ON ANNUAL TRANSPORTATION AND FORWARDING SERVICE CONTRACTS.

MANY YEARS OF EXPERIENCE IN DIFFERENT REGIONS OF THE WORLD ALLOWED THE ENTERPRISE TO OBTAIN THE REPUTATION OF A RELIABLE PARTNER MAKING DELIVERIES OF HIGH-TECH PRODUCTS. AT THE SAME TIME HIGH INTERNATIONAL AUTHORITY AND COOPERATION WITH INTERNATIONAL FINANCE INSTITUTIONS ENSURED WIDE PERSPECTIVES FOR GETTING ADVANTAGEOUS CREDIT LINES FROM FIRST-CLASS EUROPEAN BANKS.

BELONGING OF PRODUCTS DELIVERED TO DIFFERENT COUNTRIES OF FIVE CONTINENTS OF THE EARTH TO RUE «BMZ», ITS HIGH QUALITY IS CONFIRMED BY RUE «BMZ» TRADE MARK REGISTERED IN 61 COUNTRIES WORLDWIDE. IN 2012 WE PLAN TO REGISTER OUR TRADE MARK IN AFGHANISTAN, THE LEBANON, AND MEXICO. IN THE NEAREST FUTURE THE PLANT PLANS TO GET REGISTERING DOCUMENTS FOR 15 COUNTRIES MORE. EFFORTS OF THE PLANT MANAGEMENT

**RUE «BSW» uses different type of transport to deliver its goods to customers.**



AND THE STAFF AIMED AT IMPROVEMENT OF ITS PRODUCT COMPETITIVENESS AND CREATION OF A POSITIVE IMAGE OF THE PLANT ARE AWARDED WITH PRIZES OF REPUBLICAN CONTESTS IN THE NOMINATIONS:

- «BEST BUILDING PRODUCT OF THE YEAR 2011»;
- BEST GOODS OF THE REPUBLIC OF BELARUS OF 2011 ON THE MARKETS OF THE RUSSIAN FEDERATION”.

BMZ WAS AWARDED THE TITLE OF «THE BEST SUPPLIER OF 2010» AMONG MORE THAN 1000 SUPPLIERS OF EATON CORPORATION FOR HIGH QUALITY OF THE PRODUCTS MANUFACTURED, DELIVERY LOGISTICS AND OPERATIVE REACTION TO CUSTOMER’S REQUESTS.

ALL RUE «BMZ»: ACTIVITY PERFECTLY FITS INTO THE CORPORATE POLICY OF THE ENTERPRISE; PRODUCTION OF A ADVANCED TECHNOLOGY PRODUCTS WITH A HIGHER ADDED VALUE MEETING THE REQUIREMENTS OF NATIONAL AND FOREIGN CUSTOMERS, INCREASE OF THE PLANT PROFITABILITY WITH A RATIONAL USE OF RESOURCES, PROTECTION OF THE ENVIRONMENT AND PROVISION OF A HIGH LIVING STANDARD OF THE PLANT STAFF. RESULTS OF 2011 ARE A CLEAR PROOF THAT THIS IS NOT JUST A DECLARATION.

## PERSPECTIVE DIRECTIONS OF SALES ACTIVITY

**A**NALYSIS OF STEEL CONSUMING INDUSTRIES OPERATION ALLOWS US TO SUPPOSE THAT IN 2012 PROSPECTS FOR SALES OF PRODUCTS OF BMZ RANGE FOR ENGINEERING INDUSTRY ARE MODERATE POSITIVE AND IN GENERAL LOOK LIKE MORE DYNAMIC AND STABLE: BLOOMS, ROUND BARS, SEAMLESS PIPES (OF ENGINEERING RANGE) WILL BE IN ACTIVE DEMAND. AS COMPARED WITH THE PREVIOUS YEAR GROWTH OF STEEL DEMAND IS FORECAST IN 2012. THE BIGGEST GROWTH RATE IS SUPPOSED IN BUILDING AND ENGINEERING INDUSTRY. TIRE MARKET IS ALSO RESTORING. ITS GROWTH RATE IN 2012 WILL BE COMPARABLE TO 2011.

IT IS PLANNED TO REORGANIZE AND IMPROVE THE OPERATION OF OUR OWN COMMODITY DISTRIBUTION NETWORK IN 2012 TO DIVERSIFY STEEL SALES AND IMPROVE THE EFFICIENCY OF SALES.

DURING 12 MONTHS OF 2011 THE VOLUME OF RUE “BMZ” STEEL SALES FOR EXPORT MADE UP 125,8% AS COMPARED WITH SIMILAR PERIOD OF THE PREVIOUS YEAR. DURING JANUARY-DECEMBER 2011 RUE “BMZ” DELIVERED STEEL TO THE FOLLOWING REGIONS: EUROPE (48% - EXPORT SHARE), RUSSIAN FEDERATION (28,1%), MIDDLE EAST AND AFRICA (16,6%), CIS COUNTRIES (3,4%), AMERICA (3,5%),

SEA (0,69%). BESIDES, THE KEY EXPORT REGIONS WERE EUROPE, RUSSIAN FEDERATION, MIDDLE EAST AND AFRICA GETTING 92,4% OF THE TOTAL AMOUNT OF EXPORTED STEEL.

DURING 12 MONTHS OF 2011 EXPORT SHARE IN THE TOTAL SHIPPED AMOUNT OF STEEL MADE UP 76,0%, EXPORT GROWTH RATE WAS 125,8%.

## EUROPEAN MARKET

GROWTH OF STEEL DELIVERIES ON THE EUROPEAN MARKET DURING 12 MONTHS OF 2011 AS COMPARED WITH 12 MONTHS OF 2010 WAS 139,5%. IN 2011 BMZ STEEL WAS DELIVERED TO 28 EC COUNTRIES. MOST OF THE VOLUMES WERE DELIVERED TO LATVIA, GERMANY, LITHUANIA, POLAND, ITALY, SLOVAKIA, CZECH REPUBLIC AND AUSTRIA (74,1% OF THE EUROPEAN EXPORT).

## RUSSIAN FEDERATION

GROWTH OF DELIVERIES ON THE RUSSIAN MARKET DURING 12 MONTHS OF 2011 AS COMPARED WITH 12 MONTHS OF 2010 WAS 149,1%. MOST OF THE VOLUME



Product description	Regions of delivery
Cast billet	Europe, Middle East and Africa, CIS
Bloom	Europe, CIS, Middle East and Africa
Rolled billet	Europe, Middle East and Africa
Rolled bars	Europe, CIS, Middle East and Africa, SEA
Seamless pipes	Europe, Middle East and Africa, America, SEA, CIS
Tire cord	Europe, Страны NAFTA, Russian Federation, Ukraine, Republic of Belarus
Hose wire	Europe, Middle East and Africa, CIS, USA
Bead wire	Europe, CIS
Steel wire	Europe, CIS
Fiber	Europe, CIS

Table.  
Distribution  
and structure  
of RUE "BMZ"  
sales in 2011.

### SOUTH AND NORTH AMERICA

GROWTH OF TO AMERICA WAS 137,4% COMPARED WITH THE SIMILAR PERIOD OF THE PREVIOUS YEAR. MAIN EXPORT VOLUMES TO AMERICA (65,4%) CONSISTED OF SEAMLESS PIPES. IN 2011 THE PLANT MADE SUCCESSFUL DELIVERIES TO VENEZUELA, THE USA, MEXICO AND ECUADOR (LAST DELIVERIES TO ECUADOR WERE IN 2009, THEY WERE RESUMED IN 2011).

### SOUTH-EAST ASIA

IN 2011 BMZ EXPORTED SEAMLESS PIPES TO VIETNAM, INDIA, AND CHINA. NEW MARKETS WERE DEVELOPED AS WELL: TAIWAN AND INDONESIA. PIPE PRODUCTS IN THE AMOUNT OF USD 0,3 MLN WERE DELIVERED TO THESE COUNTRIES WHICH MAKES UP 3,4% OF THE ASIAN EXPORT.

INCREASE OF DELIVERIES TO SEA DURING 12 MONTHS OF 2011 AS COMPARED WITH THE SIMILAR PERIOD OF 2010 WAS 93,0%.

MAIN DIRECTION OF RUE «BMZ» PROMOTION STRATEGY ON THE EXTERNAL MARKETS IS RETENTION AND ACTIVE GROWTH OF ITS PRESENCE ON THE EXISTING SALES MARKETS AND SEARCH OF NEW, ECONOMICALLY EFFECTIVE REGIONS ACCOMPANIED BY INCREASE OF SALES THROUGH ITS OWN COMMODITY DISTRIBUTION NETWORK.

AS ON 01.01.2011 RUE "BMZ" INTERESTS OUTSIDE THE REPUBLIC OF BELARUS ARE REPRESENTED BY 7 JOINT-VENTURES IN GERMANY, AUSTRIA, CHINA, LITHUANIA AND THE RUSSIAN FEDERATION WHICH SELL MORE THAN HALF OF THE PRODUCTS MANUFACTURED. FOR DIVERSIFICATION OF STEEL SALES AND PROVISION OF A REQUIRED LEVEL OF SALES IN 2011-2015 WE PLANT TO IMPROVE THE WORK OF OUR OWN COMMODITY DISTRIBUTION NETWORK AND WITHDRAW FROM WORK WITH TRADERS.

1. **JSC «BELASTAHL AUßENHANDEL GMBH»**, BERLIN, GERMANY, ESTABLISHED IN 1994. IT SELLS TIRE CORD, BRONZE-PLATED BEAD WIRE, HOT-DEFORMED SEAMLESS PIPES IN THE NORTH-WEST EUROPEAN REGION

2. **JSC «BELMET HANDELGESELLSCHAFT M.B.H.»**, LINZ, AUSTRIA, ESTABLISHED IN 1996. IT SELLS TIRE CORD, BEAD WIRE, HOSE WIRE, AND HOT-DEFORMED SEAMLESS PIPES IN THE SOUTH-EAST REGION OF EUROPE.

3. **JSC «BEL-KAP-STEEL, LLC»**, MIAMI, USA, ESTABLISHED IN 1998. IT SELLS TIRE CORD IN THE USA AND REINFORCING BARS FOR CONSTRUCTION, WIRE ROD, CAST BILLET, AND HOT-DEFORMED SEAMLESS PIPES IN NORTH AND SOUTH AMERICA, SCANDINAVIA, AND THE NETHERLANDS, ITALY, POLAND, GREAT BRITAIN, SLOVAKIA, AND TURKEY. »

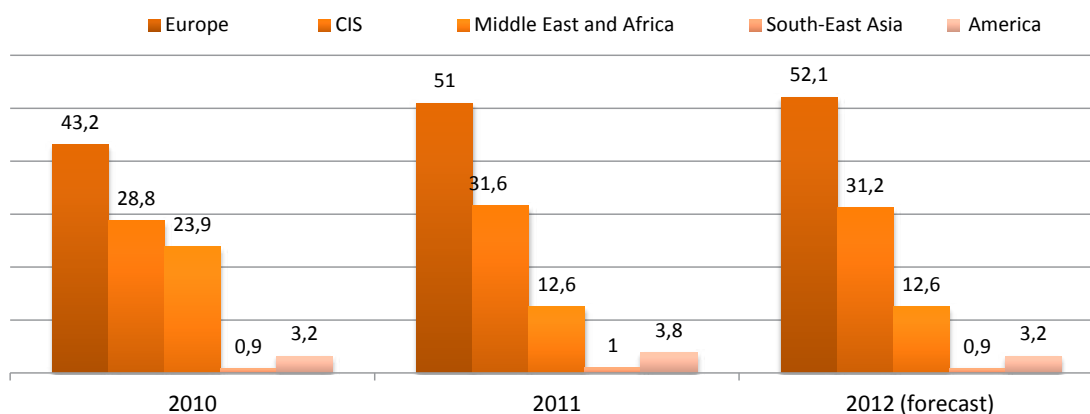
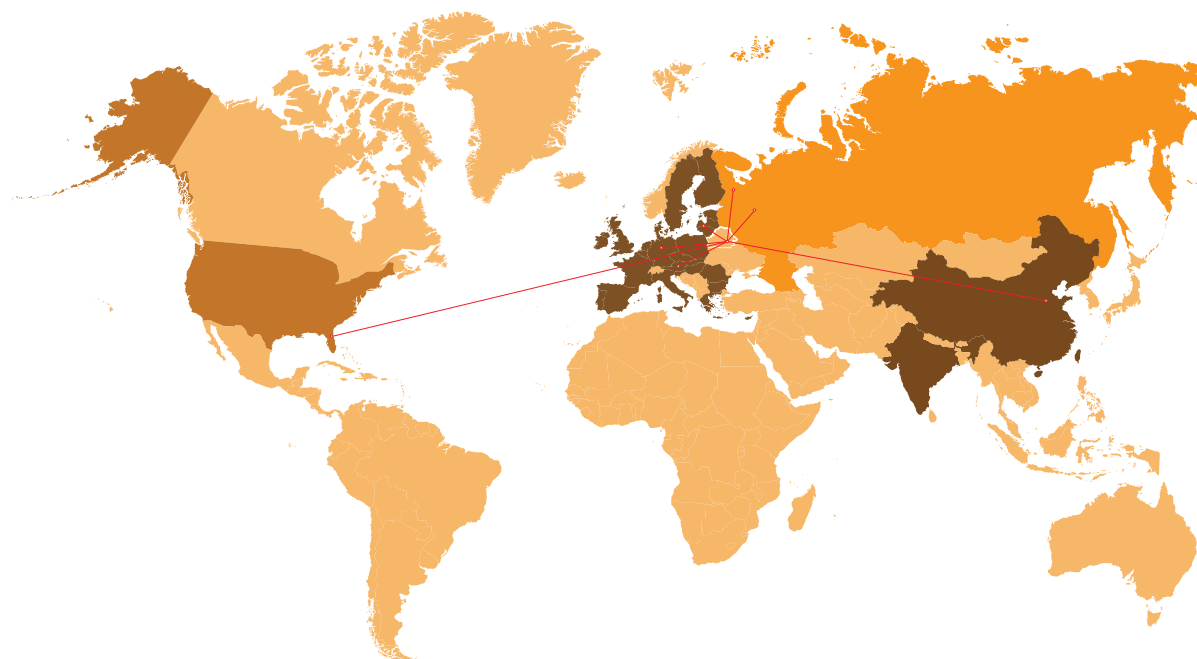


Diagram:  
Distribution  
of steel deliveries  
by regions, %

## Description of the plant



Major trading  
representative  
of RUE «BMZ»

- » 4. **JSC «BELMET (SHANGHAI) TRADING Co., LTD.»**, SHANGHAI, CHINA, ESTABLISHED IN 2004. IT DELIVERS TECHNOLOGICAL AND RAW MATERIALS.
5. **UAB «PREKYBOS NAMAI BMZ-BALTIA»**, SHAULAI, LITHUANIA, ESTABLISHED IN 2008. IT SELLS REBARS FOR CONSTRUCTION, STEEL WIRE, AND HOT-DEFORMED SEAMLESS PIPE IN THE BALTIC COUNTRIES.
6. **JSC «TORGOVYI DOM BMZ»**, ST. PETERSBURG, RUSSIAN FEDERATION, ESTABLISHED IN 2003. IT WAS ORGANIZED SO AS TO ENSURE RAW MATERIAL SAFETY FOR BYELORUSSIAN STEEL WORKS: DELIVERIES OF SCRAP AND MATERIALS.
7. **JSC «TORGOVYI DOM BMZ»** MOSCOW, RF, ESTABLISHED IN 2007. IT WAS ORGANIZED SO AS TO SELL FINISHED PRODUCTS (REBARS FOR CONSTRUCTION, STEEL WIRE, AND HOT-DEFORMED SEAMLESS PIPES) OF RUE «BMZ» IN THE RUSSIAN FEDERATION.

SO AS TO INCREASE THE SHARE OF STEEL EXPORTS OF THE PLANT THROUGH THE COMMODITY DISTRIBUTION NETWORK, WE FIRST OF ALL PAY ATTENTION TO THE EXTENSION OF THE NUMBER OF JOINT-VENTURES, DISTRIBUTORS, AND IMPROVEMENT OF THE EFFICIENCY OF THEIR ACTIVITY.

TASKS SET FORTH FOR THE JOINT-VENTURES REGARDING THE PROMOTION OF HIGH-TECH PRODUCTS OF RUE «BMZ» AND EXPANSION OF THE SALES MARKETS, ARE SUCCESSFULLY FULFILLED. OPTIMIZATION OF THE MONEY FLOW BY THE JOINT-VENTURES HELPS TO IMPROVE THE RELIABILITY OF MONEY PROCEEDS FROM OUR CUSTOMERS AND TO CONSIDERABLY REDUCE THE PERIOD FOR SOLD PRODUCT PAYMENT.

THUS, HAVING ANALYZED THE BASIC SALES MARKETS OF BMZ, WE MAY SAY THAT THE PLANT HAS STRONG POSITIONS AND BIG PROSPECTS



## World market trends

### SHORT-TERM OUTLOOK

THE OUTLINED PROSPECTS OF THE METALLURGICAL SECTOR DEVELOPMENT IN A SHORT-TERM OUTLOOK CAN DEVELOP IN THE WAY WHICH FORESEES STAGNATION OF THE WORLD ECONOMY AND RETENTION OF THE EXISTING LEVEL OF CONSUMER ACTIVITY AND REGIONAL STEEL TRADE; THE MARKET IS SUPPORTED BY THE ECONOMIC GROWTH IN CHINA AND THE DEVELOPING COUNTRIES. DEVELOPING COUNTRIES ACT AS GROWTH DRIVERS; ECONOMY OF THE DEVELOPED COUNTRIES IS A CONSTRAINT. AT THAT, STARTING WITH 2011 RECOVERY OF THE KEY COUNTRIES OF THE WORLD IS MORE AND MORE SLOWING DOWN IN THE RESULT OF THE DISCOUNT RATE LEVEL GROWTH

IN THE ENVIRONMENT OF WITHDRAWAL OF THE ANTI-CRISIS ECONOMIC INCENTIVES (CREDIT POLICY, REAL ESTATE MARKET CONDITIONS HAVE BECOME TOUGHER THIS YEAR; A TRANSITION TO A FLOATING YUAN RATE HAS TAKEN PLACE), SIGNS OF SLOWING DOWN OF THE BUSINESS ACTIVITY INDICES HAVE APPEARED: INDUSTRIAL OUTPUT GROWTH RATE DECREASED, BUILDING ACTIVITY IN THE USA REDUCED. THERE IS NO DOUBT THAT THE GROWING BUDGET DEFICIENCY IN THE USA REMAINS ONE OF THE MOST SERIOUS THREATS TO THE WORLD STABILITY, AT THE SAME TIME DURING THE LAST HALF-YEAR A NUMBER OF MACROECONOMIC FIGURES DEMONSTRATE A SLIGHT STRENGTHENING OF THE MARKET SITUATION IN THE RESULT OF THE MEASURES UNDERTAKEN BY THE GOVERNMENT. UNEMPLOYMENT GROWTH AND SLOWING DOWN OF THE GROWTH RATE OF THE INCOME OF THE POPULATION WILL FOLLOW THE ANNOUNCED CUTOFF OF THE BUDGET DEFICIENCY IN THE EC COUNTRIES. CONSEQUENTLY, THERE ARE NO PRECONDITIONS FOR CONSUMPTION GROWTH AND FOR THE RECOVERY OF THE PRE-CRISIS LEVEL IN THIS REGION IN THE NEAREST FUTURE. IN THE SITUATION OF STRENGTHENING OF THE PROTECTIONIST MOOD, EUROPEAN INTEREST TO IMPORTED GOODS WILL CONTINUE TO FALL.

PRICE CHANGE DYNAMICS WILL BE CHARACTERIZED BY A SHORTER WAVE CYCLE, BUT THE AMPLITUDE OF ITS FLUCTUATION FROM THE AVERAGE LEVEL WILL RISE. AMONG OTHER REASONS OF THE CYCLIC RECURRENCE CHARACTER CHANGE WE MAY POINT OUT UNIVERSAL DECREASE OF THE LEVEL OF THE INVENTORY (IN THIS SITUATION PRICES WILL QUICKLY REACT TO THE EMERGING DEMAND) AND TRANSITION TO QUARTERLY RAW MATERIAL AGREEMENTS.

STAGNATION (RATHER ABSENCE OF SIGNS OF DETERIORATION) OF THE WORLD ECONOMY WILL RENDER SUPPORT TO THE RAW MATERIAL AND POWER PRICE LEVEL WHICH MEANS A RELATIVE STABILITY OF THE BUDGET FILLING FOR CIS COUNTRIES. EVEN SLOW RECOVERY OF THE POPULATION'S INCOMES WILL HELP TO EXPAND THE DOMESTIC DEMAND. IMPLEMENTATION OF THE ANTI-CRISIS PROGRAMS OF THE GOVERNMENT BECAME AN URGE FOR THE CUSTOMER DEMAND ACTIVATION,

AND STARTING WITH THE MIDDLE OF 2011, VOLUMES OF FLOATING ASSETS INJECTION INTO THE KEY BRANCHES OF ECONOMY WILL START TO GO DOWN. IT IS DETERMINED BY LIMITED POSSIBILITIES OF THE BUDGET (HIGH SOCIAL OBLIGATIONS REMAIN WEAK POINTS OF CIS ECONOMIES WHICH IS ESPECIALLY CLEARLY SEEN AGAINST THE BACKGROUND OF THE DECREASED POST-CRISIS TAX PROCEEDS). LONG-LASTING SATURATION OF THE MARKET WITH LIQUIDITY TOGETHER WITH DECREASE OF BORROWED FUND COST CAN PROVOKE STRENGTHENING OF INFLATION PROCESSES WITH SIMULTANEOUS BACK-OFF OF THE DEMAND. IT IS NECESSARY TO POINT OUT THAT FOR THE INDUSTRIAL PRODUCTION (FOR EXAMPLE, FOR THE PARTICIPANTS OF THE PROGRAM OF AUTOUTILIZATION) DECREASE OF THE STATE SUBVENTIONS WOULD MOST LIKELY TURN INTO THE DECREASE OF THE DEMAND AND CORRESPONDING DROP OF PRODUCTION FIGURES.

### LONG-TERM OUTLOOK

DURING 3-5 YEARS RECOVERY OF THE WORLD STEEL MARKET IS SUPPOSED AND CONSEQUENTLY, IMPROVEMENT OF STEEL CONSUMPTION, RECOVERY OF SUCH INDUSTRIES AS ENGINEERING, CONSTRUCTION, MOTOR INDUSTRY, OIL PRODUCTION, AND OIL PROCESSING. IN THE LONG-TERM OUTLOOK RUE "BMZ" PLANS TO RECOVER ITS CUSTOMERS ON TRADITIONAL MARKETS (EUROPE, CIS) COMPLETELY, RETAIN ITS CUSTOMERS ON THE DEVELOPING MARKET OUTLETS (MIDDLE EAST), AND GET NEW CUSTOMERS BOTH ON THE EXISTING AND NEW MARKETS. IN PARTICULAR, THE PLANT ACTIVELY DEVELOPS NEW PRODUCTS AND STUDIES SALES MARKETS FOR THESE PRODUCTS WHICH WILL HELP TO GET NEW CUSTOMERS.

EUROPEAN AND CIS COUNTRIES ARE TRADITIONALLY CONSIDERED TO BE KEY SALES MARKETS FOR RUE "BMZ" PRODUCTS. GLOBAL MACROECONOMIC SITUATION POINTS OUT THE TENDENCY OF RETURN OF THE MAIN CONSUMERS OF RUE "BMZ" STEEL FROM EAST AND WEST EUROPE AND CIS (RUSSIA, UKRAINE) TO THE MARKET. AS A RESULT IN 2012 DISTRIBUTION OF DELIVERIES WILL BE CHANGED: DROP OF SHIPMENTS TO THE COUNTRIES WITH A LOW PRICE SITUATION (MIDDLE EAST AND AFRICA) IS EXPECTED.

FROM THE GEOGRAPHICAL POINT OF VIEW, CONSIDERING TRANSPORT LOGISTICS AND RUE "BMZ" PRODUCT DELIVERIES EUROPEAN AND CIS COUNTRIES WILL BE MOST INTERESTING IN 2012.



## DATE AND EVENTS OF 2011

**JANUARY – JANUARY 20-21:** THE FIRST GROUP OF VOLUNTEERS-CONSULTANTS FOR PREVENTION OF HIV IN THE AREA OF LABOUR WAS TRAINED AT BMZ BY REPRESENTATIVES OF GLOBAL BUSINESS COALITION (GBC) AGAINST HIV/AIDS, TUBERCULOSIS AND MALARIA WITH THE SUPPORT OF THE INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT ORGANIZATIONS WITHIN THE FRAMEWORK OF IMPLEMENTATION OF THE PROGRAM OF BELARUSIAN RED CROSS “HEALTH @ WORK”.

**JANUARY 26:** A CONTINUOUS “DIRECT LINE” OF THE GENERAL DIRECTOR WAS OPENED. ANY PERSON CAN APPLY TO TOP MANAGERS BY E-MAIL OR PHONE AND MAKE A PROPOSAL FOR IMPROVEMENT OF THE OPERATION OF THE PLANT AND ITS SUBDIVISIONS.

**FEBRUARY – FROM FEBRUARY 1 TILL MARCH 7** TRAINING OF 80 SPECIALISTS FROM SLOVAK REPUBLIC WAS ORGANIZED AT THE ROLLING MILL AND MELT SHOPS WITHIN THE FRAMEWORK OF THE INTERNATIONAL COOPERATION OF STEEL INDUSTRY WORKERS.

**FEBRUARY 17:** A TRIAL PRODUCTION OF REBAR No. 14 WITH A 4-STRAND SLITTING TOOK PLACE IN ROLLING MILL 320.

TWO UNIVERSAL WIRE REWINDING UNITS PRODUCED BY GCR EURODRAW (ITALY) AND TO BE USED FOR FIBER PRODUCTION WERE COMMISSIONED AT THERMAL/GALVANIZING DEPARTMENT OF SWS-1

**MARCH – MARCH 17:** THE 1ST INTERNATIONAL CONFERENCE OF SUPPLIERS PARTICIPATED BY APPROXIMATELY 90 REPRESENTATIVES CH



**AUGUST 26, 2011:** LEVEL OF 1 MLN TONS OF PRODUCTS WAS COPED WITH AT SWS-3.

**AUGUST 31, 2011:** A CONTRACT ON BUILDING OF A NEW SECTION ROLLING MILL WITH THE CAPACITY OF 700 THOUSAND TONS (IN FUTURE – 1 MLN T) WAS SIGNED WITH DANIELI (ITALY).

**SEPTEMBER** – FOR THE FIRST TIME BYELORUSSIAN STEEL WORKS WAS VISITED BY A DELEGATION OF BRIDGESTONE – LARGEST IN JAPAN AND SECOND IN THE WORLD TIRE PRODUCER. AN AGREEMENT ON A LONG-TERM, MUTUALLY ADVANTAGEOUS COOPERATION WAS REACHED DURING THE VISIT.

**SEPTEMBER 22, 2011:** 10 000 000 TONS OF STEEL PRODUCED IN MELT SHOP No. 2 SINCE ITS START-UP.

**SEPTEMBER 23:** 15 YEARS SINCE ZHLOBIN METALLURGICAL TECHNICAL SCHOOL WAS OPENED.

**OCTOBER – OCTOBER 14:** PUBLIC HEARING OF THE CORPORATE SOCIAL REPORT AT BMZ.

**OCTOBER 20, 2011:** THE 1ST SCIENTIFICA-PRACTICAL SEMINAR “MAIN DIRECTIONS OF INNOVATIVE TECHNOLOGICAL DEVELOPMENT OF THE PRODUCTION ASSOCIATION “BYELORUSSIAN STEEL WORKS” WAS HELD AT BMZ WITH PARTICIPATION OF RECTORS OF LEADING EDUCATIONAL ESTABLISHMENTS OF GOMEL REGION.

**OCTOBER 30, 2011:** 11TH ANNIVERSARY OF SWS-3.

LABOUR COLLECTIVES OF MELT SHOPS No. 1 AND No.2 SET A RECORD: 229 673 TONS OF CONCAST BILLET.

**NOVEMBER – NOVEMBER 5, 2011:** 27 YEAR SINCE COMMISSIONING OF THE ROLLING MILL.

**NOVEMBER 16, 2011:** A VISIT OF THE MINISTER OF TRADE OF THE REPUBLIC OF BELARUS V.S. CHEKANOV SO AS TO GET ACQUAINTED WITH THE ORGANIZATION OF PUBLIC CATERING AT BYELORUSSIAN STEEL WORKS.

**NOVEMBER 21, 2011:** 24 YEARS FROM THE START-UP OF SWS-1.

**NOVEMBER 23, 2011:** BYELORUSSIAN STEEL WORKS PRESENTED BIATHLON EQUIPMENT AND UNIFORMS IN THE AMOUNT OF 100 MILLION BELARUSIAN ROUBLES TO THE STATE ESTABLISHMENT “ZHLOBIN DISTRICT YOUTH SPORT SCHOOL”.

**NOVEMBER 28, 2011:** PARTICIPANTS OF THE PLANT CONFERENCE TOOK A DECISION TO REORGANIZE THE REPUBLICAN UNITARY ENTERPRISE IN AN OPEN JOINT-STOCK COMPANY.

**DECEMBER** – ROLLING MILL 850 PRODUCED 9-MILLIONTH TON OF CAST BILLET.

**DECEMBER 8-** ROLLING MILL 320 PRODUCED 1-MILLIONTH TON OF MATERIAL.

**DECEMBER 9:** A DELEGATION OF REPRESENTATIVES OF THE RUSSIAN INFORMATION AGENCY ITPR-TASS VISITED BYELORUSSIAN STEEL WORKS.

FIRST CASTING OF SQUARE BILLET SECTION 140X140 MM IN CCM-2 OF MELT SHOP No. 1 AFTER MODERNIZATION OF THE CCM.

**DECEMBER 20:** MEETING OF THE FOUNDERS OF BMZ TUBULARS, LIMITED LIABILITY COMPANY FOR FINISHING OF OCTG PIPES: BYELORUSSIAN STEEL WORKS, DUFERCO SA AND PISEC GROUP GMBH.

**DECEMBER 28, 2011:** 1ST ISSUE OF “KORPORATIVNAYA SREDA”, APPENDIX TO THE NEWSPAPER “METALLURG” INFORMING ABOUT THE LIFE OF ENTERPRISES INCLUDED IN THE PRODUCTION ASSOCIATION “BYELORUSSIAN STEEL WORKS”.

## GENERAL INFORMATION ABOUT ACHIEVEMENTS AND AWARDS

- WINNER OF THE COMPETITION FOR THE RB GOVERNMENT AWARD FOR QUALITY ACHIEVEMENTS (2001, 2004, 2007);
- WINNER OF THE COMPETITION FOR THE RB MINISTRY OF INDUSTRY AWARD FOR QUALITY ACHIEVEMENTS (2001, 2004, 2007, 2011);
- WINNER OF THE COMPETITION “BEST PRODUCTS OF THE REPUBLIC OF BELARUS” IN THE NOMINATION “TECHNICAL INDUSTRIAL PRODUCTS” (2002-2011);
- WINNER OF THE COMPETITION “BEST PRODUCTS OF THE REPUBLIC OF BELARUS ON THE RUSSIAN FEDERATION MARKET” IN THE NOMINATION “TECHNICAL INDUSTRIAL PRODUCTS” (2001, 2003-2011);
- WINNER OF THE BADGE OF HONOR AWARD “COMMONWEALTH STAR” IN THE NOMINATION “BEST CIS COMPANY” (2006);
- WINNER OF THE 3RD INTERNATIONAL QUALITY TOURNAMENT AMONG CEE COUNTRIES, HOLDER OF EFQM CERTIFICATE “5 STAR EXCELLENCE ACKNOWLEDGMENT IN EUROPE” (2007);
- WINNER OF THE COMPETITION FOR CIS AWARD FOR PRODUCTION AND SERVICES QUALITY ACHIEVEMENTS (2006/2007);
- WINNER OF THE REPUBLICAN COMPETITION “BEST EXPORTER-2007” IN THE NOMINATION “MACHINE BUILDING, METALLURGY AND METAL FINISHING”;

## Description of the plant

- WINNER OF THE REPUBLICAN COMPETITION “BEST QUALITY MANAGER” (2008-2009);
- WINNER OF THE 4TH INTERNATIONAL QUALITY TOURNAMENT AMONG CEE COUNTRIES (2008);
- “5 STAR EXCELLENCE ACKNOWLEDGMENT IN EUROPE” BY THE EUROPEAN FUND FOR QUALITY MANAGEMENT (EFQM) – (2009);
- WINNER OF THE NATIONAL COMPETITION «BRAND OF THE YEAR – 2009» IN THE NOMINATIONS:
  - “SOCIALLY RESPONSIBLE BRAND» IN THE CATEGORIES “BEST EMPLOYER” AND “ACTIVE SOCIAL POSITION”;
  - “PROFESSIONAL NOMINATION, GOODS AND SERVICES B2B» IN THE CATEGORY “BRAND-EXPORT”;
- WINNER OF THE COMPETITION “BEST CONSTRUCTION PRODUCT OF THE YEAR” (2010, 2011).
- CERTIFICATE OF THE 8TH REPUBLICAN ECOLOGICAL FORUM “FOR A CONSIDERABLE CONTRIBUTION TO THE DEVELOPMENT AND INTRODUCTION OF ADVANCED TECHNOLOGIES IN THE AREA OF WASTES HANDLING”;
- WINNER OF THE 4TH REPUBLICAN TOURIST RALLY OF YOUNG PEOPLE ORGANIZED BY THE BELARUSIAN TRADE UNION OF INDUSTRIAL WORKERS;
- WINNER OF THE CONTEST “BEST EXPORTER- 2011” OF THE RB IN THE NOMINATION “METALLURGY”;
- WINNER OF THE CONTEST “BEST EXPORTER- 2011” IN GOMEL REGION IN THE NOMINATION “METALLURGY”;
- “BRAND OF THE YEAR-2010” AND HONORARY DIPLOMA IN THE CATEGORY “ACTIVE SOCIAL POSITION”;
- SINCE 2008 BMZ IS A MEMBER OF THE QUALITY LEADERS’ CLUB OF CENTRAL AND EAST EUROPEAN COUNTRIES (CEE QLC);
- SINCE 2011 BMZ IS A MEMBER OF EUROPEAN FUND OF QUALITY MANAGEMENT (EFQM);
- BASED ON THE RESULTS OF THE DISTRICT CONTEST FOR THE BEST ORGANIZATION OF LABOUR PROTECTION WORK IN 2010 THE FOLLOWING ORGANIZATIONS WERE ANNOUNCED THE BEST:
  - TRADE AND SERVICE AREA: METALLURGTORG;
  - EDUCATION: ZHLOBIN METALLURGICAL TECHNICAL SCHOOL;
  - PUBLIC HEALTH: MEDICAL CENTRE OF RUE BMZ.
  - CULTURE: PALACE OF CULTURE OF METALLURGISTS;
- GOMEL REGIONAL EMPLOYERS’ UNION THANKED OFFICIALLY GENERAL DIRECTOR OF RUE “BMZ” ANATOLI SAVIANOK FOR A CONSIDERABLE CONTRIBUTION IN PROVISION OF EFFECTIVE ACTIVITY OF THE EMPLOYERS’ UNION AND IMPROVEMENT OF THE SYSTEM OF SOCIAL PARTNERSHIP;
- THE STAFF OF THE ENTERPRISE RECEIVED A LETTER OF GRATITUDE OF THE GOMEL REGIONAL EXECUTIVE COMMITTEE FOR ACTIVE FOREIGN ECONOMIC POLICY IN 2010 Г;
- BMZ TRADE UNION ORGANIZATION BECAME THE WINNER OF THE REPUBLICAN CONTEST “BEST PRIMARY TRADE UNION ORGANIZATION OF BELARUSIAN TRADE UNION OF INDUSTRIAL WORKERS FOR THE PERIOD OF 2010-2011”;
- EDUCATIONAL INSTITUTION “GOMEL STATE UNIVERSITY NAMED AFTER FRANTSISK SKORINA SENT A LETTER OF GRATITUDE TO BMZ TO THANK ITS STAFF FOR GRATUITOUS ASSISTANCE IN THE FORM OF MEASURING INSTRUMENTS, UNITS AND AUXILIARY EQUIPMENT PRESENTED TO RENEW MATERIAL BASE OF OPTICS DEPARTMENT;
- ACCORDING TO THE RESULTS OF THE REGIONAL CONTEST OF PROFESSIONAL SKILLS “GOMEL MASTERS -2011” MILLING MACHINE OPERATOR OF THE MECHANICAL EQUIPMENT DEPARTMENT OF SWS-2 V.V. NOVIKOV WAS AWARDED THE TITLE OF “GOMEL MASTER-2011”;
- AMONG MORE THAN 1000 SUPPLIERS EUROPEAN HEADQUARTERS OF EATON HYDRAULICS CORP. (SWITZERLAND) AWARDED THE TITLE OF “THE BEST SUPPLIER-2010” IN THE HYDRAULIC SECTOR TO BYELORUSSIAN STEEL WORKS AND ITS JOINT-VENTURES BELMET (AUSTRIA) AND BKS (USA);
- GOMEL REGIONAL BRANCH OF THE PUBLIC ASSOCIATION “BELARUSIAN PEACE FUND” AWARDED THE STAFF OF BYELORUSSIAN STEEL WORKS AND ITS GENERAL DIRECTOR ANATOLI SAVIANOK АНАТОЛИЯ WITH AN HONORARY DIPLOMA



- FOR ACTIVE PARTICIPATION IN THE ACTIVITY OF THE PEACE FUND, FRUITFUL EDUCATIONAL WORK, PROPAGANDA OF PEACE AND FRIENDSHIP BETWEEN NATIONS;
- BYELORUSSIAN STEEL WORKS IS RECOGNIZED AS THE WINNER OF THE 8TH INTERNATIONAL CONTEST OF POWER-EFFECTIVE AND RESOURCE-SAVING TECHNOLOGIES AND EQUIPMENT;
- BYELORUSSIAN STEEL WORKS WAS AWARDED A SPECIAL PRIZE OF THE DEPARTMENT OF ENERGY EFFICIENCY OF GOSSTANDART OF THE REPUBLIC OF BELARUS "FOR REMOVAL OF BARRIERS IN IMPROVEMENT OF POWER EFFICIENCY OF THE ENTERPRISES OF THE STATE SECTOR OF BELARUS";
- JUNE 10" THE STAFF OF BYELORUSSIAN STEEL WORKS WAS HANDED A LETTER OF GRATITUDE OF THE CHAIRMAN OF GOMEL REGIONAL EXECUTIVE COMMITTEE FOR HIGH LEVEL OF ORGANIZATION OF INFORMATION WORK IN 2010;
- JUNE 14: IN THE IXTH OPEN INTERNATIONAL WORKERS' FESTIVAL "BALKANS AND PEACE" VOLLEY-BALL PLAYERS OF THE PLANT (MEMBERS OF THE NATIONAL TEAM OF THE FEDERATION OF TRADE UNIONS OF BELARUS) WON THE THIRD PLACE;
- JUNE 18: TEAM OF BYELORUSSIAN STEEL WORKS WON THE 1ST PLACE IN IVTH SUMMER BRANCH-WISE SPORT CONTEST;
- ACCORDING TO THE RESULTS OF 2010 THE BOARD OF OJSC "SB "BELARUSBANK" RECOGNIZED BYELORUSSIAN STEEL WORKS AS ITS LAUREATE IN THE NOMINATION "FOR EXPANSION OF THE INTERNATIONAL FORMS OF SETTLEMENT";
- GENERAL DIRECTOR OF BYELORUSSIAN STEEL WORKS ANATOLY SAVIANOK BECAME A LAUREATE OF THE XVIth REPUBLICAN CONTEST "MAN OF BUSINESS";
- PLANT'S TEAM BECAME A SILVER PRIZE WINNER OF THE DISTRICT FOOTBALL CONTEST;
- FOR ACHIEVEMENTS IN THE AREA OF PRODUCT AND SERVICE QUALITY BYELORUSSIAN STEEL WORKS BECAME A LAUREATE OF THE CONTEST FOR CIS AWARD IN 2011 IN THE CATEGORY "PRODUCTION OF INDUSTRIAL PRODUCTS" (AMONG ENTERPRISES HAVING OVER 250 EMPLOYEES);
- SEPTEMBER 3, 2011: FOR THE FIRST TIME IN ITS HISTORY THE HOCKEY CLUB "METALLURG" WON THE CUP OF BELARUS;
- THE PLANT'S TEAM BECAME A PRIZE WINNER OF THE DISTRICT BASKETBALL CONTEST;
- FOLK CHOIR "KRYNITSA" OF THE PALACE OF CULTURE OF METALLURGISTS WAS AWARDED II DEGREE DIPLOMA OF THE REGIONAL CONTEST OF CHOIRS;
- DEPUTY MINISTER OF EDUCATION OF THE REPUBLIC OF BELARUS SENT A LETTER OF GRATITUDE TO THE GENERAL DIRECTOR OF BYELORUSSIAN STEEL WORKS THANKING FOR PRESERVATION AND DEVELOPMENT OF A NETWORK OF PRE-SCHOOL EDUCATIONAL ESTABLISHMENTS, CREATION OF CONDITIONS FOR GOOD WORK OF TEACHERS AND STAY OF CHILDREN;
- DIRECTOR OF THE TERRITORIAL CENTRE OF SOCIAL SERVICE OF CITIZENS OF ZHLOBIN DISTRICT SENT A LETTER OF GRATITUDE TO THE GENERAL DIRECTOR OF BYELORUSSIAN STEEL WORKS THANKING FOR COOPERATION AND ASSISTANCE RENDERED IN ORGANIZATION AND HOLDING OF THE 9TH REGIONAL INTEGRATION ART FESTIVAL OF CHILDREN AND YOUNG PEOPLE WITH SPECIFIC FEATURES OF DEVELOPMENT "Do Good";
- DECEMBER 22: TEAM OF BYELORUSSIAN STEEL WORKS WON THE 1ST PLACE IN THE SPORT CONTEST AMONG THE ENTERPRISES OF ZHLOBIN DISTRICT;
- A. A. PERATSIKHINA WAS AWARDED AN HONORARY DIPLOMA OF THE MINISTRY OF INDUSTRY OF THE REPUBLIC OF BELARUS FOR THE EFFORTS TO CREATE A QUALITY MANAGEMENT SYSTEM BASED ON INTERNATIONAL STANDARDS;
- BASED ON THE RESULTS OF 2011 THE TEAM OF BYELORUSSIAN STEEL WORKS WON THE 1ST PLACE IN THE REGIONAL ROUND-THE-YEAR SPORT CONTEST AMONG ENTERPRISES AND ORGANIZATIONS HAVING MORE THAN 500 EMPLOYEES.





## MANAGEMENT, RESPONSIBILITIES, INTERACTION WITH INTERESTED PARTIES

### CORPORATE MANAGEMENT

CORPORATE MANAGEMENT OF RUE "BMZ" IS THE TOTAL OF PROCESSES PROVIDING FOR CONTROL AND SUPERVISION OF THE PLANT'S ACTIVITIES, INCLUDING RELATIONS BETWEEN THE OWNER, THE MANAGEMENT AND EMPLOYEES ESTABLISHED FOR THE PURPOSES OF ACHIEVING THE ENTERPRISE'S STRATEGIC AIMS. RUE "BMZ" CONSIDERS CORPORATE MANAGEMENT TO BE MEANS FOR ENHANCING EFFICIENCY OF THE PLANT'S ACTIVITIES AND FOR RAISING ITS REPUTATION. CORPORATE POLICY OF RUE "BMZ" IS BASED ON CONSTANT UPDATING OF THE ENTERPRISE'S MANAGEMENT SYSTEM AS ITS EFFICIENCY IS A SIGNIFICANT FACTOR OF THE PLANT'S BEING ATTRACTIVE FOR INVESTMENTS.

RUE "BMZ" IS SUBORDINATED TO THE MINISTRY OF INDUSTRY OF RB (MINPROM). MINPROM IS A REPUBLICAN ORGAN OF STATE ADMINISTRATION AND IS SUBORDINATED TO THE COUNCIL OF MINISTERS OF THE REPUBLIC OF BELARUS.

MINPROM PURSUES SCIENTIFIC, TECHNICAL, AND ECONOMIC POLICIES DIRECTED TOWARDS CREATION OF CONDITIONS FOR EFFICIENT WORK OF ITS SUBORDINATE ORGANIZATIONS. MINPROM WORKS OUT FORECASTS OF PRODUCTION AND TECHNICAL, FINANCIAL AND ECONOMIC DEVELOPMENT OF THE CORRESPONDING BRANCHES OF INDUSTRY; DEVELOPS AND ENSURES IMPLEMENTATION OF INVESTMENT PROGRAMS AIMED AT ACCELERATION OF SCIENTIFIC AND TECHNICAL PROGRESS, GROWTH OF PRODUCT COMPETITIVENESS, DECREASE OF ITS MATERIALS AND POWER CONSUMPTION; PROVIDES PURSUE OF THE SCIENTIFIC AND TECHNICAL POLICY DIRECTED TOWARDS EXTENSION OF THE RANGE OF PRODUCTS MANUFACTURED, IMPROVEMENT OF THEIR QUALITY; ORGANIZES AND CONTROLS WORK TO PROVIDE RATIONAL USE OF RAW MATERIALS, MATERIALS, FUEL AND POWER RESOURCES, ACCESSORIES, INVOLVEMENT OF SECONDARY MATERIAL RESOURCES AND LOCAL TYPES OF RAW MATERIALS IN THE ECONOMIC TURNOVER; CARRIES OUT GENERAL MANAGEMENT OF STATE ORGANIZATIONS ACCORDING TO THE ESTABLISHED PROCEDURE PROVIDING THEIR EFFECTIVE OPERATION TOGETHER WITH THE MANAGERS OF THESE ORGANIZATIONS; COORDINATES FOREIGN ECONOMIC ACTIVITY OF STATE ORGANIZATIONS AND ECONOMIC ASSOCIATIONS WITHIN ITS COMPETENCE, HELPS THEM TO ESTABLISH FOREIGN ECONOMIC RELATIONS, DEVELOP PROGRESSIVE FORMS OF INTEGRATION, ORGANIZES COOPERATION WITH THE CORRESPONDING ORGANS OF STATE ADMINISTRATION OF CIS COUNTRIES; WITHIN ITS COMPETENCE IT ORGANIZES AND COORDINATES WORK OF STATE ORGANIZATIONS AND ECONOMIC ASSOCIATIONS IN THE AREA OF TECHNICAL REGULATION AND STANDARDIZATION, CERTIFICATION AND PRODUCT QUALITY, ETC.

IMPROVED EFFECTIVENESS IN THE FIELD OF SUSTAINABLE DEVELOPMENT IS ENSURED BY AN EFFICIENT CORPORATE MANAGEMENT SYSTEM. THE ENTERPRISE'S TOP MANAGEMENT

CARRIES OUT ITS ACTIVITY ADHERING TO THE FOLLOWING APPROACHES IN CORPORATE MANAGEMENT:

- COMPLIANCE WITH LEGISLATION AND STATUTORY NORMS OF THE REPUBLIC OF BELARUS AS WELL AS WITH THE INTERNATIONAL LEGAL ACTS VALIDATED IN THE RB;
- IMPROVEMENT OF MANAGEMENT QUALITY;
- INVOLVING OF ALL UNITS AND PARTICIPANTS OF BUSINESS PROCESSES;
- IMPROVEMENT OF THE SYSTEM OF EFFECTIVENESS EVALUATION;
- PROVISION OF EFFECTIVE DISTRIBUTION OF PROFIT;
- UPDATING THE TECHNOLOGICAL LEVEL OF THE PRODUCTION PROCESSES;
- EXPANDING PRODUCTION FACILITIES WITH MINIMIZATION OF ENERGY AND RAW MATERIAL CONSUMPTION LEVELS;
- DISCLOSURE OF COMPLETE AND RELIABLE INFORMATION ON THE PLANT'S PERFORMANCE;
- MAKING THE PLANT ATTRACTIVE FOR INVESTMENT;
- ENHANCING OF RESPONSIBILITIES;
- KEEPING UP AN OPEN DIALOGUE WITH INTERESTED PARTIES;
- PROVIDING OF THE BEST POSSIBLE OUTPUT/EXPENDITURES RATIO;
- ENSURING A REASONABLE BALANCE BETWEEN THE PLANT'S AND PUBLIC INTERESTS.

TO PROVIDE FOR TRUST AND MUTUAL UNDERSTANDING AMONG ALL INTERESTED PARTIES THE PLANT FOLLOWS THE BELOW PRINCIPLES OF THE CODE OF ETHICS:

- TRANSPARENCY – PROMPT PROVISION OF RELIABLE INFORMATION;
- ACCOUNTABILITY;
- JUSTICE – EQUAL ATTITUDE;
- RESPONSIBILITY – RECOGNITION OF THE RIGHTS AND OBLIGATION

IN ITS ACTIVITIES, THE PLANT ASPIRES TO ENSURE COMPLIANCE WITH INTERNATIONAL STANDARDS OF BUSINESS ACTIVITIES. RUE "BMZ" HAS ADOPTED AND INTRODUCED INTO ACTIVE USE INTERNAL DOCUMENTS PROVIDING FOR FULFILLMENT OF OBLIGATIONS CONCERNING COMPLIANCE WITH THE CORPORATE MANAGEMENT PRINCIPLES. THESE DOCUMENTS ARE AVAILABLE »

## MANAGEMENT, RESPONSIBILITIES, INTERACTION WITH INTERESTED PARTIES

» TO GENERAL PUBLIC ON THE PLANT'S WEB-SITE:  
WWW.BELSTEEL.COM .

OUR MISSION, AS WE SEE IT, IS TO ENSURE SUSTAINABLE DEVELOPMENT THAT WOULD ACCOUNT FOR LONG-TERM ECONOMIC INTERESTS, CONTRIBUTE TO SOCIAL PEACE, AND PROVIDE FOR SAFETY AND WELL-BEING OF THE PLANT'S EMPLOYEES AND CITIZENS IN THE REGION OF BMZ PRODUCTION ACTIVITIES, ENVIRONMENT AND HUMAN RIGHTS PROTECTION.

TO ACHIEVE HIGH INDICATORS OF LONG-TERM SOCIAL AND ECONOMIC EFFICIENCY BMZ STRIVES FOR MAINTAINING OF A REASONABLE BALANCE OF INTERESTS OF ALL PARTIES CONCERNED BY DISTRIBUTION OF RESPONSIBILITIES AND INVOLVEMENT OF EMPLOYEES IN ACCORDANCE WITH THE ENTERPRISE'S ORGANIZATIONAL STRUCTURE (SEE SECTION 7), THE ARTICLES OF ASSOCIATION (AS APPROVED BY THE MINISTRY OF INDUSTRY OF THE REPUBLIC OF BELARUS), PROVISIONS ON STRUCTURAL DIVISIONS OF THE PLANT AND OTHER NORMATIVE ACTS.

STRATEGIC AND OPERATIONAL MANAGEMENT OF THE PLANT'S ACTIVITY IS CARRIED OUT BY RUE "BMZ" GENERAL DIRECTOR ANATOLY SAVIANOK.

LEADERSHIP OF THE DIRECTOR GENERAL AND DOWN TO THE HEADS OF DIVISIONS IS BASED ON THE FOLLOWING:

- TAKING DECISIONS WITHIN ONE'S COMPETENCE;
- ESTABLISHING POLICIES AND SPECIFYING OBJECTIVES TO BE RECORDED IN THE RESPECTIVE DOCUMENTATION, SUCH AS BUSINESS PLAN OF RUE "BMZ", CORPORATE POLICY, TARGET INDICES OF RUE "BMZ", OBJECTIVES OF DIVISIONS.
- IDENTIFYING RESOURCES (LABOUR, INFRASTRUCTURE AND PRODUCTION ENVIRONMENT) AS REQUIRED FOR PLANNING AND CARRYING OUT ACTIVITIES TO ACHIEVE THE TASKS SET FORTH;
- DETERMINING PROCESSES OF THE CORPORATE MANAGEMENT SYSTEM AND PROVIDING FOR THEIR EFFICIENT FUNCTIONING.

QUALIFICATIONS, COMPETENCE AND ACTIVITIES OF THE PLANT'S TOP MANAGEMENT ARE EVALUATED BY THE PLANT'S OWNER — THE MINISTRY OF INDUSTRY OF THE REPUBLIC OF BELARUS. FRINGE BENEFITS ARE PAID OUT TO THE TOP MANAGEMENT DEPENDING ON THE PLANT'S PERFORMANCE AND COMPLIANCE WITH THE INDICES OF SOCIAL AND ECONOMIC DEVELOPMENT ESTABLISHED FOR THE PLANT.

INTERNAL CONTROL SYSTEM FOR SUPERVISION OF FINANCIAL AND ECONOMIC ACTIVITIES OF RUE "BMZ" COMPRISES THE AUDIT DEPARTMENT AND THE INTERNAL AUDITING SERVICE.

TO ENSURE AWARENESS OF THE TOP MANAGEMENT OF ECONOMIC EFFICIENCY, PERFORMANCE IN THE FIELDS OF ENVIRONMENTAL PROTECTION, OCCUPATIONAL SAFETY, PRODUCTION QUALITY CONTROL AND TO PROVIDE FOR INTERACTION WITH EMPLOYEES AND OPERATIONAL DECISION-MAKING THE PLANT ARRANGES MONTHLY MEETINGS OF MANAGEMENT EXECUTIVES AND HEADS OF STRUCTURAL DIVISIONS.

BASED ON THE GLOBAL EXPERIENCE IN THE FIELD OF CORPORATE MANAGEMENT, THE PLANT INTRODUCED AND IS NOW IMPLEMENTING THE CORPORATE MANAGEMENT SYSTEM, WHICH IS IN COMPLIANCE WITH REQUIREMENTS OF ISO 9001, ISO 14001, OHSAS 18001 AND SA 8000.

COMPLIANCE OF THE PLANT'S ACTIVITIES TO ISO 9001, ISO 14001, OHSAS 18001 INTERNATIONAL STANDARDS IS VALIDATED BY INTERNATIONAL AUDIT COMPANIES, SUCH AS TÜV RHEINLAND» (GERMANY), BUREAU VERITAS CERTIFICATION (FRANCE) AND OTHERS. BMZ ACTIVITIES CONFIRMING ITS ADHERENCE TO THE PRINCIPLES OF UN GLOBAL COMPACT ARE REPRESENTED IN THIS REPORT.

TO PROVIDE FOR CONTINUOUS EVALUATION OF APPLICABILITY, ADEQUACY, AND EFFICIENCY OF THE SYSTEM AND UPDATING OF DOCUMENTATION THE TOP MANAGEMENT SHOULD CARRY OUT AN ANALYSIS OF THE PLANT'S CMS PERFORMANCE. THE PERFORMANCE ANALYSIS IS CARRIED OUT ONCE A YEAR AND ONCE A HALF-YEAR BASED ON THE REQUIREMENTS IDENTIFIED IN THE ENTERPRISE STANDARD STP 840-KSM-5.6 "MANAGEMENT ANALYSIS. SELF-ASSESSMENT OF THE CORPORATE MANAGEMENT SYSTEM" THE RESULTS OF THE ANALYSIS ARE PRESENTED AS A REPORT ON CMS PERFORMANCE AND A REPORT ON CMS SELF-ASSESSMENT. BASED ON THE ANALYSIS RESULTS, CORRECTIVE MEASURES AND PREVENTIVE ACTIONS TO AVOID UNWANTED EVENTS ARE IDENTIFIED SO AS TO IMPROVE EFFICIENCY OF THE CMS. THE PROCEDURE FOR IDENTIFYING THE ABOVE ACTIONS SHALL BE GOVERNED BY STP 840-KSM-8.5 "CONTINUOUS IMPROVEMENT. DATA ANALYSIS. PREVENTIVE AND CORRECTIVE ACTIONS".

THE CORPORATE MANAGEMENT SYSTEM EXISTING AT THE PLANT COMPRISES DOCUMENTATION REGULATING PROCESSES, DISTRIBUTION OF RIGHTS AND OBLIGATIONS WITHIN THE STAFF, INTERACTION OF EXECUTERS WITH ALL INTERESTED PARTIES, RESPONSIBILITIES AND POWERS OF EMPLOYEES. CMS PROCESSES WERE DETERMINED WITH THE USE OF IDEFO METHOD, WHICH ENSURES THEIR PROPER SEQUENCE AND INTERACTION:

A11 MARKETING;

- A12 MANAGEMENT ANALYSIS;



- A21 HUMAN RESOURCES MANAGEMENT;
- A22 MAINTENANCE AND REPAIRS;
- A23 INFRASTRUCTURE AND PRODUCTION ENVIRONMENT MANAGEMENT;
- A31 INTERACTION WITH CUSTOMERS (CONTRACT ANALYSIS);
- A32 DESIGN AND DEVELOPMENT:
  - A32/1 DESIGN AND DEVELOPMENT OF NEW TYPES OF PRODUCTS, NEW METHODS;
  - A32/2 EQUIPMENT DESIGN AND DEVELOPMENT;
- A33 PROCUREMENT;
- A34 PRODUCTION PLANNING AND PREPRODUCTION ACTIVITIES;
- A35 MANUFACTURE AND SUPPLIES OF CONCAST BILLET;
- A36 MANUFACTURE AND SUPPLIES OF ROLLED SECTIONS;
- A37 MANUFACTURE AND SUPPLIES OF PIPES;
- A38 MANUFACTURE AND SUPPLIES OF STEEL CORD, WIRE AND FIBER;
- A41 INTERNAL AUDITS;
- A42 PROCESS FLOW AND PRODUCTION MONITORING.

SELF-ASSESSMENT IN TERMS OF CORPORATE MANAGEMENT SYSTEM EFFICIENCY FOR THE YEAR 2011 WAS CARRIED OUT BASED ON EFQM EXCELLENCE MODEL WITH THE USE OF THE FOLLOWING EVALUATION CRITERIA:

1. CRITERIA CHARACTERISTIC OF THE ORGANIZATION CAPABILITIES:

- MANAGEMENT'S LEADERSHIP;
- ORGANIZATION'S POLICY AND STRATEGY;
- HUMAN RESOURCES;
- PARTNERSHIP AND RESOURCES AVAILABLE;
- PROCESSES;

2. CRITERIA CHARACTERISTIC OF THE ORGANIZATION'S PERFORMANCE:

- EXTERNAL CUSTOMERS;
- INTERNAL CUSTOMERS;
- BENEFITS FOR THE SOCIETY;
- BASIC PERFORMANCE INDICATORS.

ACCORDING TO THE SELF-ASSESSMENT, THE TOTAL ENTERPRISE RATE FOR THE YEAR 2011 AMOUNTED TO 75,09% AGAINST 81,6% FOR THE SAME PERIOD OF THE PREVIOUS YEAR, WHICH CORRESPONDS TO THE "ACCEPTABLE" RATING. BASED ON THE SELF-ASSESSMENT RESULTS, CORRECTIVE ACTIONS WERE DETERMINED TO IMPROVE THE SITUATION.

BASED ON THE COMPREHENSIVE SOCIAL AND PSYCHOLOGICAL CLIMATE STUDY CARRIED OUT BY THE PLANT'S SOCIAL SERVICE, THE PARTICIPATING EMPLOYEES RATED TOP MANAGEMENT EFFICIENCY QUITE HIGH (THE SATISFACTION INDEX WAS 0,72 AGAINST 0,74 IN 2010. A SLIGHT DECREASE OF THE INDEX IS CONDITIONED BY CRISIS EFFECTS IN THE GLOBAL ECONOMY AFFECTING THE OPINION OF THE PLANT STAFF.

## COMMUNICATION

### APPROACHES IN THE FIELD OF COMMUNICATION FORMATION

CORPORATE MANAGEMENT IS MAINTAINED BY ENSURING HIGH LEVELS OF EMPLOYEES' AWARENESS. ORGANIZATION OF COMMUNICATION RESTS ON THE FOLLOWING PRINCIPLES:

- GOOD TIMING AND REGULARITY;
- RELIABILITY AND COMPREHENSIVENESS;
- FREE ACCESSIBILITY;
- FEEDBACK;
- OPERATIONAL FLEXIBILITY AND AVAILABILITY.

HIGH LEVEL OF INFORMATION WORK PROVIDES FOR:

- SETTING GOALS AND ASSIGNING TASKS, ENSURING EMPLOYEES' AWARENESS OF THE PERFORMANCE RESULTS ACHIEVED;
- FEEDBACK;
- IDENTIFYING ACTIONS FOR FURTHER IMPROVEMENT;
- DISCUSSIONS OF FOCAL ISSUES;
- MAKING PROPOSALS.

INFORMATION EXCHANGE IS ENSURED BY:

- MEETINGS ACCORDING TO THE SCHEDULES ESTABLISHED IN CONFORMITY WITH LOCAL REGULATIONS;
- MATERIALS OF THE CORPORATE NEWSPAPER "METALLURG";
- WEEKLY RECEPTIONS ON PERSONAL ISSUES ARRANGED BY THE TOP MANAGEMENT AND HEADS OF DIVISIONS;
- MEETINGS AND GATHERINGS WITH PARTICIPATION OF THE TOP MANAGEMENT AND THE PLANT'S EMPLOYEES IN ACCORDANCE WITH APPROVED INFORMATION ACTIVITIES SCHEDULES;
- NEGOTIATIONS AND CONSULTATIONS;
- DISCUSSIONS AND "ROUND TABLES";
- SOCIOLOGICAL POLLS;
- CORRESPONDENCE;

## MANAGEMENT, RESPONSIBILITIES, INTERACTION WITH INTERESTED PARTIES

- PROVIDING INFORMATION TO PUT ON THE STANDS LOCATED IN VARIOUS STRUCTURAL DIVISIONS, REPRESENTING PERFORMANCE OF THE DIVISION AND THE PLANT IN WHOLE AS WELL AS DYNAMICS OF THEIR ACTIVITIES;- DATA TRANSFER WITHIN THE LOCAL COMPUTER NETWORK;

- USE OF "INFO-BMZ" INFORMATIONAL SYSTEM COVERING OVER 3000 COMPUTERIZED WORK STATIONS;

USE OF ELECTRONIC DISPLAYS WITH CREEPING LINES.

EXCHANGE OF INFORMATION AND CONSULTATIONS ON ISSUES RELATED TO QUALITY CONTROL, OCCUPATIONAL SAFETY AND ENVIRONMENT PROTECTION, INDUSTRIAL SAFETY AND SANITATION, DATA SECURITY, ENERGY AND MATERIAL RESOURCES SAVING, INVOLVING REPRESENTATIVES OF VARIOUS MANAGEMENT LEVELS, EMPLOYEES AND OTHER INTERESTED PARTIES, ARE AIMED AT THE FOLLOWING:

- UNDERSTANDING OF ONE'S ROLE AND RESPONSIBILITY;
- IMPROVING AWARENESS;
- ENGAGING IN EFFICIENCY IMPROVEMENT ACTIVITIES;
- ILLUSTRATING MANAGEMENT'S OBLIGATIONS;
- SAVING OF ENERGY AND MATERIAL RESOURCES;
- ENSURING PROPER INTERACTION OF ALL MANAGEMENT LEVELS;
- ARRANGING REPORTING ACTIVITIES;
- OPERATIONAL DECISION-MAKING ON CURRENT ISSUES.

### APPROACH IMPLEMENTATION

THE PLANT'S MANAGEMENT IS DEVELOPING INTERNAL COMMUNICATIONS, USING THEM AS ONE OF ITS MAJOR TOOLS TO ENCOURAGE SOCIAL PARTNERSHIP, MAINTAIN FAVORABLE SOCIAL CLIMATE AMONG WORKING EMPLOYEES AND TO ENSURE EFFICIENT INFORMATION EXCHANGE BETWEEN THE ENTERPRISE'S MANAGEMENT AND ITS EMPLOYEES. ACTING IN ACCORDANCE WITH THE PRINCIPLES OF THE UN GLOBAL COMPACT, RUE "BMZ" PROVIDES FREE ACCESS TO ANY DATA, WHICH IS LIMITED ONLY BY LEGISLATION REQUIREMENTS. FOR THE PURPOSES OF EFFICIENT PERFORMANCE,

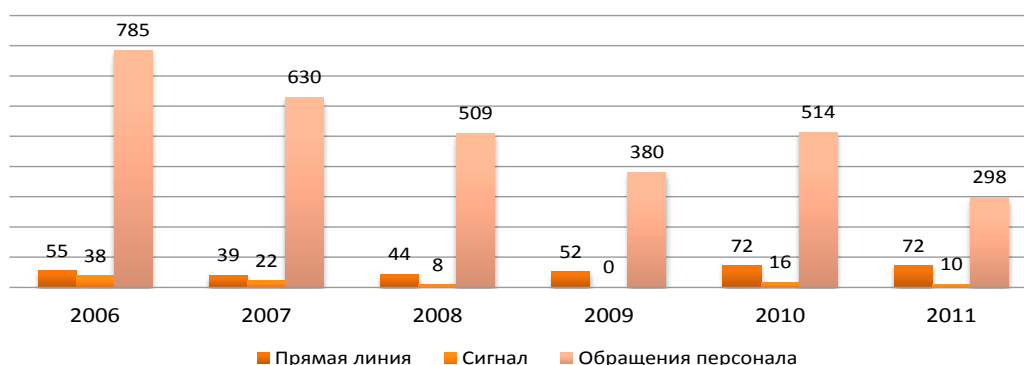
SPECIAL ATTENTION IS GIVEN TO FEEDBACK. BEING AN ESSENTIAL ELEMENT OF THE ENTERPRISE'S POLICY, THE FEEDBACK PROVIDES AN ENHANCED MUTUAL TRUST, CONSOLIDATES AND UNITES INTERESTED PARTIES BASED ON COMMON PUBLIC OBJECTIVES, VALUES AND INTERESTS.

FEEDBACK CHANNELS COMPRISE BOTH TRADITIONAL FORMS OF COMMUNICATION WITH EMPLOYEES (CONFERENCES, INFORMATIVE MEETINGS WITH PARTICIPATION OF THE PLANT'S TOP MANAGEMENT AND PUBLIC AUTHORITIES, MEETINGS OF WORKING EMPLOYEES, PRESS CONFERENCES, "FREE MICROPHONE" EVENTS, ETC.) AND POLLS, INTERVIEWS, "DIRECT LINES", WHEN EVERY SINGLE EMPLOYEE COULD ASK THE MANAGEMENT A QUESTION AND WOULD BE GIVEN AN IRREFRAGABLE ANSWER TO IT.

TO ENSURE TIMELY RESPONSE OF THE MANAGEMENT IN CONNECTION WITH ANY ISSUE, COMMENT AND PROPOSAL RAISED OR MADE BY THE PLANT'S EMPLOYEES, AN AUTOMATED "SIGNAL" SYSTEM WAS INTRODUCED WHICH IS ACTIVE 24 HOURS A DAY. EVERY PERSON WHO HAS ANYTHING TO SAY COULD MAKE A PHONE CALL AND STATE THEIR REQUEST, MAKE A COMMENT, A PROPOSAL, AND THOSE WILL BE CONSIDERED WITHIN 15 DAYS AND THE RESPONSE IS COMMUNICATED EITHER DIRECTLY TO THE REQUESTING PERSON OR THROUGH THE PLANT'S LOCAL NEWSPAPER "METALLURG."

ONE MORE TOOL OF FEEDBACK (OR IT'S BETTER TO SAY BIDIRECTIONAL COMMUNICATION) BETWEEN THE PLANT IN THE PERSON OF ITS MANAGEMENT OF DIFFERENT LEVELS AND THE STAFF IS THE PLANT'S WEB-SITE «INFO-BMZ» WITH ELEMENTS OF A CORPORATE SOCIAL NETWORK. THIS TOOL CREATES MULTIPLE AND FREQUENTLY NEW RELATIONS BETWEEN THE STAFF AND DIFFERENT WORKING GROUPS OF THE PLANT. THESE RELATIONS HELP TO SPREAD CORPORATE KNOWLEDGE AND EXPERIENCE ACCORDING TO THE METHOD OF «CROSS POLLINATION» AND CREATE QUITE REAL COMMERCIAL ADVANTAGES. USE OF NEW PLATFORMS OF SOCIAL SOFTWARE WITHIN THE PLANT ALLOWED THE CORPORATE INFORMATION ACTIVITY FACTOR USERS NOT ONLY TO INCREASE USE OF THE INFORMATION, BUT HAVE A POSSIBILITY TO COMMENT, GET THE FEEDBACK, CREATE AN EDUCATIONAL SOCIAL NETWORK WHERE SPECIALISTS DISCUSS IMPORTANT ISSUES, COUNCIL, AND TRAIN RECRUITS, CREATE DOCUMENTS, AND SUGGEST IDEAS.

Диаграмма:  
Активность  
персонала.  
Обратная связь





OWING TO THE ACTIVITY OF THE STAFF, THE SO CALLED INFORMATION RESOURCE (CONTENT) IS FORMED ON THE CORPORATE WEB-SITE WHICH IS THE BASIC ELEMENT OF THE CORPORATE SOCIAL NETWORK AND OF THE KNOWLEDGE MANAGEMENT SYSTEM.

THE SITE REPRESENTS OVER 24 000 MATERIALS OF TECHNICAL, NORMATIVE, AND HOUSEKEEPING INFORMATION.

ON THE AVERAGE, 3 515 PEOPLE VISIT THE SYSTEM EVERY DAY. «INFO-BMZ» IS A PLATFORM FOR CARRYING OUT ON-LINE SOCIAL POLLS AMONG THE PLANT'S EMPLOYEES WHICH CONSIDERABLY ENHANCE THE EFFICIENCY OF THE INFORMATION ACQUISITION AND ITS RESULTS OUTPUT.

THE ENTERPRISE'S DEVELOPMENT LEVEL INCLUDES NOT ONLY ANALYSIS OF ITS FINANCIAL, ECONOMIC AND PRODUCTION INDICES, BUT ALSO THE OUTCOME OF SOCIAL STUDIES, WHICH MAKE IT POSSIBLE TO OBTAIN A REALISTIC PICTURE OF THE SOCIAL AND PSYCHOLOGICAL CLIMATE AND WORKING ENVIRONMENTS AND ARE PART AND PARCEL OF SELF-CONSISTENT INTERNAL COMMUNICATIONS. KNOWLEDGE OF THE PSYCHOLOGICAL BACKGROUND EXISTING WITHIN THE ENTERPRISE IS OF ESSENTIAL SIGNIFICANCE WHEN IT COMES TO THE NEED FOR NO-CONFLICT UPGRADING ACTIVITIES.

## INTERNAL COMMUNICATION STRUCTURE

REGULAR ENQUIRIES CONDUCTED IN PLANT'S DIVISIONS MAKE IT POSSIBLE TO OBTAIN DATA ON SOCIAL WELL-BEING OF ITS EMPLOYEES, LEVELS OF SATISFACTION WITH THE WORKING ENVIRONMENT AND UTILITIES WITHIN THE FRAMES OF THE PRODUCTION PROCESS AS WELL AS INFORMATION ON THE SOCIAL AND PSYCHOLOGICAL CLIMATE. RESULTS OF THE ABOVE ENQUIRIES ARE TAKEN INTO CONSIDERATION WHEN DEVELOPING SOCIAL PROGRAMMES, PROJECTS AND IDENTIFYING ACTIONS TO IMPROVE EMPLOYEES' WORKING ENVIRONMENT AND LIVING CONDITIONS AND WHEN TAKING MANAGERIAL DECISIONS CONCERNING BOTH EMPLOYEES' INTERESTS AND INTERESTS OF THE ENTERPRISE IN WHOLE

DURING THE YEAR, RESEARCH FIELDS IN TERMS OF PLANT'S EMPLOYEES' OPINIONS WERE IDENTIFIED AS FOLLOWS: GENERAL SOCIAL AND PSYCHOLOGICAL CLIMATE WITHIN THE ENTERPRISE; WORK OF THE PLANT'S CANTEENS, SATISFACTION OF THE STAFF WITH ATTITUDES OF EMPLOYEES TOWARDS THE CONDITIONS, NATURE AND SCOPE OF WORKS, THEIR SATISFACTION WITH THE WORKING ENVIRONMENT, AS WELL AS EVALUATION OF THE LEVEL OF READINESS TO MAINTAIN ORDER AND CLEANNESS OF WORKPLACES, PROVISION OF THE PRODUCTION WITH A TRAINED MANAGEMENT RESERVE, ATTITUDE OF YOUNG SPECIALISTS TOWARDS THEIR WORKING ACTIVITY AT THE ENTERPRISE, TOWARDS IMPLEMENTATION OF THE PLANT'S YOUTH PROGRAM, TOWARDS THEIR PERSONAL DEVELOPMENT AND PROFESSIONAL GROWTH PERSPECTIVES; PROMOTION OPPORTUNITIES, EMPLOYEES' CAREER ASPIRATIONS, SATISFACTION WITH THE WAGE SYSTEM AND REWARD SCHEMES EXISTING AT THE PLANT. THE RESEARCH ACTIVITIES ALSO COVERED ISSUES, SUCH AS SATISFACTION OF BMZ EMPLOYEES WITH HEALTHCARE SERVICES PROVIDED BY THE PLANT AND THE QUALITY OF THE LATTER, AND PROVIDED RECOMMENDATIONS ON SOME IMPROVEMENTS TO BE MADE IN CONNECTION WITH HEALTHCARE ACTIVITIES, ETC

AN IMPORTANT ROLE IN THE INTERNAL AND EXTERNAL COMMUNICATION SYSTEM IS ATTRIBUTED TO THE CORPORATE NEWSPAPER "METALLURG." ITS MAIN TASKS INCLUDE ENSURING A COMPREHENSIVE REPRESENTATION OF EVENTS AND ACTIVITIES WITHIN THE ENTERPRISE AND CONSOLIDATION OF THE STAFF WORKING AT RUE "BMZ" FOR THE PURPOSE OF ACHIEVING OBJECTIVES SET FOR THE PLANT. EVENTS AND ACTIVITIES ON BOTH THE IN-PLANT AND REGIONAL SCALES ARE REPRESENTED IN SUCH COLUMNS AS "FIRSTHAND", "PROVIDING FOR PRODUCTION", "PEOPLE WE ARE PROUD OF", "IN PUBLIC ORGANIZATION", "BEST IN PROFESSION", "OUR PERSPECTIVE", "ATTENTION TO PEOPLE", "THE PLANT YOUTH", "INTERNATIONAL COOPERATION", "LABOUR PROTECTION", "IN THE COUNTRY" AND OTHERS. THE FIRST ISSUE OF "METALLURG" WAS PUBLISHED IN 1985 WITH CIRCULATION OF 2000 COPIES. AT PRESENT, ITS PRINTING OFFICE INCREASED THE CIRCULATION TO OVER 9 500 COPIES, WHICH MEANS THAT ALMOST EVERY SINGLE FAMILY OF SPECIALISTS EMPLOYED AT RUE "BMZ" IS ABLE TO GET ITS OWN COPY OF THE NEWSPAPER. THE DISTRIBUTION AREA FOR THE NEWSPAPER COVERS NOT ONLY THE PLANT'S PRODUCTION REGION, BUT ALSO ROGACHYOV AND SVETLOGORSK DISTRICTS. AMONG ITS READERS ONE CAN MENTION THE PLANT'S

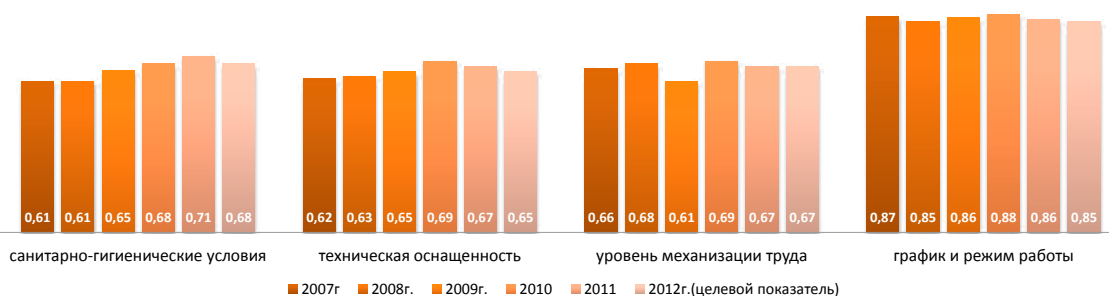
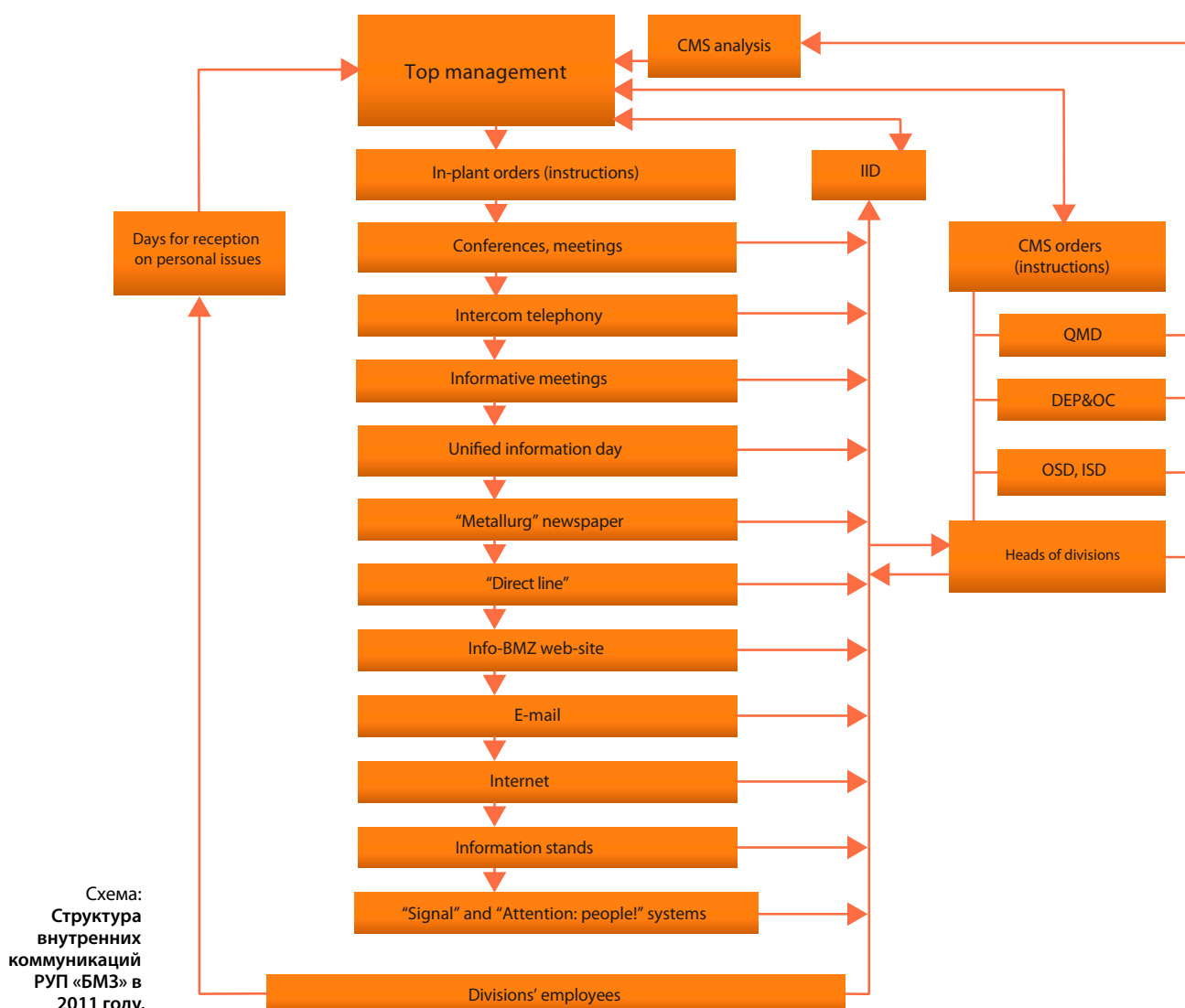


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## MANAGEMENT, RESPONSIBILITIES, INTERACTION WITH INTERESTED PARTIES



OLD-TIMERS. FOR THEIR BENEFIT, THE PLANT'S TRADE UNION COMMITTEE TAKES OUT, AT ITS OWN COST, AN ANNUAL SUBSCRIPTION FOR THE NEWSPAPER.

DECEMBER 28, 2011 "METALLURG" WAS ISSUED WITH THE TOPIC PAGES "CORPORATE ENVIRONMENT" DESCRIBING THE LIFE OF THE ENTERPRISES INCLUDED IN THE PRODUCTION ASSOCIATION "BYELORUSSIAN STEEL WORKS". THEY ARE ISSUED EVERY MONTH.

THE EDITORIAL STAFF INCLUDES A TV-NEWS TEAM. EVERY WEEK, LOCAL TOWN TV CHANNEL "NYUANS" BROADCASTS "BMZ NEWS" PROGRAM. SOME STORIES ABOUT BYELORUSSIAN STEEL WORKS ARE ALSO SHOWN IN "REGION" TV PROGRAM BROADCAST ACROSS THE WHOLE GOMEL REGION.

IN 2011 THREE NEWSLETTERS WERE PREPARED AND ISSUED:

- "WOMEN UNION: DEEDS AND PLANS";
- "REALIZATION OF THE STATE YOUTH POLICY AT BYELORUSSIAN STEEL WORKS";

- "ABOUT ACTIVITY OF THE PRIMARY ORGANIZATION OF THE REPUBLICAN PUBLIC ASSOCIATION "BELAYA RUS";

NEWS ABOUT EVENTS AT RUE "BMZ" AND ABOUT ITS MARKET STANDING WERE HIGHLIGHTED REAL-TIME ON THE PLANT'S WEB-SITE, IN DISTRICT, REGIONAL AND REPUBLICAN PERIODICALS, SUCH AS "NOVYI DEN", "GOMELSKAYA PRAVDA", "ZNAMIA YUNOSTI", "REPUBLIKA", ETC.

COMMUNICATION FUNCTIONS ARE ALSO MAINTAINED BY THE PLANT'S MUSEUM, ACTIVE SINCE 1999, WHICH IS INTENDED FOR PRESERVATION OF THE ENTERPRISE'S HISTORICAL AND CULTURAL HERITAGE AND IS ACTIVELY ENGAGED IN VOCATIONAL GUIDANCE ACTIVITIES, BRINGING UP OF THE YOUNGER GENERATION TO STAY LOYAL TO THE PLANT AND PASSING ON LABOUR TRADITIONS OF RUE "BMZ" TO YOUNG SPECIALISTS.

THE MUSEUM HAS EXHIBITS HIGHLIGHTING THE PLANT'S HISTORY AND NARRATING ABOUT PEOPLE WHO USED TO WORK HERE AND CONTRIBUTED TO ITS DEVELOPMENT AT VARIOUS TIMES AS WELL



AS ABOUT THOSE WHO ARE STILL WORKING FOR THE LABOUR GLORY OF THE PLANT. THE STORIES ARE ILLUSTRATED BY NUMEROUS DOCUMENTS AND PHOTOS SCATTERED AT STANDS. MUCH OF THE MUSEUM SPACE IS DEDICATED TO AWARDS, WHICH THE PLANT WAS HONORED WITH THROUGHOUT THE YEARS OF ITS PRODUCTION AND SOCIAL ACTIVITIES

IN THE MUSEUM, ONE CAN LEARN ABOUT ALL STAGES OF BMZ AND REGION'S DEVELOPMENT. THERE ARE NUMEROUS BIOGRAPHICAL RESOURCES TELLING ABOUT FAMOUS PEOPLE OF THE PLANT, SPECIMEN PRODUCTS, PRIZES AND GIFTS.

TODAY THE MUSEUM IS A HISTORICAL AND CULTURAL CENTRE; RESEARCH AND OUTREACH ACTIVITIES CARRIED OUT BY THE MUSEUM ARE ALSO CONSTANTLY IMPROVING. MAJOR ACTIVITIES INCLUDE EXCURSIONS, EXHIBITIONS AND SHOWS OF FILMS ABOUT THE PLANT'S HISTORY. IN 2011 MORE THAN 2500 PEOPLE AND 80 DELEGATIONS VISITED THE MUSEUM INCLUDING GUESTS FROM LATVIA, RUSSIA, UKRAINE AND JAPAN.

A KEY ROLE BOTH IN HUMAN RESOURCES AND INTERNAL COMMUNICATIONS DEVELOPMENT BELONGS TO THE PLANT'S INFORMATION AND TRAINING CENTRE – THE SCIENTIFIC AND TECHNICAL LIBRARY.

THE LIBRARY IS MAINLY INTENDED FOR SUPPORT OF THE ENTERPRISE'S RESEARCH ACTIVITIES AND PROVIDING THE PLANT'S INNOVATIVE ACTIVITIES WITH APPROPRIATE INFORMATION RESOURCES, ENSURING ACCESS OF THE PLANT'S EMPLOYEES TO ALL KINDS OF INFORMATION OF PUBLIC SIGNIFICANCE (LEGAL, CULTURAL), RENDERING INFORMATION SERVICES TO THE PLANT'S EMPLOYEES, REPRESENTATIVES OF VARIOUS COMMUNITIES AND DISCUSSION GROUPS. THE SCIENTIFIC AND TECHNICAL LIBRARY OF RUE "BMZ" HAS A READING AND AN INTERNET HALL. THE LIBRARY STOCK COMPRISES 37 768 ISSUES.

SO AS TO ACQUAINT THE EMPLOYEES WITH NEW ARRIVALS THE PLANT'S LIBRARY ORGANIZES EXHIBITIONS, VIEWINGS, «ENGINEERING HOURS». FOR QUICK INFORMATION RETRIEVAL AN ELECTRONIC LIBRARY "ELBI" IS USED WHICH HELPS TO ANY EMPLOYEE HAVING ACCESS TO THE INTERNAL SITE "INFOBMZ" TO ADDRESS TO THE DATA BASE COVERING OVER 80 THOUSAND ARTICLES OF 36 TOPIC SECTIONS OF DIFFERENT NATIONAL AND INTERNATIONAL MAGAZINES. METHOD OF NETWORK TECHNOLOGIES IS ALSO USED: A LIST OF NEW TECHNICAL BOOKS IS NOT ONLY PUBLISHED IN THE NEWSPAPER "METALLURG" AND ON "INFOBMZ", BUT IS E-MAILED TO THE HEADS OF THE STRUCTURAL SUBDIVISIONS AND LEADING SPECIALISTS OF THE PLANT. IN 2011 A PROGRAM OF THE AUTOMATIC OF INFORMATIONAL SUPPORT OF THE PLANT'S LIBRARY WAS INTRODUCED. THE LIBRARY HAS CLOSE RELATIONS WITH THE REGIONAL AND REPUBLICAN SCIENTIFIC & TECHNICAL LIBRARIES.

FROM THE VERY BEGINNING OF ITS ACTIVITY THE PLANT PAYS GREAT ATTENTION TO THE ISSUES OF COMMUNICATION DEVELOPMENT AND GROWTH OF THE LEVEL OF THE STAFF AWARENESS.

ARRANGEMENTS AIMED AT IMPROVEMENT OF THE INFORMATIONAL

SUPPORT OF THE EMPLOYEES ARE WORKED OUT ON THE BASIS OF ASSESSMENT OF ITS INDICES AND ANALYSIS OF THE STATE OF THIS ACTIVITY. EVERY YEAR PLANT'S SOCIOLOGICAL SERVICE CARRIES OUT A COMPLEX STUDY OF THE PSYCHOLOGICAL ATMOSPHERE IN THE WORKING TEAMS OF THE DIVISIONS. MORE THAN 1400 OF PARTICIPANTS OF THIS STUDY ORGANIZED IN 2011 HIGHLY ESTIMATED THE LEVEL OF AWARENESS OF THE PERSONNEL (SATISFACTION INDEX EQUALED TO 0,76 AGAINST 0,73 IN 2010).

BASED ON THE RESULTS OF THE DISTRICT CONTEST FOR THE BEST ORGANIZATION OF THE INFORMATION WORK IN LABOUR COLLECTIVES CHAIRMAN OF ZHLOBIN DISTRICT EXECUTIVE COMMITTEE L.N. APANASYUK HANDED A DIPLOMA TO THE REPUBLICAN UNITARY ENTERPRISE «BYELORUSSIAN STEEL WORKS» OWING TO HIGH LEVEL OF INFORMATION SUPPORT OF THE STAFF AND INHABITANTS OF THE REGION IN 2011.

«...Minprom and Byelorussian Steel Works have the most close relations with the republican scientific & technical library. By the way, in 2010 scientific and technical library of BMZ won the first place in the Second republican contest of scientific and technical libraries of the country...»

**R.N. Sukhorukova, director of the republican scientific and technical library**

## PARTICIPATION IN EXTERNAL INITIATIVES

RUE «BMZ» HAS ITS REPRESENTATIVES IN VARIOUS NATIONAL-SCALE ORGANIZATIONS, INCLUDING ALL LEVELS OF LEGISLATIVE BODIES, WHICH MAKES IT POSSIBLE FOR THE PLANT TO TAKE PART IN LAWMAKING, INFLUENCE THE DECISIONS RELATED TO THE REGIONAL ECONOMIC DEVELOPMENT, ESTABLISH OPEN RELATIONSHIPS WITH AUTHORITIES, THUS PROVIDING FOR A STEADY REDUCTION OF THE RISKS ASSOCIATED WITH ITS ACTIVITIES.

ECONOMIC, ENVIRONMENTAL AND SOCIAL CHARTERS JOINED BY THE PLANT ARE LISTED IN SECTION 8 OF THIS REPORT.

TO PROVIDE FOR INTERACTION WITH INTERNATIONAL PROFESSIONAL COMMUNITY AND PROPER REPRESENTATION OF ITS INTEREST, THE PLANT BECAME A MEMBER OF THE FOLLOWING ASSOCIATIONS:

- BYELORUSSIAN ASSOCIATION OF FOUNDRIES AND STEEL WORKS;
- INTERNATIONAL UNION OF STEELMAKERS;
- INTERNATIONAL UNION OF ROLLERMAN;
- QUALITY LEADERS CLUB OF CENTRAL AND EASTERN EUROPEAN COUNTRIES.

MEMBERSHIP IN THE ABOVE ORGANIZATIONS MAKES IT POSSIBLE FOR THE PLANT TO ENSURE A MORE EFFICIENT REPRESENTATION »

## MANAGEMENT, RESPONSIBILITIES, INTERACTION WITH INTERESTED PARTIES

- » OF ITS INTERESTS ON THE GLOBAL SCALE AND TO DEVELOP ITS BUSINESS ACTIVITIES BASED ON THE GLOBAL TRENDS AND STRATEGIC TASKS.

### INTERACTION WITH THE INTERESTED PARTIES

INTERESTED PARTIES ARE ESTABLISHMENTS AND INDIVIDUALS SUBSTANTIALLY INFLUENCED BY THE PLANT'S ACTIVITIES, WHOSE ACTIONS COULD PRODUCE A CERTAIN EFFECT ON THE PLANT'S ABILITY TO ENSURE EFFICIENT IMPLEMENTATION OF ITS STRATEGIES AND TO ACHIEVE OBJECTIVES SET.

BMZ CORPORATE SOCIAL RESPONSIBILITY IS A SYSTEMATIC FUNCTION WITHIN THE COMPLEX SCHEME OF SOCIAL AND ECONOMIC RELATIONS, WHICH IS EFFECTIVELY INCORPORATED IN THE PLANT'S EVERYDAY ACTIVITIES AND IS PERFORMED BY ENSURING INTERACTION WITH AN EXTENSIVE NUMBER OF INTERESTED PARTIES.

BY PROVIDING FOR AN EFFICIENT MODEL OF INTERACTION WITH INTERESTED PARTIES IT IS POSSIBLE TO ENSURE SUCCESSFUL IMPLEMENTATION OF PLANS, STRATEGIES AND TO ACHIEVE ANY OBJECTIVES SET. BMZ FORMS PROCESSES OF INTERACTION WITH INTERESTED PARTIES ACCORDING TO THE STAGES LISTED BELOW:

- SETTING A STRATEGIC INTERACTION TASK;
- IDENTIFYING INTERACTION PARTIES;
- SETTING OBJECTIVES AND LIMITS OF INTERACTION;
- DESIGNING OF PROCESSES AND INVOLVING IN INTERACTION;
- ANALYZING AND PLANNING;
- EVOLVING COMPETENCE TO ENCOURAGE INTERACTION;
- EVALUATING RESULTS, CORRECTIVE ACTIONS AND REPORTING;
- ENSURING AWARENESS OF INTERACTION PARTIES.

WHEN IDENTIFYING MAJOR INTERESTED PARTIES, THE PLANT ACCOUNTED FOR THEIR ABILITY TO INFLUENCE THE ACTIVITIES OF RUE "BMZ." THE PLANT IS ENGAGED IN INTERACTION WITH AN EXTENSIVE NUMBER OF INTERESTED PARTIES. AMONG THOSE, THE PARTIES LISTED BELOW ARE CONSIDERED TO BE OF MAJOR SIGNIFICANCE:

- PUBLIC AUTHORITIES;
- PLANT'S EMPLOYEES;
- THE TRADE UNION;
- PEOPLE LIVING IN THE REGION OF BMZ PRODUCTION ACTIVITIES;

- CUSTOMERS AND SUPPLIERS;
- EDUCATIONAL ESTABLISHMENTS

BMZ DEEMS IT ESPECIALLY IMPORTANT TO KEEP UP AN OPEN POSITIVE DIALOGUE WITH INTERESTED PARTIES AND, IN ITS RELATIONS WITH THOSE, IT IS GUIDED BY THE PRINCIPLES OF THE CODE OF ETHICS.

AWARENESS OF INTERESTED PARTIES' OPINIONS AND DUE ACCOUNT FOR THOSE CONTRIBUTE GREATLY TO THE PLANT'S STABILITY.

STRIVING FOR A MORE INFORMED DECISION-MAKING, RUE «BMZ» RECEIVES FEEDBACK FROM ITS EMPLOYEES, THE GOVERNMENT, PUBLIC AUTHORITIES, PUBLIC ORGANIZATIONS, AND COMMUNITIES. IN 2011 THE PLANT'S INFORMATION SERVICES CONDUCTED A NUMBER OF SOCIAL STUDIES INVOLVING THE PLANT'S EMPLOYEES AND PEOPLE LIVING IN THE REGION OF THE PLANT'S PRODUCTION ACTIVITIES.

WITHIN THE FRAMES OF PUBLIC HEARINGS ARRANGED FOR THE PURPOSES OF SOCIAL REPORTING, THERE WAS A POLL CONDUCTED WITH PARTICIPATION OF A LARGE NUMBER OF INTERESTED PARTIES (PUBLIC AUTHORITIES, SUPPLIERS AND CUSTOMERS, SUPERVISION AGENCIES, PUBLIC ORGANIZATIONS AND REPRESENTATIVES OF COMMUNITIES).

TO PROVIDE FOR AWARENESS OF PUBLIC OPINIONS SHARED BY PEOPLE LIVING IN THE REGION OF THE PLANT'S DIRECT INFLUENCE IN CONNECTION WITH THE PLANT'S PRODUCTION AND SOCIAL ACTIVITIES, ITS CORPORATE POLICY, WAYS IT AFFECTS THE SURROUNDING COMMUNITIES AND FOR A MORE EFFICIENT INTERACTION WITH INTERESTED PARTIES, ANNUAL SOCIAL STUDY IS CONDUCTED UNDER THE TITLE "EXTERNAL INFLUENCE EXERTED BY THE ENTERPRISE ON GENERAL PUBLIC; TOWN-SCALE IMAGE OF THE ENTERPRISE." IN 2011 REPRESENTATIVES OF PUBLIC COMMUNITIES RATED ACTIONS TAKEN BY THE PLANT IN SOCIAL RESPONSIBILITY FIELD QUITE HIGH. THE STUDY RESULTS SHOW THAT THE ENTERPRISE ENJOYS FAVORABLE AND RESPECTFUL ATTITUDES IN TERMS OF ITS ACTIVITIES; IT HAS SUCCEEDED IN FORMING A HIGH PRESTIGE VALUE OF BEING EMPLOYED BY THE ENTERPRISE AND A SCALED-UP SOCIAL STATUS OF BMZ EMPLOYEES AS VIEWED BY OTHER PEOPLE LIVING IN THE REGION. ONE OF THE INDICATORS OF A SIGNIFICANCE OF THE ENTERPRISE IS GROWTH OF THE NUMBER OF THOSE WHO MANAGED TO VISIT THE PLANT BESIDES, THE RESPONSES OF THE PARTICIPANTS OF THE POLL SHOW THAT THE MOST ATTRACTIVE FACTOR OF WORKING AT BMZ IS A HIGH SALARY, PROFESSIONAL GROWTH PERSPECTIVE AND A SOCIAL PACKAGE.

JULY 2, 2011 FOR THE FIRST TIME DURING THE 27-YEAR HISTORY BMZ ORGANIZED AN OPEN DAY: ANYONE WHO WISHED TO VISIT THE PLANT GO AN OPPORTUNITY GET ACQUAINTED WITH THE HISTORY AND THE PRODUCTION OF THE FLAGSHIP BELARUSIAN METALLURGY.

ONE MORE MAJOR EVENT OF 2011 IN TERMS OF ESTABLISHING INTERACTION WITH INTERESTED PARTIES WAS PREPARATION AND PUBLIC DISCUSSION OF THE CORPORATE SOCIAL REPORT



FOR THE YEAR 2010. THIS EVENT INVOLVED REPRESENTATIVES OF PUBLIC AUTHORITIES, LOCAL COMMUNITIES, THE OWNER, SUPPLIERS AND CUSTOMERS, PUBLIC ORGANIZATIONS AND MASS MEDIA.

THE PREPARATORY WORK IN CONNECTION WITH THE ABOVE REPORT WAS AN OPPORTUNITY FOR THE PLANT TO CHECK ITS SYSTEM OF INTERACTION WITH STAKEHOLDERS, MADE IT POSSIBLE TO REVEAL ITS WEAKNESSES AND STRENGTHS AND TO IDENTIFY PERSPECTIVES FOR ITS FURTHER DEVELOPMENT. THE REPORT WAS PRESENTED TO ALL INTERESTED PARTIES OF ACTUAL OR PROSPECTIVE INFLUENCE ON BMZ ACTIVITIES OR DEVELOPMENT, WHICH WAS AN IMPORTANT STEP TOWARDS ENHANCED INFORMATION TRANSPARENCY. THE RUSSIAN VERSION OF THE REPORT WAS ALSO MADE AVAILABLE ON THE CORPORATE SITE ([WWW.BELSTEEL.COM](http://WWW.BELSTEEL.COM)) AND ITS ENGLISH VARIANT – ON THE UN GLOBAL COMPACT SITE. PUBLIC DISCUSSIONS ON THE REPORTED DATA ARRANGED AS PUBLIC CONSULTATIONS PROVIDED FOR A PROPER FEEDBACK AND AWARENESS OF INTERESTED PARTIES' OPINIONS RELATED TO THE PLANT'S ACTIVITIES, ITS STRATEGIC INTENTS AND ITS SOCIAL RESPONSIBILITY SYSTEM.

OUTCOME OF INTERACTION WITH INTERESTED PARTIES, KEY TOPICS AND CONCERNS TOGETHER WITH RESPECTIVE RESPONSE BY VARIOUS ORGANIZATIONS CAN BE FOUND IN SECTIONS 9.3, 9.4 AND 9.5.

## SOCIAL SAFETY AND DISCIPLINE

TO ENSURE ECONOMIC SAFETY AND PREVENT CORRUPT PRACTICES, THE PLANT CARRIES OUT ITS PRODUCTION AND ECONOMIC ACTIVITIES BASED ON PRINCIPLES OF RESPONSIBILITY AND TRANSPARENCY.

IN ACCORDANCE WITH THE RECOGNIZED INTERNATIONAL PRINCIPLES OF UNHINDERED ECONOMIC ACTIVITIES ESTABLISHED BY THE UN GLOBAL COMPACT, RUE «BMZ» CONSIDERS FAIR COMPETITION A PREREQUISITE TO PROVIDE FOR EXERCISING OF THE RIGHT TO ENTREPRENEURIAL FREEDOM. NO LEGAL SANCTIONS HAVE EVER BEEN IMPOSED ON THE ENTERPRISE IN CONNECTION WITH ACTIONS VIOLATING THE FAIR COMPETITION PRINCIPLE.

IN 2011 THE PLANT CONTINUED TO IMPLEMENT DIRECTIVE No. 1 DD. 11.03.2004 ON MEASURES TO ENHANCE PUBLIC SAFETY AND DISCIPLINE. IT WAS NOT ONCE THAT ISSUES OF LABOUR AND ADMINISTRATIVE DISCIPLINE AND OCCUPATIONAL SAFETY WERE RAISED AT ADMINISTRATIVE MEETINGS, REGULAR CONFERENCES AND HEAD OF DIVISIONS MADE REPORTS IN CONNECTION THEREWITH. IN 2011, THE TOTAL NUMBER OF SUCH ISSUES CONSIDERED AMOUNTED TO 12. IN PURSUANCE OF DIRECTIVE No. 1, INDICES OF LABOUR AND ADMINISTRATIVE DISCIPLINE AND OCCUPATIONAL SAFETY WERE INCLUDED INTO THE LIST OF CRITERIA USED FOR EVALUATION OF THE MANAGEMENT EFFICIENCY. VIOLATION OF THE ABOVE CRITERIA IS STRICTLY PUNISHED, UP TO EARLY TERMINATION OF LABOUR CONTRACTS

## MANAGEMENT, RESPONSIBILITIES, INTERACTION WITH INTERESTED PARTIES

«It is an open day today. The aim of this event is show the citizens of Zhlobin area what Byelorussian Steel Works is. For the youngsters it is a good possibility to see where their parents and grandparents work. We hope that you will better understand what the background of BMZ brand is».

**A.M. Savianok, General Director  
of Republican Unitary Enterprise  
"Byelorussian Steel Works"**



» GUIDED BY THE DIRECTIVE ON MEASURES TO ENHANCE PUBLIC SAFETY AND DISCIPLINE, THE LAW OF THE REPUBLIC OF BELARUS ON CORRUPT PRACTICES COUNTERACTIONS AND IN SUPPORT OF THE PRINCIPLES OF THE UN GLOBAL COMPACT, THE PLANT FORMED A DEPARTMENT INTENDED FOR PREVENTION OF CORRUPT PRACTICES AND ABUSE, RISK OPTIMIZATION IN CONNECTION WITH THE SELECTION OF SUPPLIERS AND CUSTOMERS OF GOODS UNDER SEVERE COMPETITION OBSERVED AT THE TRADING MARKETS, AND PRESERVATION OF THE STATE-OWNED PROPERTY MANAGED BY THE ENTERPRISE

THE EXISTING ECONOMIC SAFETY DEPARTMENT EXCLUDES ANY POSSIBILITY OF MALPRACTICE INCLUDING CORRUPTION AS REGARDS NEW RECRUITS AND PEOPLE WORKING AT RUE «BMZ»

MORE THAN 90% THE SAFETY DEPARTMENT EMPLOYEES HAVE SPECIAL HIGHER EDUCATION. DURING 2011 OVER 50% OF THE EMPLOYEES OF THE ECONOMIC SAFETY DEPARTMENT WERE TRAINED IN POLICIES AND PROCEDURES RELATED WITH HUMAN RIGHTS.

CORRUPTION COUNTERACTION PROGRAM WAS ELABORATED AND IS FUNCTIONING AT BMZ. ACCORDING TO THIS PROGRAM, CONTINUOUS MONITORING OF THE RESULTS OF FINANCIAL AND BUSINESS ACTIVITY OF THE ENTERPRISE IS FULFILLED, LOCAL NORMATIVE ACTS REGULATING THE PROCEDURE OF PREPARATION TENDER DOCUMENTS AND SELECTION OF SUPPLIERS ARE UPDATED. SO AS TO MINIMIZE BUSINESS RISKS AND FULFIL CONTROL FUNCTIONS RELATED WITH ECONOMIC SAFETY A PRE-CONTRACTUAL INSPECTION OF LEGITIMACY OF POTENTIAL CONTRACTORS AND AGREEMENTS STUDIED BY THE STRUCTURAL SUBDIVISIONS OF THE PLANT

A COMPLEX OF MEASURES ARE TAKEN TO PREVENT CORRUPTION AND DELINQUENCY IN ALL DIVISIONS: A CLOSER CONTROL OF CONSUMPTION OF INVENTORY HOLDINGS IS KEPT, UNPLANNED RANDOM STOCK-TAKING OF ASSETS IS CARRIED OUT, INFORMATION OF THE ORGANS OF DOMESTIC AFFAIRS REGARDING FINANCIAL INVESTIGATIONS AS WELL AS FACTS OF CORRUPTION CRIMES COMMITTED BY THE PLANT'S EMPLOYEES SUBMITTED BY THE PUBLIC PROSECUTOR'S OFFICE IS STUDIED.

IMPLEMENTATION OF THE PROGRAM IS MONITORED BY THE COMMITTEE FOR PREVENTION OF CORRUPT PRACTICES, WHICH HELD 4 MEETINGS IN 2011.

OPEN DIALOGUE, TRANSPARENCY, PARTNERSHIP AND MUTUAL CONSIDERATION OF INTERESTS OF ALL CONCERNED PARTIES MADE IT POSSIBLE TO PREVENT CORRUPT PRACTICES IN THE IMMEDIATE BUSINESS ENVIRONMENT AND INSIDE THE ENTERPRISE PROPER IN THE YEAR 2011. NO FINES OR SANCTIONS WERE IMPOSED ON THE PLANT IN CONNECTION WITH VIOLATION OF LAWS OR STATUTORY REQUIREMENTS IN 2011.

ENSURING FULFILLMENT OF THE ASSUMED OBLIGATIONS TO THE INVESTORS, ITS EMPLOYEES, BUSINESS PARTNERS, AND THE SOCIETY IN GENERAL, THE PLANT STRICTLY ADHERES TO APPLICABLE LEGISLATION, CIVIL REGULATIONS, BUSINESS CODE OF ETHICS AND PURSUES THE PRINCIPLES OF EFFICIENT MANAGEMENT, INFORMATION TRANSPARENCY, FINANCIAL DISCIPLINE, LEGITIMACY AND ETHICALITY.

"It is necessary to exclude formalism from the work aimed against corruption; it is important to ensure systemacy, purposefulness and reliable coordination of anticorruption measures».

**V.A. Prima,  
Deputy Minister of Industry  
of the Republic of Belarus**



## Effectiveness indices in the field of social responsibility

### CORPORATE SOCIAL RESPONSIBILITY

**T**HE PLANT REGARDS CORPORATE SOCIAL RESPONSIBILITY AS THE TOTAL OF OBLIGATIONS AND DECISIONS TAKEN WITH PARTICIPATION OF INTERESTED PARTIES, WHICH ARE AIMED AT IMPLEMENTATION OF INTERNAL AND EXTERNAL PROGRAMMES TO CONTRIBUTE TO THE PLANT'S DEVELOPMENT AND SCALE ITS STATUS UP.

SOCIAL RESPONSIBILITY COVERS A WIDE RANGE OF ACTIONS TAKEN BY THE PLANT IN THE ECONOMIC, SOCIAL AND ECOLOGICAL FIELDS AND PROVIDES FOR A RESPONSIBLE BUSINESS CONDUCT, WHICH ENSURES ITS SUSTAINABLE DEVELOPMENT WITH DUE ACCOUNT FOR EXPECTATIONS OF ALL INTERESTED PARTIES. THE PLANT CONSIDERS INTRODUCTION OF CORPORATE RESPONSIBILITY PRINCIPLES INTO ITS BUSINESS PRACTICE TO BE AN ESSENTIAL PREREQUISITE FOR EFFICIENT MANAGEMENT. DECISIONS CONCERNED WITH SOCIAL RESPONSIBILITY CAN BE MADE AT EACH OF THE MANAGEMENT LEVELS. PRODUCTION AND ECONOMIC DECISIONS ARE TAKEN IN THE CONTEXT OF SOCIAL AND ECOLOGICAL CONSEQUENCES BOTH FOR THE PLANT AND THE OTHER INTERESTED PARTIES.

CORPORATE SOCIAL RESPONSIBILITY IS ONE OF THE MOST IMPORTANT PRINCIPLES RUE "BMZ" RELIES ON IN ITS ACTIVITIES. MEASURES TAKEN BY THE PLANT IN THIS FIELD ARE OF REGULAR CHARACTER AND ARE INTENDED FOR ESTABLISHING A SAFE AND EFFICIENT WORKING ENVIRONMENT, ENSURING PROFESSIONAL DEVELOPMENT OF ITS EMPLOYEES, PROVIDING SUPPORT FOR SPORTS AND CULTURE FACILITIES, ENVIRONMENTAL PROTECTION AND REGIONAL DEVELOPMENT.

IN THE FIELD OF SOCIAL RESPONSIBILITY, PLANT'S ACTIVITIES ARE BASED ON THE FOLLOWING APPROACHES:



"Social policy is a priority of our enterprise. The policy of the existing management is directed towards creation of favourable social and personal conditions directly at work places and at their homes".

**A.M. Savianok,**  
**General Director of Republican Unitary**  
**Enterprise "Byelorussian Steel Works"**

- COMPLIANCE WITH LEGISLATION AND STATUTORY NORMS OF THE REPUBLIC OF BELARUS;
- ENHANCEMENT OF BUSINESS PROCESSES EFFICIENCY AND INVESTMENT ATTRACTIVENESS OF THE PLANT;
- ENHANCEMENT OF THE PLANT'S REPUTATION AND CONFIDENCE IN IT;
- ENSURING ECOLOGICAL AS WELL AS OCCUPATIONAL AND HEALTH SAFETY IN REGIONS OF ACTIVE PRODUCTION;
- MINIMIZING FINANCIAL AND NON-FINANCIAL RISKS, ENHANCING COMPETITIVENESS OF THE PLANT'S PRODUCTION;
- IMPLEMENTATION OF SOCIAL AND CHARITY INITIATIVES;
- PROVIDING FOR POSITIVE COOPERATION WITH ALL INTERESTED PARTIES (STAKEHOLDERS);
- AVAILABILITY OF INFORMATION, OPEN DIALOGUES AND TRANSPARENCY.



ACTIONS WHICH RUE "BMZ" UNDERTAKES IN THE ECONOMIC, ECOLOGICAL AND SOCIAL FIELDS AS WELL AS INTERACTION WITH INTERNAL AND EXTERNAL INTERESTED PARTIES AND MEASURES TAKEN TO ENSURE THEIR AWARENESS OF THE PLANT'S PERFORMANCE ARE THE KEY FIELDS OF CORPORATE SOCIAL RESPONSIBILITY IMPLEMENTATION.

CORPORATE SOCIAL RESPONSIBILITY CONCEPTS FOR ECONOMIC, ECOLOGICAL AND SOCIAL ACTIVITIES ARE GOVERNED BY THE LEGISLATION OF THE REPUBLIC OF BELARUS, BRANCH AND CORPORATE REGULATIONS, INTERNATIONAL STANDARDS ISO 9000, ISO 14000, OHSAS 18000, SA 8000 SERIES AND STIPULATE THE NEED FOR EVALUATION AND ANALYSIS OF THE PLANT'S EFFECTIVENESS



## Economic activity

**T**HE PLANT'S STRATEGIC OBJECTIVE IN ITS ECONOMIC ACTIVITIES IS TO PROVIDE FOR AS MUCH STABILITY AND EFFICIENCY OF DEVELOPMENT AS POSSIBLE AND TO ACHIEVE HIGH FINANCIAL RESULTS, AT THE SAME TIME ENSURING A REASONABLE BALANCE OF INTERESTS OF ALL PARTIES CONCERNED AND SATISFYING SOCIAL AND ECONOMIC NEEDS OF CIVIL AND BUSINESS COMMUNITIES IN THE REGIONS OF ITS ACTIVE PRODUCTION.

THE PLANT BELIEVES SOCIAL RESPONSIBILITY TO BE AN INTEGRAL PART OF ITS BUSINESS STRATEGY AND CORPORATE ETHICS, WITH THE LATTER BASED ON THE PRINCIPLES OF DECENCY, JUSTICE AND HONESTY IMPLEMENTED IN RELATIONS WITH ITS PARTNERS AND COMPETITORS.

IN ITS ECONOMIC ACTIVITY, RUE "BMZ" RELIES ON THE RB LEGISLATION, STABILITY AND PRODUCTION DEVELOPMENT FACTORS, ECONOMIC FEASIBILITY AS WELL AS ITS RESPONSIBILITIES ASSUMED BEFORE THE OWNER, INVESTORS, EMPLOYEES AND BUSINESS PARTNERS, LOCAL COMMUNITIES AND OTHER INTERESTED PARTIES.

ECONOMIC DEVELOPMENT OF THE PLANT IS UNDERSTOOD AS ENSURING INCREASED PROFITABILITY BY RAMPING UP MANUFACTURE OF HIGH-TECHNOLOGY PRODUCTS AS REQUIRED BY THE STRATEGY AND ENHANCED PRODUCTION EFFICIENCY.

IN ITS ECONOMIC ACTIVITY, THE PLANT IMPLEMENTS APPROACHES AS FOLLOWS:

- COMPLIANCE WITH THE LEGISLATION AND STATUTORY NORMS OF THE REPUBLIC OF BELARUS;
- INVOLVEMENT OF ALL PRODUCTION SEGMENTS AND BUSINESS PROCESS PARTICIPANTS;
- COMPLETE AND RELIABLE DISCLOSURE OF THE PLANT'S PERFORMANCE INFORMATION;
- ENHANCED RESPONSIBILITY;
- ENSURING THE BEST POSSIBLE EXPENDITURE/ECONOMIC PERFORMANCE RATIO;
- MAINTAINING THE PLANT'S INTERESTS IN REASONABLE BALANCE WITH THOSE OF THE COMMUNITY.

AN OVERALL INCREASE IN PRODUCTION RATES, OPERATIONAL INTENSITY AND PRODUCTION QUALITY, TECHNICAL SOPHISTICATION OF THE PRODUCTION PROCESSES, AND SPEED UP DECISION-MAKING SET UP ENHANCED REQUIREMENTS REGARDING THE EMPLOYEES IRRESPECTIVE OF THEIR DEPARTMENTS. THE PLANT'S COMMERCIAL TEAM IS COMPOSED OF SKILLED, HIGHLY QUALIFIED SPECIALISTS HAVING A HIGHER EDUCATION. THEY ARE REGULARLY TRAINED IN POLICIES AND PROCEDURES CONNECTED WITH THE ISSUES OF PRODUCTION EFFICIENCY AND BUSINESS PROCESSES EFFECTIVENESS.

## FINANCIAL-ECONOMIC ACTIVITY

**I**N 2011 HEALTHY PROPORTIONS OF THE PLANT DEVELOPMENT WERE SETTLED: PROFIT GROWTH RATE EXCEEDED THE PROCEEDS GROWTH RATE AND COSTS GROWTH RATE, THUS BYELORUSSIAN STEEL WORKS INCREASED ITS POTENTIAL AND REACHED A NEW QUALITATIVE LEVEL OF DEVELOPMENT.

THE PLANT DEVELOPED A COMPREHENSIVE PROGRAM OF MEASURES AIMED AT STABILIZATION AND DEVELOPMENT OF THE PRODUCTION. STRICT CONTROL OF FULFILLMENT OF THE PROGRAM ON ALL LEVELS GAVE POSITIVE RESULTS. IN GENERAL, IN 2011 SAVING IN THE AMOUNT OF USD49,9 MLN WAS RECEIVED IT WAS DUE TO PRODUCTION CAPACITY INCREASE AND IMPROVEMENT OF THE TECHNOLOGICAL PROCESSES AS WELL AS DUE TO FULFILLMENT OF POWER-SAVING MEASURES AND DECREASE OF TOTAL PRODUCTION COSTS AND GENERAL ECONOMIC COSTS.

TO OBTAIN A SUBSTANTIATED EXPERT OPINION CONCERNING THE REPRESENTATION OF THE RESULTS OF FINANCIAL ACCOUNTABILITY, AN INTERNATIONAL INDEPENDENT AUDITING COMPANY CARRIES OUT AUDITS AT RUE "BMZ" IN ACCORDANCE WITH THE REQUIREMENTS OF THE INTERNATIONAL FINANCE REPORTING STANDARDS (IFRS).

TOP MANAGEMENT IS INFORMED ABOUT PRODUCTION AND FINANCIAL-ECONOMIC ACTIVITY BY MEANS OF MONTHLY SUMMARY REVIEWS, ECONOMIC COUNCILS, AND ANALYTICAL REPORTING

FOR THE PURPOSES OF COMMUNICATION DEVELOPMENT AND EXPANDING OPPORTUNITIES OF INTERACTION WITH THE INTERESTED PARTIES, EMPLOYEES' PROFESSIONAL ADVANCEMENT AND EXCHANGE OF EXPERIENCE, RUE "BMZ" ARRANGES ANNUAL INTERNATIONAL SCIENTIFIC CONFERENCE "METAL." APART FROM PARTICIPANTS FROM THE CIS COUNTRIES, THE "ECONOMICS AND FINANCE" SECTION OF THE CONFERENCE INCLUDES SPECIALISTS FROM THE PLANT'S FINANCIAL, ECONOMIC AND MARKETING DEPARTMENTS. DURING THE CONFERENCE, ITS PARTICIPANTS MAKE REPORTS ON CURRENT ISSUES AND EXCHANGE THEIR EXPERIENCE IN IMPLEMENTATION OF STRATEGIC OBJECTIVES AND INTRODUCTION OF RECENT ENGINEERING SOLUTIONS IN THE FIELD OF STABLE PRODUCTION DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITY.

## ECONOMICAL EFFECTIVENESS

**S**TABILIZATION OF THE GLOBAL ECONOMY IN 2011, INCREASE OF BUSINESS ACTIVITY ON THE INTERNATIONAL MARKETS AND PURPOSEFUL ACTIVITY OF THE ENTERPRISE AIMED AT PRODUCTION PROCESS OPTIMIZATION, SAVING OF RESOURCES, REVISION OF SALES STRATEGY HAD A POSITIVE EFFECT ON THE BALANCE



OF THE RESULTANT PERFORMANCE. BESIDES STEEL PRICE GROWTH RATE IN 2011 LEFT BEHIND PRODUCT UNIT COST GROWTH RATE.

IN 2011 PROCEEDS GROWTH WAS MAINLY EFFECTED BY DEVALUATION OF THE NATIONAL CURRENCY, AS VOLUME OF PRODUCT SALES IN THE ACCOUNTING PERIOD GREW BY 79 918 TONS AND THIS MADE CONDITIONAL GROWTH OF PROCEEDS BY 29,9 %.

IN 2011 NET PROFIT WAS THE UTMOST AS COMPARED WITH THE PREVIOUS YEAR. THE PLANT POLICY WAS DIRECTED TOWARDS EFFECTIVE USE OF ALL PRODUCTION RESOURCES, DECREASE OF COSTS AND GROWTH OF PROFITABILITY WHICH IN GENERAL HELPED TO INCREASE THE SOURCE OF OWN ASSETS.

ECONOMIC EFFECT IS EXPRESSED IN GROWTH OF PROCEEDS DUE TO HIGHER PRICES BY CHANGING THE STRUCTURE OF PRODUCTION TOWARDS GROWTH OF DOWNSTREAM PRODUCTS AND IMPROVEMENT OF THE PRODUCT QUALITY AND THE ENTERPRISE DECREASED COSTS AND TIME OF RECONSTRUCTION, DECREASE ACCOUNTS PAYABLE AND INDEBTEDNESS TO BANKS WITHOUT ATTRACTION OF EXTRA LOAN FACILITIES THUS IT DID NOT DISTRACT CIRCULATING ASSETS FROM ITS CURRENT ACTIVITY.

## MAIN INDICATORS

**P**RODUCTION RATE GROWTH IN COMPARABLE PRICES BASED ON 2011 OPERATION RESULTS WAS 105,3%. MARKETABLE PRODUCT SALES PROCEEDS MADE UP USD 2052,0 MILLION WHICH IS 36,7% HIGHER THAN IN 2010.

SELF COST OF THE PRODUCTS, WORKS AND SERVICES SOLD GREW BY 19,6% AND EQUALED TO USD 1 685,2 MILLION. THIS IS CONNECTED WITH THE GROWTH OF STEEL PRODUCT OUTPUT IN ESTABLISHED PRICES.

## PROFIT

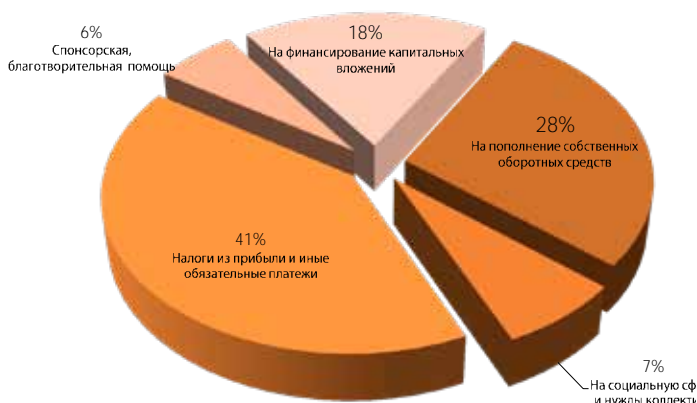
SALES PROCEEDS IN 2011 MADE UP USD 367,1 MILLION, WHICH IS 4 TIMES MORE THAN THE LEVEL OF 2010. COST-EFFICIENCY OF SOLD PRODUCTS EQUALED TO 21,8%, WHICH IS 15,3% HIGHER THAN THE LEVEL OF 2010.

NET PROFIT OF RUE "BMZ" IN 2011 WAS USD 179,0 MILLION WHICH IS 9 TIMES HIGHER THAN THE LEVEL OF THE NET PROFIT IN 2010. NET RETURNS ON SALES GREW FROM 1,3% IN 2010 TO 8,7 % IN 2011. PROFIT ALLOCATION FOR 2010 AND 2011 IS GIVEN IN THE DIAGRAMS.

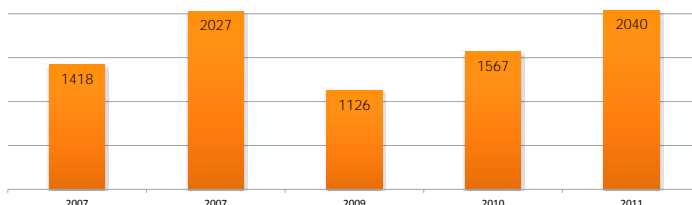
IN 2011 RUE "BMZ" SPONSORED ITS DAUGHTER COMPANY RDUAE «PAPOROTNOE», RAUCE «METALLURGSTROI», BELARUSIAN TECHNICAL UNIVERSITY, SUA "ACADEMY OF POST GRADUATE EDUCATION" AND OTHER ORGANIZATIONS OF THE REPUBLIC OF BELARUS IN THE AMOUNT OF USD 6,1 MILLION. BESIDES, FINANCIAL ASSISTANCE IN THE AMOUNT OF USD 9,6 MILLION WAS RENDERED FOR SPORT DEVELOPMENT (HOCKEY AND VOLLEY-BALL CLUBS, UE "BELARUSIAN BIATHLON CLUB". IN 2011 THE ENTERPRISE EFFECTED ALL REQUIRED PAYMENTS TO ITS EMPLOYEES IN THE AMOUNT OF USD 12,0 MILLION INCLUDING PAYMENTS FOR LABOUR PRODUCTS, AS WELL AS COMPENSATION, MOTIVATIONAL AND SOCIAL ONES IN THE AMOUNT OF 7,0 USD MILLION.



Использование  
прибыли за 2010 год



Использование  
прибыли за 2011 год



## Economic activity

«According to mutual agreement Byelorussian Steel Works transferred BRB 3 billion to the district budget ahead of schedule which made it possible to effect timely payments for annual holiday campaign of the teachers of the town and villages»

**A.I. Makeev,**  
**Head of the finance department of**  
**Zhlobin district executive committee**



### PAYMENT TO THE OWNER

IN COMPLIANCE WITH THE EXISTING LAW THE ENTERPRISE TRANSFERRED A PART OF ITS PROFIT (DIVIDENDS) IN THE AMOUNT OF USD 7,0 MILLION TO THE STATE BUDGET.

### TAXES AND COMPULSORY PAYMENTS

RUE "BMZ" IS A RESPONSIBLE TAXPAYER AND PROVIDES FOR CONSOLIDATION OF THE STATE'S FINANCIAL FOUNDATION BY REGULAR TAX PAYMENTS MADE INTO BUDGETS OF VARIOUS LEVELS. TIMELY AND CORRECT TAX PAYMENT BY THE PLANT IN FAVOUR OF THE STATE DETERMINE ECONOMIC STABILITY IN THE REGION OF ITS ACTIVE PRODUCTION ACTIVITY AND IN PARTICULAR OPPORTUNITIES OF INFRASTRUCTURE DEVELOPMENT BY REGIONAL AND LOCAL AUTHORITIES. TAX PAYMENTS INFLUENCE THE ECONOMY OF THE REGION SIGNIFICANTLY BECAUSE RUE "BMZ" TAX PAYMENTS ARE A KEY SOURCE OF THE LOCAL BUDGET FORMATION: PORTION OF THE PLANT MAKES UP 36,0% OF ALL REVENUES AND RUE "BMZ" SHARE OF THE REGIONAL BUDGET IS 60,5%

THE TOTAL SHARE OF TAXES AND PROFIT-BASED LEVIES IN 2011 WAS 44,9%, AND, AS COMPARED WITH 2010 THE ABOVE SHARE INCREASED BY 0,7 PER CENT.

### ENTERPRISE'S RISKS

#### INVESTMENT RISKS

ANY PROJECT IMPLEMENTATION IS ASSOCIATED WITH CERTAIN ORGANIZATIONAL, TECHNOLOGICAL AND FINANCIAL RISKS HOWEVER, INVESTMENT PROJECTS LAUNCHED BY RUE "BMZ" ARE IMPLEMENTED AT AN OPERATING ENTERPRISE WHICH HAS SUFFICIENT EXPERIENCE IN USE OF THE PROCESS EQUIPMENT AND CONSTRUCTION OF NEW PRODUCTION FACILITIES. THAT'S WHY ORGANIZATIONAL, TECHNICAL AND TECHNOLOGICAL RISKS ARE OF LITTLE SIGNIFICANCE IN THIS CASE. HIGH QUALIFICATIONS OF THE ENTERPRISE'S EMPLOYEES, APPLICATION OF MODERN TECHNOLOGICAL, ORGANIZATIONAL AND ADMINISTRATIVE

SOLUTIONS IN THE PRODUCTION ACTIVITIES ENSURE ENHANCED EFFICIENCY AND SUSTAINABILITY OF THE IMPLEMENTED PROJECTS AGAINST PROBABLE CONTINGENCIES, WHILE AVAILABILITY OF INVESTED FUNDS MAKES IT POSSIBLE TO MINIMIZE ANY FINANCIAL RISKS.

TO MITIGATE AND ACCOUNT FOR PROBABLE RISK EFFECTS IN BUSINESS-PLANS, THE PLANT CARRIES OUT MULTIVARIANT CALCULATIONS TO IDENTIFY PROJECTS' FINANCIAL PERFORMANCE AND EFFICIENCY INDICES AGAINST VARIOUS VARIABLE FACTORS (CAPITAL INPUT AMOUNTS, SELLING PRICE FOR PRODUCTS, MANUFACTURING COSTS, DEBT-TO-EQUITY RATIOS).

RESULTS OF THE COST EFFICIENCY EVALUATION GIVEN IN THE PROJECT WERE CALCULATED FOR THE BASIC PRICING CONDITIONS, EFFECTIVE AT THE TIME OF BUSINESS PLAN VALIDATION.

HOWEVER, AS PROJECTS PROCEED TO SUBSEQUENT STAGES OF IMPLEMENTATION, THESE PRICING CONDITIONS COULD BE CHANGING DUE TO GLOBAL ECONOMIC CHANGES. BASED ON THE ABOVE, IT WAS IMPORTANT AND ESSENTIAL TO CARRY OUT A RELIABILITY (SENSITIVITY) ANALYSIS, PROVIDING FOR EVALUATION OF POSSIBLE EFFECTS ON PROJECT EFFICIENCY DUE TO VARIATIONS OF EXTERNAL FACTORS AND IDENTIFICATION OF ACCEPTABLE AND CRITICAL SCOPES OF CHANGES.

WHEN CARRYING OUT THE SENSITIVITY ANALYSIS, POSSIBLE CHANGES IN THE FOLLOWING FACTORS OF MAJOR INFLUENCE ON ECONOMIC INDICES WERE CONSIDERED:

- SELLING PRICE AS A FACTOR WHICH IS MOST SUSCEPTIBLE TO CHANGES DUE TO METAL MARKET VARIATIONS;
- PRODUCTION COSTS, WHICH DEPEND ON PRICES FOR MELTING STOCK, ENERGY RESOURCES AND OTHER MATERIALS AND SERVICES ESSENTIAL FOR THE PRODUCTION PROCESSES;
- INVESTMENT AMOUNTS WHICH LARGELY DEPEND ON CONTRACTUAL PRICES FOR EQUIPMENT;
- DEBT-TO-EQUITY RATIO.

THE SENSITIVITY ANALYSIS INCLUDED EVALUATIONS CONCERNED WITH THE WAYS IN WHICH THE ABOVE FACTORS INFLUENCE THE TWO MAJOR EFFICIENCY INDICES — SIMPLE PAY-BACK PERIOD AND INTERNAL RATE OF RETURN.

#### BRANCH RISKS

METALLURGIC INDUSTRY IS DISTINGUISHED BY ITS SUSCEPTIBILITY TO CYCLIC VARIATIONS OF PRICES FOR RAW MATERIALS AND STEEL. DEMAND FOR STEEL IS DETERMINED BY COUNTRY-SPECIFIC LEVELS OF ECONOMIC DEVELOPMENT AND CONSUMPTION BY MAJOR STEEL-CONSUMING INDUSTRIES. VARIATIONS IN PRICES



FOR RAW MATERIALS ARE OF SIGNIFICANT INFLUENCE ON THE FINANCIAL-ECONOMIC STATE OF BELARUSIAN METALLURGY AS MOST OF RAW MATERIALS CONSUMED BY STEEL WORKS ARE IMPORTED. RECENTLY, STEEL PRICING TRENDS HAVE BEEN RATHER UNFAVORABLE. THAT'S WHY POTENTIAL METALLURGY-INHERENT RISKS DUE TO CYCLIC PRICE REDUCTIONS ARE STILL PRESENT. AT THE SAME TIME, WORLD'S MARKET PRICES FOR PRIMARY RAW MATERIALS AND CONSUMABLES USED BY THE PLANT, NAMELY FOR SCRAP METAL, CAST IRON AND FERROALLOYS, ARE EXHIBITING A GROWTH TREND. REDUCTION OF PRICES FOR METAL PRODUCTS WITH SIMULTANEOUS INCREASE IN PRICES FOR RAW MATERIALS SIGNIFICANTLY AFFECTS THE ENTERPRISE'S OPERATIONAL ACTIVITIES AND ITS FINANCIAL PERFORMANCE

ALONG WITH THE PRICE VARIATIONS, METALLURGY, ON A GLOBAL SCALE, FACES RISKS OF EXCESSIVE PRODUCTION CAPACITIES. CURRENTLY, A BUNCH OF NEW LARGE ENTERPRISES APPEARED ALL AROUND THE WORLD, WHILE A GREAT NUMBER OF LEADING PRODUCERS HAVE PLANS FOR A SUBSTANTIAL EXPANSION OF THEIR PRODUCTION CAPACITIES, PARTICULARLY, THOSE ASSOCIATED WITH MANUFACTURE OF REINFORCING BARS. WITH A VIEW TO ADVANCES IN STEEL PRODUCTION TECHNOLOGIES AND TRANSITION FROM BLAST-FURNACE AND OPEN-HEARTH FURNACE MELTING OF CAST IRONS AND STEELS TO ELECTRIC FURNACE MELTING, GIVING STEELS OF ENHANCED QUALITY, SCRAP METAL ACQUIRES STILL MORE SIGNIFICANCE. ALONGSIDE WITH THAT, RESOURCE-SAVING TECHNOLOGIES INTRODUCED AT INDUSTRIAL ENTERPRISES RESULT IN RELATIVELY REDUCED SCRAP PRODUCTION RATES IN DEVELOPED COUNTRIES WITH SIMULTANEOUS GROWTH OF DEMAND FOR UNUSED METAL. CONSEQUENTLY, EUROPE IS EXPERIENCING AN UNSATISFIED DEMAND FOR METALLURGIC RAW MATERIALS, SUCH AS SCRAP METAL. THE PLANNED METALLURGIC INDUSTRY EXPANSION (INCREASES IN MELTING CAPACITIES AT THE ALREADY EXISTING PLANTS, CONSTRUCTION OF NEW ENTERPRISES EQUIPPED WITH ELECTRIC FURNACES), FIRST OF ALL, IN THE EUROPEAN PART OF THE RUSSIAN FEDERATION, AGGRAVATE THE SITUATION EVEN MORE AND COULD RESULT IN TOTAL TERMINATION OF SCRAP METAL SUPPLIES FROM THE RUSSIAN FEDERATION. BESIDES, SUPPLIES OF THIS KIND OF RAW MATERIALS IN MOST COUNTRIES ARE EITHER SUBSTANTIALLY MONOPOLIZED (IN BELARUS, FOR INSTANCE, THESE ACTIVITIES ARE REPRESENTED BY A SINGLE ENTERPRISE – BELVTORMET) OR UNDER A STRINGENT STATE CONTROL (LICENSING OF ACTIVITIES, SETTING EXPORT QUOTAS, EXPORT DUTIES LEVIED). AS A RESULT, CONSUMERS ARE RATHER DEPENDANT ON A LIMITED GROUP OF SCRAP SUPPLIERS AND (OR) BOUND BY CERTAIN GEOGRAPHICAL LIMITS OF SCRAP-SUPPLYING REGIONS.

BY CONSOLIDATING, MANUFACTURERS OF METAL PRODUCTS PROVIDE FOR A REDUCTION OF RISKS ASSOCIATED WITH MARKET ENVIRONMENTS, HOWEVER, FOR BELARUSIAN ENTERPRISES THE SAID RISKS STILL PRESENT A CERTAIN HAZARD. CONCENTRATION OF MINING COMPANIES AND TAKE-OVER OF SCRAP-PRODUCING ENTERPRISES BY METALLURGIC COMPANIES CAN RESULT IN AN ADDITIONAL INCREASE IN PRICES FOR RAW MATERIALS WITH



«DURING MY VISIT I GOT EVIDENCE THAT RUE "BMZ" ASSETS ARE DIRECTED TO THE RIGHT CHANNEL. WE SAW THE RESULTS OF THESE INVESTMENTS WITH OUR OWN EYES. I AM SURE THAT OUR COOPERATION WILL CERTAINLY CONTINUE IF FUTURE»

**RUDOLF KIRCHMEIER,**  
**GENERAL DIRECTOR OF FIS**  
**FINANCE&INVESTMENT SERVICES GESMBH**

RATHER LIMITED ALTERNATIVE OPPORTUNITIES FOR STEEL RAW MATERIAL SUPPLIES. LATELY, METALLURGIC ENTERPRISES ARE MORE AND MORE ACTIVELY ENGAGING IN MODERNIZATION OF THE EQUIPMENT INSTALLED AT THE ENTERPRISES OF THEIR SCRAP METAL SUPPLIERS AND IN ACTIVITIES IN CONNECTION WITH TAKE-OVER OF THE MOST EFFICIENT SCRAP PRODUCING COMPANIES

SO, IT IS POSSIBLE TO MINIMIZE THE ABOVE RISKS BY DEVELOPING A SCRAP-PRODUCING NETWORK OF ONE'S OWN. BRANCH RISK MANAGEMENT SHOULD BE BASED ON ESTABLISHING LONG-TERM AND MUTUALLY BENEFICIAL RELATIONS WITH MAJOR SUPPLIERS AND OPTIMIZATION OF PROCUREMENT AND RESOURCE MANAGEMENT PROCESSES.

THE FACT THAT METAL PRODUCTION IS PARTLY INTENDED FOR IN-COUNTRY SUPPLIES, WHERE PRICES ARE REGULATED BY THE STATE, ACCOUNTS FOR RESPECTIVE RISKS, WHICH, JUST LIKE AT FOREIGN MARKETS, ARE ASSOCIATED WITH POSSIBLE NEGATIVE EFFECTS DUE TO PRICE VARIATIONS. AND THIS COULD PRODUCE A CERTAIN EFFECT ON THE ENTERPRISE'S ACTIVITIES. HOWEVER, WITH A VIEW TO GRADUAL TRANSITION TO THE MARKET-CONTROLLED PRICE SETTING OBSERVED IN THE REPUBLIC, IT IS POSSIBLE TO CONSIDER THIS RISK AS NEGLIGIBLE.

#### COUNTRY AND REGIONAL RISKS

PRODUCTION AND BUSINESS ACTIVITIES OF RUE "BMZ" ARE LARGELY DEPENDANT ON COOPERATION WITH RUSSIA. SUCH CLOSE INTERACTION WITH A SINGLE INDEPENDENT REGION PRESENTS CERTAIN RISKS ASSOCIATED WITH DIFFERENCES IN LEGISLATION AND REGULATORY FRAMEWORK, WHICH COULD AFFECT SUSTAINABLE DEVELOPMENT OF THE ENTERPRISE. THE PERSPECTIVES OF A COMMON CUSTOMS SPACE AND FURTHER ECONOMIC INTEGRATION WILL MAKE IT POSSIBLE IN TIME TO CONSIDER SUCH RISKS AS NEGLIGIBLE.

BESIDES, GEOGRAPHICAL POSITION OF THE REPUBLIC OF BELARUS WILL CONTRIBUTE TO MINIMIZATION OF REGIONAL ECONOMIC RISKS AND POSSIBLE EFFECTS ON THE ENTERPRISE'S ACTIVITIES RESULTING FROM THEM. PRIORITIES WILL INCLUDE FLEXIBLE SUPPLY

## Economic activity

WE HAVE BEEN COOPERATING WITH RUE "BMZ" FOR MORE THAN 10 YEARS AND I WOULD LIKE TO UNDERLINE THAT DURING THIS PERIOD BOTH PARTIES HAVEN'T BREACHED THEIR OBLIGATIONS A SINGLE TIME. THEIR OBLIGATIONS HAVE BEEN ALWAYS FULFILLED PRECISELY AND IN DUE TIME. THAT IS WHY WE ARE PROUD TO SAY ABOUT THESE PARTNERSHIP RELATIONS ON THE GLOBAL MARKET".

**RUDOLF KIRCHMEIER,**  
**GENERAL DIRECTOR OF FIS FINANCE&INVESTMENT SERVICES**  
**GESMBH**



PROTECTION, INDUSTRIAL AND FIRE SAFETY AND ENVIRONMENTAL PROTECTION.

ECOLOGICAL REQUIREMENTS INCLUDE COMPULSORY PAYMENTS FOR AIR AND LAND POLLUTION AND INSTALLATION AND MODERNIZATION OF SPECIAL POLLUTION-CONTROL EQUIPMENT. SHOULD ANY CRITICAL CONCENTRATIONS SET FOR INDUSTRIAL WASTES BE EXCEEDED, THE ENTERPRISE WILL HAVE TO PAY FINES. POSSIBLE REINFORCEMENT OF ENVIRONMENTAL REGULATIONS AND LOWERING OF CRITICAL POLLUTANT CONCENTRATIONS COULD RESULT IN INCREASED AMOUNTS OF OBLIGATORY PAYMENTS AND FINES STIPULATED FOR VIOLATIONS OF LAW.

» GEOGRAPHY, ENSURING PROMPT RESPONSE TO THE ENVIRONMENT'S CHALLENGES AND PROTECTION AGAINST POSSIBLE REGIONAL CRISES.

WINTER SUPPLIES OF MAJOR RAW MATERIALS CAN BE AFFECTED BY WEATHER CONDITIONS. TO MINIMIZE RISKS ASSOCIATED WITH INTERRUPTED RAW MATERIALS SUPPLIES, IT IS ESSENTIAL TO PROVIDE FOR AVAILABILITY OF "WINTER BUFFER" RESERVES OF SUCH RAW MATERIALS

### LEGAL RISKS

NOTWITHSTANDING THE STATE-IMPLEMENTED POLICY AIMED AT REDUCTION OF TAX BURDEN ASSUMED BY ECONOMIC ENTITIES OF THE REPUBLIC OF BELARUS, LEGAL PROVISIONS ON TAXES AND DUTIES ARE CONSTANTLY CHANGING. EVERY YEAR, AN ENTIRELY NEW PACKAGE OF TAX REGULATIONS COMES INTO FORCE AND THE PREVIOUS REGULATIONS ARE AMENDED. AT THAT, THE AMENDMENTS ARE PARTLY FOR THE BENEFIT OF TAXPAYERS AND PARTLY – TO THEIR DISADVANTAGE. SIMILAR SITUATION IS OBSERVED IN THE FIELD OF TAX ADMINISTRATION. HOWEVER, TAKEN THE STATE'S ASPIRATION TO ENSURE A SUSTAINABLE GROWTH OF PRODUCTION RATES AND THE STABLE POLITICAL SITUATION, A SIGNIFICANT INCREASE IN THE ENTERPRISE'S TOTAL TAX BURDEN IN THE NEAR FUTURE IS HIGHLY IMPROBABLE.

ALSO, ONE COULD CONSIDER AS NEGLIGIBLE THOSE RISKS WHICH ARE ASSOCIATED WITH CHANGES IN THE REGULATORY FRAMEWORK AS RELATED TO CUSTOMS CONTROL. BUT THERE ARE CERTAIN RISKS ASSOCIATED WITH CUSTOMS REGULATIONS AND DUTIES IN THOSE COUNTRIES OF THE ENTERPRISE'S EXPORTS.

### INDUSTRIAL SAFETY, LABOUR PROTECTION AND ECOLOGICAL RISKS

WE ARE AWARE THAT METALLURGY IS A POTENTIAL HAZARD TO THE ENVIRONMENT AND PEOPLE, AS SUCH PRODUCTION ACTIVITIES INVOLVE HIGH-TEMPERATURE PROCESSES, INVASIVE CHEMICALS, VOLATILE BY-PRODUCT EMISSIONS AND REQUIRE SPECIAL ARRANGEMENTS IN CONNECTION WITH DISPOSAL OF SOLID AND LIQUID INDUSTRIAL WASTE. DUE TO THE ABOVE, METALLURGIC ENTERPRISES HAVE TO PROVIDE FOR STRICT COMPLIANCE WITH RATHER STRINGENT REGULATIONS WITH REGARD TO LABOUR



## Economic activity

» DECEMBER 20, 2011 AN AGREEMENT ON ESTABLISHMENT OF **BMZ –TUBULARS**, A JOINT-VENTURE FOR OCTG PIPES FINISHING WAS SIGNED BY **BMZ**, **DUFERCO S.A.** AND **PISEC GROUP GmbH**. THIS PROJECT WILL ALLOW THE PLANT TO FURTHER PROCESS PIPE PRODUCTS AND MASTER THE PRODUCTION OF A HIGH-TECH PRODUCT OF A PRINCIPALLY NEW QUALITY. IT WILL GIVE US THE POSSIBILITY TO EXPAND OUR SALES MARKETS, RECEIVE ADDITIONAL PROCEEDS BY SELLING PIPE PRODUCTS WITH A BIGGER ADDED VALUE AND IN GENERAL TO INCREASE THE PIPE MILL OUTPUT.

BESIDE TRADE FIRMS AND JOINT-VENTURES **BMZ** STEEL PRODUCTS WERE DELIVERED UNDER AGREEMENTS WITH END USERS VIA SUCH LARGE TRANSNATIONAL CORPORATIONS AS: **STEMCOR**, **DUFERCO**, **DR. KARL J. PISEC**, **ARKAS TRADING LIMITED**, **BGH EDELSTAHL FREITAL GmbH**, **F.J. ELSNER TRADING GmbH**, **ISSA TRADING COMPANY DEMCO STEEL INDUSTRIES S.A.L.** (**DEMIRDJIAN Bros**), **JSC LIEPAJAS METALURGS**, **RMZ VERTRIEBSGESELLSCHAFT M.B.H.**, **IRON BRIDGE OY**, WHICH HAVE THEIR OWN DIVERSIFIED NETWORK OF STEEL WAREHOUSES IN DIFFERENT COUNTRIES OF THE WORLD. BESIDE DELIVERIES OF **BMZ** PRODUCTS A SIGNIFICANT ADVANTAGE OF PARTNERSHIP RELATIONS IS THE POSSIBILITY TO ATTRACT THESE CORPORATIONS AS GUARANTORS OF LOANS GRANTED BY FOREIGN BANKS.

TO A CONSIDERABLE DEGREE SUCCESSFUL PROMOTION OF OUR GOODS ONTO NEW MARKETS WAS SUPPORTED BY **BMZ** IMAGE AS AN ENTERPRISE SELLING ONLY HIGH QUALITY PRODUCTS.

STEEL QUALITY WON A WORLDWIDE RECOGNITION. THIS IS A GREAT SUCCESS OF THE EMPLOYEES OF THE ENTERPRISE. STEEL PRODUCTS, NAMELY REINFORCING BARS, ARE ONE OF THE BEST IN THE WORLD. TIRE CORD IS OUR SPECIAL PRIDE. THIS TYPE OF PRODUCE IS KNOWN BY ALL TIRE PRODUCING COMPANIES OF THE WORLD SUCH AS **CONTINENTAL**, **MICHELIN**, **PIRELLI**, **GOODYEAR**, **DUNLOP**, **NOKIAN**, ETC. THE PLANT ESTABLISHED EXCELLENT RELATIONS WITH ENTERPRISES IN **BELARUS** AND **CIS** COUNTRIES. ROLLED SECTIONS BECAME PERMANENT MATERIALS USED BY ENGINEERING AND CONSTRUCTION ENTERPRISES OF **MOSCOW**, **SMOLENSK**, **BRYANSK** AND OTHER REGIONS OF THE **RUSSIAN FEDERATION**. TIRE PLANTS OF **YAROSLAVL**, **NIZHNEKAMSK**, **OMSK**, **VORONEZH**, **KIROV**, AND THE **UKRAINE** ARE INCLUDED IN THE LIST OF **BMZ** REGULAR CUSTOMERS. SINCE 1998 **RUE "BMZ"** HAS BEEN ONE OF THE LEADING SUPPLIERS OF HOSE WIRE ON THE **EUROPEAN** MARKET.

AS A PRODUCER OF FERROUS METALS **BMZ** OCCUPIES A NICHE OF THE GLOBAL STEEL CONSUMPTION EQUAL TO SIXTEENTH HUNDREDTH PER CENT WHICH MAKES UP 280 KG PER ONE CITIZEN OF THE **REPUBLIC OF BELARUS** PER YEAR; WHILE 210 KG OF THE GLOBAL STEEL CONSUMPTION FALL ON ONE INHABITANT OF THE **EARTH**.

FOR FURTHER PROMOTION OF THE PLANT STEEL ONTO GLOBAL MARKETS, ACQUAINTANCE OF POTENTIAL BUYERS WITH NEW TYPES OF PRODUCTS OF OUR ENTERPRISE, IT ACTIVELY PARTICIPATES IN ADVERTISING AND EXHIBITION ACTIVITY, TAKES PART IN INTERNATIONAL AND NATIONAL SPECIALIZED EXHIBITIONS AND FAIRS WHERE TALKS ARE HELD WITH THE LARGEST TRADERS OF THE STEEL MARKET , WITH NEW PARTNERS IN PRODUCT SUPPLIES AND QUESTIONS RELATED WITH THE POSSIBILITY TO PRODUCE NEW PRODUCTS, MAKE CHANGES IN THE PRODUCTION PROCESS OF SOME TYPES OF PRODUCTS FOR A CERTAIN CUSTOMER ARE CONSIDERED.

## MEDIUM-TERM TARGETS OF THE PLANT

IN ACCORDANCE WITH THE INVESTMENT PROGRAM FOR 2012 AND THE BUSINESS-PAN FOR THE DEVELOPMENT OF THE PLANT FOR 2012 THE TOTAL AMOUNT OF CAPITAL INVESTMENT (INVESTMENTS IN THE CAPITAL ASSETS) IN 2012 WILL MAKE UP **USD 94,1** MILLION, INCLUDING INVESTMENTS AT THE EXPENSE OF:

- OWN SOURCES	-	<b>USD 40,2</b> MILLION;
- INNOVATION FUND	-	<b>USD 14,9</b> MILLION;
- BANK LOANS	-	<b>USD 50,9</b> MILLION.

TAKING INTO CONSIDERATION THE INVESTMENTS PLANNED, PRODUCTION OUTPUT GROWTH IN COMPARABLE PRICES IN 2012 F WILL BE AT THE LEVEL OF **102,0** PER CENT. RATES OF OTHER MAIN INDICES OF SOCIAL AND ECONOMIC DEVELOPMENT ARE PLANNED TO BE AS FOLLOWS:

- SALES PROFITABILITY, MINIMUM	-	<b>12,3%</b>
- SPECIFIC WEIGHT OF THE INNOVATIVE PRODUCT SHIPPED IN THE TOTAL AMOUNT	-	<b>20,5%</b>
DECREASE OF THE MATERIAL CONSUMPTION LEVEL	-	<b>MINUS» 2,0 %</b>
POWER SAVING PERFORMANCE	-	<b>MINUS 5,0%</b>
DECREASE OF THE PRODUCTION COSTS LEVEL	-	<b>MINUS 0,1%</b>
EXPORT OF PRODUCTS AS COMPARED WITH THE LEVEL OF 2011, MINIMUM	-	<b>111,2%</b>
BALANCE OF FOREIGN TRADE, MINIMUM	-	<b>USD 697 640,0</b> THOUSAND
RATIO OF THE PRODUCT EXPORT TO THE PRODUCTION OUTPUT, MINIMUM	-	<b>82,7%</b>



## Ecological activity





## Ecological activity

### ECOLOGICAL POLICY

**T**HE PLANT REALIZES THAT ITS PRODUCTION ACTIVITIES ARE ASSOCIATED WITH CERTAIN ENVIRONMENTAL HAZARDS AND TAKES ITS BEST EFFORTS SO AS TO MITIGATE NEGATIVE INFLUENCES ON PEOPLE'S HEALTH. RUE "BMZ" TAKES CERTAIN STEPS TO REDUCE ENVIRONMENTAL IMPACTS AND MITIGATE GLOBAL CLIMATE CHANGE RISKS. THESE STEPS ARE A PART OF STRATEGY INTENDED TO PROVIDE FOR A SUSTAINABLE DYNAMICS OF THE PLANT'S DEVELOPMENT. THE ENTERPRISE IS ENGAGED IN A LARGE-SCALE EQUIPMENT AND PROCESS MODERNIZATION, PAYING PARTICULAR ATTENTION TO THE ENHANCED ECOLOGICAL REQUIREMENTS, WHICH ENABLES THE PLANT TO REDUCE POLLUTANT AIR EMISSIONS AND WASTE QUANTITIES GENERATED.

BYELORUSSIAN STEEL WORKS IS A STATE-OWNED ENTERPRISE, WHICH RELIES ON ONE OF THE PRIORITY STATE POLICY STRANDS IN ITS ACTIVITIES – THAT OF ECOLOGICAL SAFETY. IMPLEMENTATION OF THE STATE POLICY IS ENSURED BY AN EFFICIENT ENVIRONMENTAL MANAGEMENT SYSTEM (THE EMS). THE EMS IS A PART OF THE UNIFIED ENTERPRISE MANAGEMENT SYSTEM, WHICH IS RESPONSIBLE FOR WORKING OUT A SYSTEMATIC APPROACH TO ENVIRONMENTAL PROTECTION WITHIN ENTIRE PRODUCTION ACTIVITIES OF THE PLANT AND IS INTEGRATED INTO QUALITY MANAGEMENT, LABOUR SAFETY AND SOCIAL RESPONSIBILITY PROCESSES. THE EMS IS A TOOL, ENABLING THE ENTERPRISE TO ENSURE REGULAR MONITORING AND MINIMIZE ECOLOGICAL IMPACTS ASSOCIATED WITH PRODUCTION ACTIVITIES IN THE REGION OF ITS LOCATION.

WITHIN THE FRAMES OF THE CURRENT ENVIRONMENTAL MANAGEMENT SYSTEM, THE ENTERPRISE IDENTIFIED A NUMBER OF ECOLOGICAL FACTORS OF ENVIRONMENTAL INFLUENCE AND EVALUATED THEM BY THEIR SIGNIFICANCE. TO MINIMIZE ENVIRONMENTAL IMPACTS CONNECTED WITH THE PRODUCTION ACTIVITIES OF RUE "BMZ", THE ENTERPRISE ANNUALLY INTRODUCES NEW ENVIRONMENTAL PROTECTION MEASURES AIMED AT REDUCING DEVELOPMENT PRESSURES ON THE ENVIRONMENT

EFFICIENCY OF THE ECOLOGICAL MANAGEMENT SYSTEM ADOPTED BY RUE "BMZ" IS ENSURED WITH THE ASSISTANCE AND UNDER GUIDANCE OF THE TOP MANAGEMENT. OFFICIAL MANAGERIAL VIEWS ON ECOLOGICAL AND ENVIRONMENTAL ISSUES ARE PRESENTED IN THE ENTERPRISE'S CORPORATE POLICY AND OTHER REGULATORY DOCUMENTATION OF THE CORPORATE MANAGEMENT SYSTEM.

BMZ INTENDS TO INCREASE THE SHARE OF PRODUCTS COMPLYING WITH THE QUALITY MANAGEMENT SYSTEM STANDARDS, PROVIDE ITS PRODUCTION WITH ECOLOGICAL QUALITY AND SAFETY DATA AND APPROPRIATE MARKING.

### MAIN PRINCIPLES AND APPROACHES

**L**ONG-TERM STRATEGIC OBJECTIVES DETERMINED BY THE PLANT FOR ECOLOGICAL AND ENVIRONMENTAL ACTIVITIES INCLUDE:

- MINIMIZING THE PLANT'S IMPACT ON THE REGION'S VITAL ACTIVITIES;
- MINIMIZING THE PLANT'S IMPACT ON FLORA AND FAUNA;
- EFFICIENT USE OF NATURAL RESOURCES;
- EFFICIENT USE OF ENERGY RESOURCES;
- AIR BASIN PROTECTION;
- WATER BASIN PROTECTION;
- INDUSTRIAL WASTE UTILIZATION;
- TRAINING;
- IMPROVEMENT OF THE PERSONNEL'S ECOLOGICAL CULTURE AND DEVELOPMENT OF ECOLOGICAL CONSCIOUSNESS;
- DEVELOPMENT AND IMPLEMENTATION OF RESOURCE-SAVING, LOW-WASTE AND ENVIRONMENTALLY SAFE TECHNOLOGIES;
- MONITORING OF EMISSIONS, HAZARDOUS WASTES AND QUALIFICATION TESTING OF WORK PLACES;
- COMPLIANCE WITH ECOLOGICAL STANDARDS AND REQUIREMENTS IN DESIGN AND PRODUCTION, CONSTRUCTION, RECONSTRUCTION AND PROCESS FACILITIES EXPANSION;
- INCIDENT ALERTNESS.

IN ITS ECOLOGICAL ACTIVITIES, THE PLANT RELIES ON THE FOLLOWING:

- COMPLIANCE WITH THE LEGISLATION AND STATUTORY NORMS OF THE REPUBLIC OF BELARUS;
- INVOLVEMENT OF ALL BUSINESS PROCESS SEGMENTS AND PARTICIPANTS;
- EMS UPGRADING;
- MINIMIZING IMPACTS IN CONNECTION WITH EXPANDING PRODUCTION ACTIVITIES;
- COMPLETE AND RELIABLE DISCLOSURES OF THE PLANT'S PERFORMANCE INFORMATION;



Map of Zhlobin  
area Gomel region

- RESPONSIBILITY ENHANCEMENT;
- PROVIDING FOR OPTIMAL EXPENDITURE/PERFORMANCE RATIOS;
- MAINTAINING REASONABLE BALANCE BETWEEN THE PLANT'S INTERESTS AND THOSE OF THE COMMUNITY.

THE EMS SYSTEM ADOPTED BY RUE «BMZ» WAS CERTIFIED FOR COMPLIANCE WITH REQUIREMENTS OF ISO 14001:2004, STB ISO 14001-2005 STANDARDS AND COVERS ACTIVITIES, SUCH AS PRODUCTION OF ROLLED SECTIONS AND STRUCTURAL SHAPES, WIRE ROD, SEAMLESS PIPES, STEEL CORD, WIRE AND STEEL FIBER, WHICH IS THE EVIDENCE OF THE SYSTEMATIC APPROACH IMPLEMENTED TO REDUCE ECOLOGICAL RISK PROBABILITY, MINIMIZE ECOLOGICAL PAYMENTS, REPRESENT RUE «BMZ» AS AN ECOLOGICALLY RESPONSIBLE ENTERPRISE AND IMPROVE INTERACTION WITH THE INTERESTED PARTIES ON ISSUES OF ENSURING COMPLIANCE WITH ECOLOGICAL NORMS AND REQUIREMENTS.

EXCEPT THE CURRENTLY EFFECTIVE APPROVED MEDIUM-TERM ECOLOGICAL PROGRAMMES, THE PLANT PROVIDES FOR ANNUAL DEVELOPMENT AND APPROVAL BY RESPECTIVE SUPERVISION AUTHORITIES OF ECOLOGICAL CONTROL PROGRAMMES AND ENVIRONMENTAL PROTECTION PLANS, WHICH, AMONG OTHER THINGS, ENVISAGE REGULAR ECOLOGICAL MONITORING AND CONTROL ACTIVITIES IN ACCORDANCE WITH THE INSTRUCTION ON ENVIRONMENTAL CONTROL OF PRODUCTION.

USE OF NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION AT THE ENTERPRISE ARE MANAGED BY ADMINISTRATIVE CONTROL ACTIONS AND ECONOMIC METHODS.

## IMPLEMENTATION OF ECOLOGICAL STRATEGY

### MINIMIZING THE PLANT'S IMPACT ON THE REGION'S VITAL ACTIVITIES

IN ITS PRODUCTION ACTIVITIES, RUE «BMZ» ACCOUNTS FOR ITS ENVIRONMENTAL IMPACT AND STRIVES FOR MINIMIZATION OF ITS CONSEQUENCES AS STIPULATED BY INTERNATIONAL LEGAL PROVISIONS ON ECOLOGY AND THE ENVIRONMENTAL LEGISLATION OF THE REPUBLIC OF BELARUS. FOR THE PURPOSES OF MINIMIZING ITS IMPACT ON THE REGION'S POPULATION, THE PLANT WAS LOCATED IN THE SOUTH-EASTERN PART OF THE CITY WITH DUE ACCOUNT FOR WIND ROSE DIAGRAM. THE ESTABLISHED SANITARY ZONE HAS THE RADIUS OF 1000 M AND ITS AREA TOGETHER WITH THE ADJACENT INDUSTRIAL SITE MAKES UP 674.1 HA. AT THAT, 55% OF THE AREAS BETWEEN THE ENTERPRISE'S TERRITORIAL BORDERS AND THOSE OF THE SANITARY ZONE ARE TAKEN UP BY CULTIVATED CONIFEROUS AND HARDWOOD FORESTS AND SCRUB VEGETATION. THE NEAREST SETTLEMENT (THE VILLAGE OF SOLONOYE) IS 1.75 KM AWAY FROM THE ENTERPRISE'S TERRITORIAL BORDERS. RESIDENTIAL HOUSES AND LIVING QUARTERS OF ZHLOBIN ARE 3-3.5 KM AWAY FROM THE PLANT. THE INDUSTRIAL SITE IS LOCATED ON PLAIN SURFACE LANDS, NEUTRAL IN TERMS OF SMOKE CONTENTS AND SPREAD OF SMOKE JETS TOWARDS RESIDENTIAL AREAS. EVERY YEAR, THE PLANT CARRIES OUT CERTAIN ACTIONS TO ENSURE AIR AND WATER BASIN PROTECTION AND REDUCTION OF LAND-BURIED INDUSTRIAL WASTES.

## Ecological activity

### MINIMIZING THE PLANT'S IMPACT ON FLORA AND FAUNA

IN THE STRUCTURE OF THE LIGNOSE OF THE LANDS OF THE FOREST RESOURCES OF THE REGION CONIFERS OCCUPY AROUND 70%, SOFTWOOD – 27%, HARDWOOD – 3 %. DOMINATING POSITION BELONGS TO THE PLANTATIONS OF NATURAL ORIGIN – 56,3 %. MAIN FOREST-FORMING BREED IN THE REGION IS A PINE-TREE (68,5% FOREST-COVERED LANDS). AS FOR THE AGE STRUCTURE, MEDIUM-AGED TIMBER-STAND PREVAIL (49,2%). YOUNG GROWTH MAKE UP 34,4 PER CENT.

RESOURCES OF GRASSLAND PLANTATIONS ARE RATHER BIG. THE REGION BELONGS TO POLESKO-BEREZINSKY REGION RICH OF MEADOWS, AND A PART OF WHICH IS REPRESENTED BY A LOW WAVY PLAIN FORMED BY A SYSTEM OF FLAT TERRACES LOCATED ABOVE THE FLOOD PLAIN OF THE BEREZINA RIVER AND THE DNIEPER RIVER. CENOSIS IS FORMED BY SHARP SEDGE WHICH IS OFTEN COMBINED WITH MANNA GRASS (9,8 %), MORE SELDOM WITH MIRE BLOBS (4,8 %). SOMETIMES IT FORMS CLEAR TANGLE OF A MONODOMINANT TYPE.

MIRE VEGETATION CAN BE MET IN LOW PARTS OF THE RELIEF, ON THE LANDS WITH A CONSTANT EXCESSIVE HUMIDIFICATION. MISCELLANEOUS HERBS MAINLY OF THE MESOHYDROPHYTIC ROW (TYPES: CALLIERGONGIGANTEUM, DREPANOCLADUSINTERMEDIUS, DREPANOCLADUSVERNICOSUS, AULACOMNIUMPALUSTRE) PREDOMINATE IN THE GRASS STAND.

THE FOLLOWING TYPES OF VEGETATION DOMINATE IN THE RADIUS OF APPROXIMATELY 2KM FROM THE PLANT'S SITE:

SILVA OF THE TERRITORY CONCERNED: LIGNOSE OF BOTH NATURAL AND CULTURAL ORIGIN INCLUDING FORESTS OF THE LANDS BELONGING TO THE STATE FOREST RESOURCES, PROTECTION WOOD PLANTATIONS ALONG THE RAILROAD BED AND MOTORROADS.

WOODLANDS BELONG TO THE SUBZONE OF CONIFER LICHEN LOW BUSH FORESTS. ON THE FOREST-COVERED TERRITORY LOCATED TO THE NORTH-EAST OF THE PLANT, SUCH TREE BREEDS AS A SCOTCH PINE (PINUS SYLVESTRIS), A COMMON BIRCH (BETULA VERRUCOSA) GROW. THE SCOTCH PINES (PINUS SYLVESTRIS) AND THE BLACK ALDERS (ALNUS GLUTINOSA) GROW IN THE NORTH-WEST AREA AND THE SCOTCH PINES (PINUS SYLVESTRIS) – IN THE SOUTH-WEST.

– SEGETAL VEGETATION IS DEVELOPED ON THE AGRICULTURAL LANDS, SOWED HAYFIELDS TO THE SOUTH-EAST AND TO THE EAST OF THE PLANT, IN SOLONOE AREA, AND TO THE SOUTH-WEST OF THE PLANT BETWEEN THE WOODLAND AND THE DOBYSNA RIVER.

– RESIDENTIAL VEGETATION IS DEVELOPED IN HUMAN SETTLEMENTS, AND IN THE AREAS WITH THE APARTMENT BLOCKS AND UTILITY CONSTRUCTIONS.

– MEADOW VEGETATION OF THE TERRACES ABOVE THE FLOOD PLAIN.

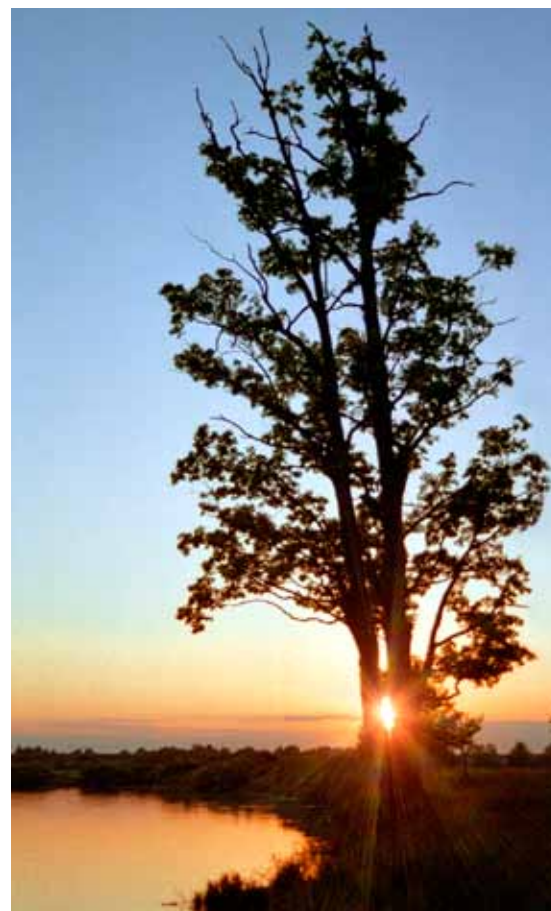
RUDERAL VEGETATION NEAR THE AREA OF ASH AND SLAG STORAGE, CONCRETE SCRAP STORAGE, OPEN PIT, AND OTHER AFFECTED HABITATS FORMED IN THE RESULT OF THE HUMAN ACTIVITY. IT IS NECESSARY TO POINT OUT SAGEBRUSH (ARTEMISIAVULGARIS), WHITE CLOVER (TRIFOLIUMREPENS), AND COUCH-GRASS (ELYTRIGIAREPENS) AMONG THE RUDERAL TYPES.

### – FAUNA

DESCRIPTION OF THE FAUNA OF THE TERRITORY CONCERNED IS GIVEN BASED ON LITERARY DATA.

ACCORDING TO THE LITERARY DATA INSECTS ARE REPRESENTED BY A TYPICAL FAUNISTIC COMPOSITION.

AMPHIBIA ON THE TERRITORY UNDER STUDY ARE MET EVERYWHERE IN PLENTIFUL AND ARE REPRESENTED BY THREE TYPES: A BROWN FROG (RANATEMPORARIA), A GREEN TOAD (BUFOVIRIDIS) AND A COMMON TOAD (BUFOBUFO).





SAND LIZARDS (*LACERTAAGILIS*) PREDOMINATE AMONG THE REPTILES.

SPECIES COMPOSITION OF THE THERIOFAUNA IS REPRESENTED BY A FOUR-TOED HEDGEHOG A (*ERINACEUSCONCOLOR*), A DWARF SHREW (*SOREXMINUTUS*), COMMON SHREW (*SOREXARANEUS*), A FIELD VOLE (*MICROTUSOECONOMUS*), A COMMON VOLE (*MICROTUSARVALIS*), AND A CAMPAGNOL (*APODEMUSAGRARIUS*).

AVIFAUNA OF THE SURROUNDINGS OF THE TERRITORY UNDER STUDY IS CHARACTERIZED BY A SMALL VARIETY OF SPECIES DIVERSITY. MAIN BIOTYPES USED BY BIRDS ARE OPEN AGRICULTURAL LANDS. BACKGROUND TYPES ON AGRICULTURAL LANDS ARE: A FIELD LARK (*ALAUDA ARVENSIS*), A WHINCHAT (*SAXICOLA RUBETRA*), A WHITETHROAT (*SYLVIA COMMUNIS*), A YELLOWHAMMER (*EMBERIZA CITRINELLA*). ON SWAMPY TERRITORIES ONE CAN RUN ACROSS A COMMON HERON (*ARDEA CINEREA*). DURING SPRING MIGRATION FEW MIGRATING TYPES OF BIRDS CROSS THE TERRITORY IN TRANSIT. AUTUMN MIGRATION IS LESS PRONOUNCED; BIRDS DO NOT FORM LARGE CLUSTERS. VARIETY OF MAMMALS ON THIS TERRITORY IS NOT LARGE AND IS NOT CHARACTERIZED BY HABITATION OF REAR AND PROTECTED

SPECIES. A BROWN HARE (*LEPUSEUROPAEUS*), A COMMON FOX (*VULPESVULPES*), AND A WILD HOG (*SUSSCROFA*) ARE MET HERE.

SPECIAL PROTECTED NATURAL TERRITORIES OF ZHLOBIN DISTRICT ARE REPRESENTED BY A HYDROLOGICAL AND LANDSCAPE PRESERVES OF LOCAL SIGNIFICANCE (TABLE 4), AND BY NATURAL MONUMENTS OF LOCAL AND REPUBLICAN SIGNIFICANCE.

THERE ARE NO SPECIAL PROTECTED NATURAL TERRITORIES WITHIN THE SANITARY ZONE OF THE PLANT. THE EXISTING ONES ARE LOCATED APPROXIMATELY AT THE DISTANCE OF 12 KM AND MORE FROM THE RUE «BMZ» SITE.



## Ecological activity

NAME	TOTAL AREA, LOCATION	ORGANIZATION CARRYING OPERATIVE ADMINISTRATION	DISTANCE FROM RUE "BMZ", KM
LANDSCAPE RESERVE OF REPUBLICAN SIGNIFICANCE «SMYCHOK»	2635 HA: 2060 – ZHLOBIN DISTRICT 575 – RECHITSA DISTRICT	ZHLOBIN AND RECHITSA DISTRICT EXECUTIVE COMMITTEES WITHIN THEIR AUTHORITY	32
LANDSCAPE RESERVE OF REPUBLICAN SIGNIFICANCE «VYDRITSA»	17560 HA: 7793 – ZHLOBIN DISTRICT 9767 – SVETLOGORSK DISTRICT	ZHLOBIN AND SVETLOGORSK DISTRICT EXECUTIVE COMMITTEES WITHIN THEIR AUTHORITY	20
HYDROLOGICAL RESERVE OF LOCAL SIGNIFICANCE «DUBOVKA»	55 HA, NORTHERN PART OF RADUSHA, ZHLOBIN DISTRICT AND BORDERS WITH VOLSHEDUBSKY CANAL	KRASNOBEREZHSKY AGRICULTURAL ENTERPRISE	22
HYDROLOGICAL RESERVE OF LOCAL SIGNIFICANCE «ALEKSANDROVSKY MOKH»	33 HA, LOCATED IN THE NORTH-EAST PART OF LUVIRNYANSKY FORESTRY ZHLOBIN FORESTRY ENTERPRISE ALONG THE MOTOR ROAD GOMEL-ZHLOBIN, 0,5 KILOMETERS FROM ALEKSANDROVKA SETTLEMENT	MFE «ZHLOBIN FORESTRY»	12
HYDROLOGICAL RESERVE OF LOCAL SIGNIFICANCE «MOKH»	31 HA, NORTH-WEST PART OF KOSAKOVSKY AGRICULTURAL COOPERATIVE	KOSAKOVSKY AGRICULTURAL COOPERATIVE	17
HYDROLOGICAL RESERVE OF LOCAL SIGNIFICANCE «ROVEKI»	100 HA, NORTH-WEST PART OF DVORISHCHANSKOE FORESTRY OF THE MFE «ZHLOBIN FORESTRY»	MFE «ZHLOBIN FORESTRY»	29
HYDROLOGICAL RESERVE OF LOCAL SIGNIFICANCE «KANAVNOYE»	223 HA, CONSISTS OF TWO SECTORS AND LOCATED IN THE NORTH-WEST PART OF PRIBEREZINSKOE FORESTRY OF THE MFE «ZHLOBIN FORESTRY» AND AEB «VPERYOD»	MFE «ZHLOBIN FORESTRY» AND DUE «YAZNACH»	22
HYDROLOGICAL RESERVE OF LOCAL SIGNIFICANCE «ORLI»	97 HA, SOUTHERN PART OF STRESHIN FORESTRY OF THE MFE «ZHLOBIN FORESTRY»	MFE «ZHLOBIN FORESTRY»	34
HYDROLOGICAL RESERVE OF LOCAL SIGNIFICANCE «RUGOROVA POLYANA»	54 HA, NORTH-WEST PART OF DVORISHCHANSKOE FORESTRY OF THE MFE «ZHLOBIN FORESTRY»	MFE «ZHLOBIN FORESTRY»	35

Table:  
Reserves  
in Zhlobin district

THERE ARE NO HUNTING GROUNDS IN ZHLOBIN FORESTRY.

SITE AMOUNTS TO 51.5 HA.

THE PLANT'S PREMISES PROPER ARE A SORT OF A GREEN PARK.  
AT PRESENT, GREEN SPACES AND LAWNS TAKE UP ABOUT 21%  
OF THE PLANT'S SITES USED FOR SPORADIC BUILDINGS.  
FOR THE MOST PART, GREEN SPACES WITHIN THE INDUSTRIAL  
SITE ARE REPRESENTED BY CONIFERS AND HARDWOOD TREES.  
BESIDES, THE PLANT'S PREMISES INCLUDE SOME FLOWER BEDS.  
TOTAL GREEN SPACE AREA WITHIN THE INDUSTRIAL

WITHIN THE FRAMEWORK OF THE PROGRAM AIMED AT PRESERVATION  
OF NATURAL RESOURCES OF THE COUNTRY AND UPGRADING THE  
TERRITORY OF THE PLANT'S ACTIVITY SPECIALISTS OF THE PLANT GREW  
AND PLANTED A LOT OF PLANTS AND FULFILLED A LARGE-SCALE  
AMOUNT OF WORKS TO IMPROVE LAND DURING 2011:

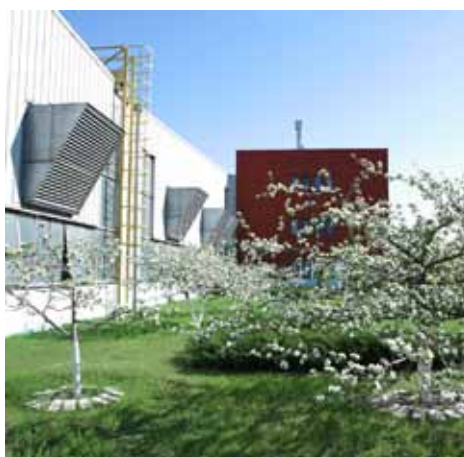


ITEM	WORK DESCRIPTION	UNIT	QUANTITY
1	SEEDING, GROWING OF SEEDLINGS, COMPILING OF FLOWER COMPOSITIONS AND FLOWER PLANTING TO IMPROVE THE TERRITORY: - ANNUAL - BIENNIAL AND PERENNIAL - BULBOUS, RHIZOMATOUS AND TUBEROUS	PC.	78 000 5460 1800
2	GROWING OF PLANTING STOCK AT NURSERY GARDENS FOR IMPROVEMENT OF THE PLANT TERRITORY:		
	- TREES	PC.	120
	- BUSHES	PC.	200
3	TREE SEEDLINGS PLANTED OUT ON THE PLANT'S TERRITORY AND AT THE HEADQUARTERS	PC.	
	- CONIFER SEEDLINGS	PC.	21
	- HARDWOOD SEEDLINGS	PC.	22
4	REPAIR OF LAWNS ON THE PLANT'S TERRITORY WITH ALL TYPES OF AUXILIARY WORK:		
	- CURRENT	HA	0,65
	- OVERHAUL	HA	0,35
5	ARRANGEMENT OF LANDSCAPE FLOWER COMPOSITIONS	PC.	5
6	FLOWER SEEDS HARVESTING	KG	3,73
7	PREPARATION OF SOIL COMPONENT MIXTURES FOR FLOWER SEEDLINGS GROWING	M³	6

Table:  
**Works to  
improve land**

TOTAL AMOUNT SPENT FOR UPGRADING THE TERRITORY IN 2011 EQUALS TO USD 32,65 THOUSAND. PROGRAM FULFILLMENT PROGRESS WAS REGULARLY REPORTED IN THE CORPORATE NEWSPAPER "METALLURG" AND REGIONAL MASS MEDIA.

TO ENCOURAGE AND EXPAND LAND IMPROVEMENT AND AMENITY PLANTING ACTIVITIES, TO MOTIVATE THE PLANT'S EMPLOYEES, BOTH MORALLY AND MATERIALLY, TO IMPLEMENT THE LAND IMPROVEMENT PROGRAMME, TO INVOLVE THE PERSONNEL IN ACTIVITIES CONNECTED WITH AESTHETIC IMPROVEMENT OF THE PLANT'S APPEARANCE AND THAT OF THE PRE-SCHOOL ESTABLISHMENTS RUN BY THE PLANT, THE ENTERPRISE ARRANGED A LAND IMPROVEMENT COMPETITION AMONG THE PLANT'S SHOPS WITH BI-ANNUALLY CAST-UPS. THE COMPETITION INVOLVES MORE THAN 75% OF THE EMPLOYEES.



## Ecological activity

### EFFICIENT USE OF NATURAL RESOURCES

PRODUCTION OF RUE "BMZ" IS A COMPLETE METALLURGIC CYCLE WITH ANNUAL OUTPUTS AMOUNTING TO OVER 2 MLN TONS OF LIQUID STEEL.

MAJOR RAW MATERIALS USED FOR STEEL PRODUCTION IN 2009-2011 WERE AS FOLLOWS

MATERIAL	UNIT (t)		
	2009	2010	2011
METAL CHARGE	2 672 873,5	2 917 692	3 000 465
FERROALLOYS	30 573,4	36 374	38 072
ELECTRODES	5078,5	5830	5133
SLAG-FORMING, DEOXIDIZING AND PURIFYING MIXTURES	133 769,4	161 391	171 276
CARBONIZERS	27 699	31 217	34 335
HEAT INSULATING MATERIALS	2489,9	2204	2067
REFRACTORY MATERIALS	27 617,3	31 080	32 466

BMZ USED RAW MATERIALS WHICH WERE OBTAINED FROM RECYCLED OR RECLAIMED WASTES. SHARE OF RECYCLED MATERIALS IN THE TOTAL AMOUNT OF RAW MATERIALS IN 2009-2011 WAS AS FOLLOWS:

MATERIAL	QUANTITY (%)		
	2009	2010	2011
FERROUS SCRAP	90,1	95,9	95,7
REFRACTORY SCRAP	20,0	18,8	17,4
ELECTRODES	0,4	0,02	0,2
LIME STONE AND LIME WASTES	0,8	0,7	0,7

### EFFICIENT USE OF ENERGY RESOURCES

RUE "BMZ" ADOPTS MANAGERIAL AND INVESTMENT DECISIONS ON THE BASIS OF MULTI-VARIANT SCENARIOS OF DEVELOPMENT TAKING INTO CONSIDERATION ENVIRONMENTAL PRIORITIES PROVIDING FOR POWER SAVING, EFFICIENT USE OF NATURAL AND POWER RESOURCES.

IN ACCORDANCE WITH THE PROGRAMME OF THE CORPORATE MANAGEMENT SYSTEM DEVELOPMENT, RUE "BMZ" INTRODUCED THE SECTION "POWER CONSUMPTION CONTROL SYSTEM" (PCCS) DEVELOPED IN CONFORMITY WITH THE REQUIREMENTS OF THE NATIONAL (STB 1777-2010) AND EUROPEAN (EN 160001) STANDARDS IN 2010. THE BASE FOR THE DEVELOPMENT OF THE SYSTEM APPROACH IS ARRANGED ON A CLEAR DOCUMENTING AND CONTROL OF INTERRELATED PROCESSES SIGNIFICANTLY INFLUENCING THE EFFECTIVENESS OF POWER CONSUMPTION, IN PARTICULAR:

- MOTIVATION OF THE PERSONNEL;
- PRECISE DETERMINATION OF KEY ROLES OF THE STAFF IN THE MANAGEMENT SYSTEM;
- DISTRIBUTION OF RESPONSIBILITY AND AUTHORITY STARTING WITH THE TOP LEVEL;
- MAINTAINING OF A CORRESPONDING LEVEL AND COMPETENCE OF THE STAFF;
- PROVISION OF THE STAFF AWARENESS OF THE BENEFITS INCLUDING FINANCIAL ONES, WHICH ONE CAN GET IF HE/SHE IMPROVES EFFECTIVENESS OF POWER CONSUMPTION;
- EFFECTIVE INFORMATION EXCHANGE;
- MAXIMUM COMPLETE INVENTORY OF FACTORS INFLUENCING POWER CONSUMPTION;
- DETERMINATION OF AREAS OF PRIORITY SIGNIFICANT FOR POWER CONSUMPTION MANAGEMENT;
- PLANNING OF ACTIVITY AIMED AT IMPROVEMENT OF POWER CONSUMPTION EFFICIENCY.

IN ACCORDANCE WITH THE NATIONAL STRATEGY OF ENERGY SAVING AND ENERGY SECURITY, THE PLANT DEVELOPED AN ENERGY SAVING ACTION PLAN, SETTING ENERGY POLICY PRIORITIES AND APPROACHES. THE PLAN COMPRISES:

- ACTIONS PROVIDING FOR A COMPREHENSIVE ENERGY SAVING SYSTEM;



- ARRANGEMENTS FOR EMPLOYEES' TRAINING, RETRAINING AND ADVANCED TRAINING ON ISSUES OF ENERGY SAVING AND EFFICIENT USE OF RESOURCES;
- UPGRADING THE SYSTEM OF EQUIPMENT AND PRODUCTION PROCESSES EVALUATION AND ANALYSIS;
- IMPLEMENTING ENERGY-SAVING PROCEDURES;
- INTRODUCTION OF MODERN ADVANCED TECHNOLOGIES;
- EFFICIENT USE OF EXISTING POWER FACILITIES;
- INTRODUCTION OF NEW SCIENTIFIC ACHIEVEMENTS TO PROVIDE FOR EFFICIENT ENERGY USE.

TRADITIONAL ENERGY-SAVING MEASURES INCLUDE:

- INITIATIVES RELATED WITH INTRODUCTION OF POWER-SAVING PRODUCTS AND METHODS, USE OF RENEWABLE POWER SOURCES, DECREASE OF REQUIREMENTS IN THE RESULT OF THE INITIATIVES FULFILLED;
- SAVING OF POWER DUE TO CONSERVATION AND INCREASE OF CONSUMPTION EFFECTIVENESS;
- USE OF THERMAL SECONDARY POWER RESOURCES;
- INITIATIVES AIMED AT DECREASE OF INDIRECT USE, SAVING, ETC.

DUE TO THE INTRODUCTION OF AN AUTOMATIC SYSTEM OF TECHNICAL RECORDING (ASTR), REAL-TIME MONITORING OF FUEL AND POWER RESOURCES (FPR) IS CARRIED OUT WITH DAILY SUMMING-UP AND CORRECTIVE ACTIONS FULFILLMENT. THIS FORM OF CONTROL ALLOWS THE PLANT TO CONTROL POWER INTENSITY EFFECTIVELY AND CARRY OUT SYSTEM SPECIFICATION OF TECHNICAL ACTIONS. ACTUALLY, AN INNOVATIVE INTELLECTUAL SYSTEM IS CREATED. IT USES ACS OF PP, SAP R/3 AND THE PLANT'S COMPUTER NETWORK. A NUMBER OF MEASURES WERE TAKEN TO TRANSFORM INFORMATION TECHNOLOGIES FROM A TOOL TO AN ACTUAL SCIENTIFIC AND TECHNICAL RESOURCE TO DECREASE EXPENSES AND AS A RESULT TO COLLECT EXTRA GAINS. IN 2011 THE PLANT MANAGED TO PRESERVE POSITIVE DYNAMICS OF REDUCING OF FER SPECIFIC CONSUMPTION BY THE MAIN POWER-CONSUMING PRODUCTIONS.

TOTAL AMOUNT OF POWER RESOURCES SAVED IN 2011 EQUALED TO 696 905 GJ (263 589 JJ IN 2010).

SO AS TO INCREASE INVOLVEMENT OF THE STAFF IN THE PROCESSES OF POWER AND RESOURCE SAVING, RUE "BMZ" DEVELOPED AND USES THE FOLLOWING:

- REGULATIONS OF «RUE "BMZ" STAFF COMPETITION FOR BEST IDEAS AIMED AT INCREASE OF POWER EFFECTIVENESS OF THE PRODUCTION;
- REGULATIONS OF «COMPETITION FOR BEST STRUCTURAL DIVISION OF THE PLANT FROM THE VIEWPOINT OF POWER SAVING»;
- REGULATIONS OF «AWARDING OF THE EMPLOYEES FOR POWER SAVING»;
- ACTIVE ON-LINE «POWER SAVING PROPOSALS» WINDOW IN THE INFO-BMZ INFORMATION SYSTEM.

29 PROJECTS WERE IMPLEMENTED IN 2011. THE FOLLOWING PROJECTS CAN BE ATTRIBUTED TO THE MOST IMPORTANT ONES:

1. INTRODUCTION OF A ROUND BILLET Ø200MM PRODUCTION IN CCM-3 TO BE USED FOR HOT-ROLLED SEAMLESS PIPE PRODUCTION EXCLUDING REROLLING OF BLOOMS 300X400 MM IN ROUND Ø160MM IN MILL 850;
2. INTRODUCTION OF A SLAG LEVEL CONTROL SYSTEM AT EAF -2.;
3. MODERNIZATION OF FINE DRAWING MACHINES WITH INSTALLATION OF FRD;
4. INSTALLATION OF A POWER-SAVING COMPRESSED AIR DRYING UNIT AT THE COMPRESSOR STATION OF RSB;
5. INSTALLATION OF AN INTERIM ACCUMULATING BUNKER AT EAF-2.;
6. INTRODUCTION OF A CENTRALIZED CONTROL OF THE COMPRESSOR FACILITIES (1 STAGE).

POWER SAVING BASED ON THE PROJECT IMPLEMENTED EQUALS TO 557 402GJ.

USE OF SECONDARY THERMAL RESOURCES IN 2011 MADE UP 20,6% IN THE BALANCE OF THE BOILER-FURNACE FUEL.

SAVING OF FPR NOT ONLY REDUCES FINANCIAL LOAD OF THE ENTERPRISE, BUT DECREASES NEGATIVE IMPACT OF THE ENTERPRISE'S ACTIVITY ON THE NATURAL ENVIRONMENT.

## Ecological activity

SOURCE	UNIT ( т.т.т)	
	2010	2011
NATURAL GAS	154 982	157 915

Table:  
Direct use of power from the primary sources in 2010-2011

SOURCE	UNIT:	QUANTITY	
		2010	2011
ELECTRIC POWER	MWt/H	1 923 799	1 976 566
	(GJ)	6 925 676,4	7 115 637,6
THERMAL ENERGY	GcAL	238 247	231 443

Table:  
INTERMEDIATE ENERGY QUANTITIES OBTAINED AND CONSUMED  
FROM NON-RENEWABLE POWER SOURCES IN 2010-2011

POWER RESOURCE	UNIT:	QUANTITY	
		2010	2011
ELECTRIC POWER	MWt/H	27 096	136 165
	(GJ)	97 545,6	490 194
NATURAL GAS	THOU. M³	4 949,344	6 189
	GJ	166 043,1	206 710,7

Table:  
Energy saved due to measures on consumption rates reduction  
and efficiency enhancement taken in 2010-2011

IN 2011 THE PLANT WAS AWARDED THE WINNER'S DIPLOMA OF THE 8TH INTERNATIONAL CONTEST OF POWER-EFFECTIVE AND RESOURCE-SAVING METHODS AND EQUIPMENT FOR A HIGH LEVEL OF THE WORK PRESENTED FOR THE CONTEST, ITS ACTUAL IMPLEMENTATION AND A CONSIDERABLE ECONOMIC EFFECT; THE DEPARTMENT OF POWER EFFECTIVENESS OF GOSSTANDART OF THE RB TOGETHER WITH THE PROJECT ORGANIZERS AWARDED A SPECIAL PRIZE TO RUE "BMZ" FOR REMOVAL OF HINDRANCES IN IMPROVEMENT OF POWER EFFICIENCY OF THE ENTERPRISES OF THE STATE SECTOR OF BELARUS».



Diagram:  
Percentage of pollutants  
in gross emissions for 2011

## AIR BASIN PROTECTION

SOURCES OF MAJOR NEGATIVE ENVIRONMENTAL IMPACTS AT RUE "BMZ" ARE AIR EMISSIONS OF POLLUTANTS. THE ENTERPRISE OPERATES 645 SOURCES WITH PERMITTED GROSS EMISSIONS OF 6663,28 TPY. TO MINIMIZE NEGATIVE IMPACTS, MAJOR EMISSION SOURCES WITH LARGEST CONTRIBUTIONS ARE EQUIPPED WITH GAS TREATMENT PLANTS, WITH THEIR TOTAL NUMBER AMOUNTING TO 117 PIECES.

VEHICLES OWNED BY RUE "BMZ" INCLUDE 124 UNITS USING VARIOUS TYPES OF FUEL OUT OF WHICH 76 VEHICLES RUN ON DIESEL FUEL,, 43 – ON GASOLINE AND 5 – ON LIQUEFIED GAS.

RAILROAD TRANSPORT INCLUDES 6 LOCOMOTIVES RUNNING ON DIESEL FUEL.

RAILWAY TRANSPORTATION IS ONLY WITHIN THE ENTERPRISE'S PREMISES; AUTOMOTIVE VEHICLES ARE USED FOR TRANSPORTATION WITHIN THE BORDERS OF THE ENTERPRISE'S SANITARY ZONE.





SUBSTANCE	ACTUAL EMISSIONS, [T/YEAR]			SPECIFIC POLLUTANT GENERATION RATES, [KG/T OF MELTED STEEL]		
	2009	2010	2011	2009	2010	2011
CARBON MONOXIDE	3239,167	3901,726	3755,731	1,37	1,4	1,4
NITROGEN DIOXIDE	613,965	724,298	701,962	0,26	0,28	0,26
SULFUR DIOXIDE	347,760	343,774	349,134	0,14	0,13	0,13
SOLIDS	535,997	584,939	681,822	0,22	0,22	0,25
TOTAL POLLUTANTS	4768,144	5589,168	5518,331	2,02	2,10	2,07

TRANSPORT VEHICLES RUN ON AI 92, AI 95, N 80 LEAD-FREE GASOLINE, LIQUEFIED GAS AND DIESEL FUEL WITH 0.005 PER CENT SULFUR CONTENT

SUBSTANCE	UNIT	2009	2010	2011
CARBON MONOXIDE	T	524,544	488,848	542,833
NITROGEN DIOXIDE	T	121,822	113,388	131,195
SULFUR DIOXIDE	T	66,478	61,854	72,413
HYDROCARBONS	T	201,820	187,92	214,589
SOOT	T	49,629	46,176	54,130
BENZPYRENE	T	0,00108	0,001	0,001
TOTAL	T	964,29408	898,187	1015,161

Table.  
Air emissions of  
pollutants from  
mobile sources  
in 2010-2011

WHEN ANALYZING AIR EMISSIONS OF POLLUTANTS, IT SHOULD BE NOTED THAT GROSS AIR EMISSION RATES OF POLLUTANTS FROM STATIONARY SOURCES DROPPED A LITTLE IN 2011 AS COMPARED WITH THE PREVIOUS YEAR 2010 (BY 1,3% OR 71 T). EMISSIONS OF POLLUTANTS FROM MOBILE SOURCES GREW BY 11,5%, WHICH IS EXPLAINED BY THE INCREASE FREIGHT TRAFFIC WITHIN THE PLANT'S INDUSTRIAL AREA.

BEING A MAJOR GREENHOUSE GASES EMITTER, THE PLANT IS CONSTANTLY MONITORING THEIR AIR EMISSION RATES. IN PURSUANCE OF THE MONTREAL PROTOCOL ON SUBSTANCES THAT DEplete THE Ozone Layer, THE PLANT CONTINUES ITS WORK AIMED AT STEPWISE DECREASE OF USE OF SUBSTANCES LISTED IN ANNEX C OF THE PROTOCOL BY 2020. THE PLANNED REDUCTION RESULTS ARE EXPECTED TO BE ACHIEVED BY 2020. RUE "BMZ" PROVIDES FOR COMPLIANCE WITH THE STATE REQUIREMENTS ON REDUCTION OF CONSUMPTION RATES OF OZONE-DEPLETING SUBSTANCES (ODS). ODS QUANTITIES USED WITHIN THE ENTERPRISE ARE CONSTANTLY DECREASED.

THE OZONE-DEPLETING SUBSTANCES AT RUE "BMZ" ARE HANDLED AS ESTABLISHED IN THE LICENSE FOR THE ACTIVITIES ASSOCIATED WITH THE USE OF NATURAL RESOURCES AND ENVIRONMENTAL IMPACTS, AND, PRECISELY, IN THE PART WHERE RULES FOR HANDLING OF OZONE-DEPLETING SUBSTANCES ARE SET OUT.

## Ecological activity

ODS		RESIDUALS IN THE BEGINNING OF THE YEAR, KG			PURCHASED, KG			COLLECTED FOR RECLAMATION, KG			RECLAIMED (RECYCLED), KG		
		2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
R-22		0	95,2	42,5	272,0	0	108,8	52,7	52,7	83,0	95,2	42,5	68,3
R-12		0	0	0	0	0	0	0	0	0	0	0	0
R-401A	R22-53% R153-13% R124-34%	67,6	55,0	55,0	0	0	0	0	0	55,0	55,0	55,0	0
R-114B2		1117,1	709,1	686,1	0	0	0	23,0	23,0	612	709,1	686,1	74,1

Table.  
Data on ODS handling activities in 2009-2011

YEAR	DESCRIPTION OF ODS REDUCTION METHODS	FULFILLMENT; RESULTS, REASON FOR NON-FULFILLMENT
2009	TRANSFER OF REFRIGERATION EQUIPMENT TO ALTERNATIVE COLD CARRIERS	CONSUMPTION OF R-22 DECREASED BY 76.7% , 62 KG REPLACED BY OZONE-SAFE R407C
		R-12 WITHDRAWN FROM USE, AVAILABLE IN A FILLED STATE IN SOME EQUIPMENT, 21,3 KG REPLACED BY OZONE-SAFE R-134A;
		REPLACED 9,6 KG OF R-401A REPLACED BY OZONE-SAFE R-134A
2010	TRANSFER OF REFRIGERATION EQUIPMENT TO ALTERNATIVE COLD CARRIERS	CONSUMPTION OF R-22 REDUCED BY 93.0% , 441,64 KG REPLACED BY OZONE-SAFE R407C, R404A.
		R-12 WITHDRAWN FROM USE, AVAILABLE IN A FILLED STATE IN SOME EQUIPMENT, 10,4 KG REPLACED BY OZONE-SAFE R134A; R-401A - 11 KG REPLACED BY OZONE-SAFE R134A
2011	REDUCTION OF ODS IN THE OPERATING EQUIPMENT DUE TO USAGE OF OZONE-SAFE COOLANTS, R12 -4,5 KG, R22-82 KG	REFRIGERATION EQUIPMENT CAPACITY TRANSFERRED TO USE OF OZONE-SAFE COOLANTS INSTEAD OF R22, INSTEAD OF R12 - REFRIGERATION EQUIPMENT CAPACITY 55 KG
	DECREASE OF ODS STOCK, R124 -12 KG	RESIDUAL AMOUNT OF R124 AS ON 01.01.12 IS 0,0 KG (IN THE CONTENT OF MULTICOMPONENT COOLANT R401A), STOCK OF R124 DECREASED BY 18,7 KG

Table. Data on introduction of measures aimed at reduction of ODS use in 2009-2011



THE REPUBLIC OF BELARUS, BEING A PARTICIPATING PARTY UNDER THE UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE AND THE KYOTO PROTOCOL, PROVIDES FOR FULFILLMENT OF ITS OBLIGATIONS STIPULATED BY THE ABOVE INTERNATIONAL AGREEMENTS. ACTIONS IMPLEMENTED BY THE BYELORUSSIAN STEEL WORKS TO INTRODUCE ENERGY-SAVING TECHNOLOGIES AND MATERIALS AND ENHANCE EFFICIENCY OF THE PRODUCTION PROCESSES RESULT IN REDUCED AIR EMISSIONS OF GREENHOUSE GASES.

DECREASE OF HARMFUL EMISSIONS INTO THE AIR IS ENSURED DUE TO IMPLEMENTATION OF INVESTMENT PROJECTS DIRECTED TOWARDS MODERNIZATION AND TECHNICAL REVAMPING, INTRODUCTION OF HIGHLY EFFECTIVE STATE-OF-THE-ART EQUIPMENT AND METHODS.

RUE "BMZ" FOLLOWING THE EXISTING LAW AND NORMS OF THE INTERNATIONAL ENVIRONMENTAL LAW INCLUDING INTERNATIONAL AGREEMENTS AND CONTRACTS RATIFIED BY THE REPUBLIC OF BELARUS CARRIES OUT CONTINUOUS MONITORING OF THE ENVIRONMENTAL CONDITION IN THE TERRITORY OF ITS PRODUCTION ACTIVITY THE MAIN AIM OF WHICH IS PROTECTION OF THE HEALTH OF THE PEOPLE LIVING IN THIS AREA AND THE PLANT EMPLOYEES.

## WATER BASIN PROTECTION

**З**АВОД, ОСУЩЕСТВЛЯЯ СВОЮ ДЕЯТЕЛЬНОСТЬ В СФЕРЕ ЭКОЛОГИИ, ОБЕСПЕЧИВАЕТ ЭКОНОМНОЕ РАСХОДОВАНИЕ ЭНЕРГИИ И ВОДЫ ДЛЯ СОБСТВЕННЫХ НУЖД, И, НАСКОЛЬКО ВОЗМОЖНО, СОКРАЩАЕТ ИХ ПОТРЕБЛЕНИЕ.

ЗАБОР ВОДЫ ДЛЯ ТЕХНИЧЕСКИХ НУЖД ОСУЩЕСТВЛЯЕТСЯ ИЗ РЕКИ ДНЕПР, КОТОРАЯ ЯВЛЯЕТСЯ ОДНОЙ ИЗ ГЛАВНЫХ РЕК НА ТЕРРИТОРИИ РЕСПУБЛИКИ БЕЛАРУСЬ. ЕЕ ДЛИНА ОТ ИСТОКА ДО УСТЬЯ СОСТАВЛЯЕТ 1182 КИЛОМЕТРА. ОБЪЕМ ГОДОВОГО СТОКА Р. ДНЕПР СОСТАВЛЯЕТ 1 261 440 000 М<sup>3</sup>. ГОДОВОЙ ОБЪЕМ ЗАБОРА ВОДЫ РУП «БМЗ» СОСТАВЛЯЕТ 0,12% РЕЧНОГО СТОКА.

НА ПРЕДПРИЯТИИ РЕАЛИЗОВАНА ОБОРОТНАЯ СИСТЕМА ВОДОСНАБЖЕНИЯ ОСНОВНЫХ ПОТРЕБИТЕЛЕЙ — ТЕХНОЛОГИЧЕСКОГО ОБОРУДОВАНИЯ. ВОДА ИЗ ПОВЕРХНОСТНЫХ ИСТОЧНИКОВ (РЕКА ДНЕПР) ИСПОЛЬЗУЕТСЯ ДЛЯ ВОЗМЕЩЕНИЯ БЕЗВОЗВРАТНЫХ ПОТЕРЬ В СИСТЕМАХ ОХЛАЖДЕНИЯ ОБОРУДОВАНИЯ. НА ХОЗЯЙСТВЕННО-ПИТЬЕВЫЕ НУЖДЫ ИСПОЛЬЗУЕТСЯ ПИТЬЕВАЯ ВОДА ИЗ АРТЕЗИАНСКИХ СКВАЖИН.

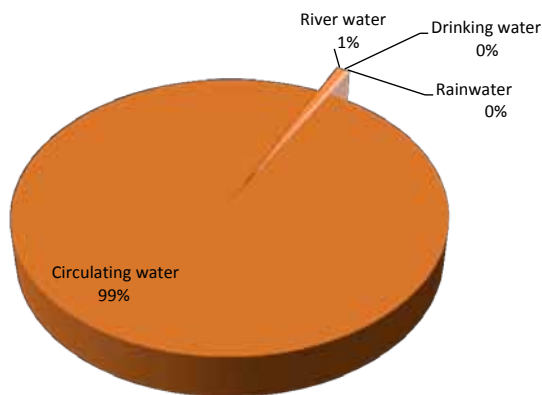


Diagram.  
Water consumption  
structure of the plant

TO REDUCE CONSUMPTION OF WATER DRAWN OFF FROM THE DNIEPER, THE ENTERPRISE USES RAINWATER COLLECTED AND TREATED AT SPECIAL AREAS.

DESCRIPTION	2009	2010	2011
PROCESS WATER, [THOU. M <sup>3</sup> /YEAR]	944, 793	1 207,398	1730, 405
DRINKING WATER CONSUMPTION, [THOU. M <sup>3</sup> /YEAR]	657,0	717,0	692,0
CIRCULATING WATER, [THOU. M <sup>3</sup> /YEAR]	234 791,569	272 625,884	286 041, 191
RAINWATER USE, [THOU. M <sup>3</sup> /YEAR]	535,119	607,003	711,786

## Ecological activity

«The plant started to implement the project of modernization of the dedusting units of EAF No.1 and No.3. We have no right to continue to increase the output of the melt shops without realization of the project »

**A.M. Savianok,**  
**RUE "BMZ"**  
**General Director**



MEASURES TAKEN BY THE ENTERPRISE IN 2011 TO PROVIDE FOR EFFICIENT USE OF WATER RESOURCES RESULTED AS FOLLOWS:

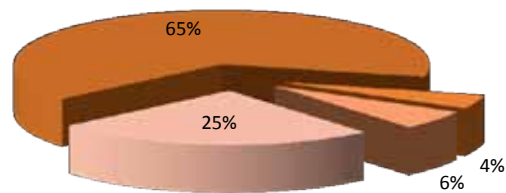
- INCREASE OF RECLAIMED WATER CONSUMPTION – 13,415 THOU. M<sup>3</sup>/YEAR OR 5%;
- INCREASE OF RAINWATER CONSUMPTION – 104,783 THOU. M<sup>3</sup>/YEAR OR 17%;
- DECREASE OF THE USE OF WATER OF DRINKING QUALITY – 25 THOU. M<sup>3</sup>/YEAR OR 3,5%.

PROCESS EFFLUENTS GENERATED BY THE PLANT ARE DISCHARGED INTO TREATMENT FACILITIES LOCATED AT THE PLANT'S TREATMENT DIVISIONS AND RETURNED INTO THE PRODUCTION FOR FURTHER RECYCLING. THE PLANT'S UTILITY FLUIDS ARE DRAINED OFF INTO THE TREATMENT FACILITIES MAINTAINED BY THE TOWN OF ZHLOBIN. POLLUTANT CONTENTS (HARD METALS, OIL PRODUCTS, SALT CONTENT) IN THE DISCHARGED FLUIDS WERE WITHIN THE ESTABLISHED LIMIT CONCENTRATIONS.

THERE ARE NO WATER BODIES SIGNIFICANTLY AFFECTED BY THE PRODUCTION ACTIVITIES OF RUE "BMZ".

### UTILIZATION OF INDUSTRIAL WASTES

CURRENT TECHNOLOGIES OF METAL PRODUCTION ARE INEVITABLY ASSOCIATED WITH GENERATION OF VARIOUS WASTES WHICH BELONG TO DIFFERENT HAZARD CLASSES. THIS IS A MAJOR ASPECT CONTRIBUTING TO ENVIRONMENTAL POLLUTION. THE PLANT PROVIDES FOR STRICT COMPLIANCE WITH ALL REQUIREMENTS ASSOCIATED WITH WASTES UTILIZATION AND DISPOSAL AND SEEKS TO LIMIT POLLUTANT DISCHARGES, ENSURE RE-USE OF NATURAL RESOURCES AND WASTES RECLAMATION. DEPENDING ON THE HAZARD CLASS OF WASTES AND THEIR PHYSICAL PROPERTIES, THE ENTERPRISE DEFINED STRINGENT REQUIREMENTS ON EACH OF THE INDUSTRIAL WASTES UTILIZATION STAGES (GENERATION, COLLECTION, TRANSPORTATION, STORAGE, HANDLING AND NEUTRALIZATION), MINIMIZING POSSIBLE ENVIRONMENTAL IMPACTS.



■ off-loaded; ■ recycled; ■ disposed; ■ stored

Diagram:  
**Utilization of industrial wastes in 2011**

OFF-LOADED, T	674 998
RECYCLED, T	43 716
DISPOSED, T	60 311
STORED, T	260 584

DURING 2011 THERE WERE REGISTERED NO SPILLAGES OF CHEMICALS, OILS AND FUELS WHICH COULD HAVE AN ADVERSE EFFECT ON THE ENVIRONMENT AND PRESENT A POTENTIAL HAZARD TO THE SOIL, WATER, AIR, BIODIVERSITY AND HUMAN HEALTH.

PRODUCTION ACTIVITIES OF RUE "BMZ" ARE ASSOCIATED WITH GENERATION OF THE FOLLOWING WASTES, CORRESPONDING TO WASTES GROUPS AS SET OUT IN BASEL CONVENTION:

**Y1** MEDICAL WASTES RESULTING FROM PATIENTS' CARE PROVIDED BY HOSPITALS, HEALTH CENTERS AND CLINICS;

**Y8** WASTE MINERAL OILS UNSUITABLE FOR DESIGNATED USE;

**Y9** WASTE OIL (WATER) AND HYDROCARBON (WATER) BASED MIXTURES EMULSIONS;

**Y16** WASTES ASSOCIATED WITH THE PRODUCTION, RECOVERY AND APPLICATION OF PHOTO CHEMICALS AND CONSUMABLES USED FOR FILM DEVELOPMENT;

**Y17** WASTES GENERATED FROM METAL AND PLASTIC SURFACE MACHINING;

**Y31** LEAD, LEAD COMPOUNDS;

**Y34** ACID SOLUTIONS AND SOLID ACIDS;

**Y36** ASBESTOS (POWDER AND FIBRE).



THE LISTED WASTES ARE UTILIZED BY THE PLANT AS STIPULATED BY THE ENVIRONMENTAL LEGISLATION OF THE REPUBLIC OF BELARUS. WASTES OF THESE GROUPS WERE NEITHER EXPORTED NOR IMPORTED.

WITHIN THE FRAMEWORK OF ITS PRODUCTION ACTIVITIES, RUE «BMZ» OFFERS AND IMPLEMENTS INITIATIVES INTENDED FOR MITIGATION OF ITS ENVIRONMENTAL IMPACTS AND DAMAGE EFFECTS. ALSO, AS THE MAJOR RAW MATERIAL USED FOR THE PLANT'S PRODUCTION IS METAL SCRAP, THE ENTERPRISE IS CAPABLE TO DISPOSE OF ITS PRODUCTION AFTER IT IS NO LONGER IN ACTIVE USE.

## TRAINING

TO PROVIDE FOR AN ENHANCED EFFICIENCY OF ITS ECOLOGICAL ACTIVITIES THE ENTERPRISE ARRANGES TRAINING COURSES ON ISSUES OF ENVIRONMENTAL PROTECTION AT ALL ADMINISTRATIVE LEVELS. EMPLOYEES' VOCATIONAL TRAINING IS CONTINUOUS AND IS EFFECTIVELY INTEGRATED INTO THE DAILY LABOUR ACTIVITIES THROUGHOUT THEIR CAREER. IT IS AIMED AT GRADUAL BROADENING AND ENHANCING OF PROFESSIONAL KNOWLEDGE AND COMPETENCE IN ENVIRONMENTAL AND INDUSTRIAL SANITATION ISSUES. TO ENSURE EFFICIENT ENVIRONMENTAL MANAGEMENT IN CONNECTION WITH THE PRODUCTION ACTIVITIES, THE PLANT IDENTIFIED, DOCUMENTED AND FAMILIARIZED ITS EMPLOYEES WITH THEIR DUTIES, RESPONSIBILITIES AND POWERS.

TRAINING, RETRAINING AND ADVANCED TRAINING ACTIVITIES ARRANGED FOR MANAGERS, TECHNICIANS AND OPERATIONAL PERSONNEL ON ISSUES OF ECOLOGICAL SAFETY AND ENVIRONMENTAL PROTECTION ARE AS ESTABLISHED IN THE ANNUAL VOCATIONAL TRAINING PLANS AND PROGRAMS.

TO ENSURE COMPLIANCE WITH THE LEGAL AND OTHER ECOLOGICAL REQUIREMENTS, THE ENTERPRISE PROVIDED FREE ACCESS TO THE CURRENT LEGAL REFERENCE SYSTEM "CONSULTANT PLUS: BELARUS NETWORK" AND INFORMATION SEARCH SYSTEMS, SUCH AS "STROIDOCUMENT" AND "STANDARD FOR EACH OF ITS EMPLOYEE."

FOR GENERAL DATA ON THE TRAINING ACTIVITIES SEE THE "SOCIAL RESPONSIBILITY" SECTION.

## IMPROVEMENT OF ECOLOGICAL CULTURE OF THE PERSONNEL

BMZ USES ITS EMPLOYEES' KNOWLEDGE AND EXPERIENCE IN ECOLOGICAL SAFETY AND HEALTHCARE ISSUES TO PROVIDE FOR SECURITY AND WELFARE OF PEOPLE LIVING IN THE VICINITY OF THE PLANT

AND IN THE WHOLE REGION. THE PLANT'S EMPLOYEES ARRANGE LECTURES FOR YOUTH AND TRAINING ACTIVITIES ON ECOLOGICAL REQUIREMENTS AND ASPECTS FOR SUBCONTRACTED PERSONNEL, CARRYING OUT WORKS ON THE ENTERPRISE'S PREMISES.

TO IMPROVE THE COMMUNICATIONS SYSTEM, EXPAND OPPORTUNITIES OF INTERACTION AMONG INTERESTED PARTIES, ENSURE EMPLOYEES' INDIVIDUAL DEVELOPMENT AND EXCHANGE OF EXPERIENCE, RUE «BMZ» ANNUALLY HOLDS INTERNATIONAL SCIENTIFIC AND «METAL» TECHNICAL CONFERENCE. BESIDES, PARTICIPANTS FROM CIS COUNTRIES THE «ENERGY INDUSTRY AND ECOLOGY» SECTION COMPRISES SPECIALISTS OF THE PLANT. DURING THE CONFERENCE, ITS PARTICIPANTS PRESENT THEIR REPORTS ON TOPICS OF CURRENT INTEREST AND EXCHANGE THEIR EXPERIENCE WITH REGARD TO IMPLEMENTATION OF STRATEGIC OBJECTIVES AND INTRODUCTION OF RECENT DEVELOPMENTS IN THE STEADILY EXPANDING PRODUCTION AREAS AND IN THE FIELD OF CORPORATE SOCIAL RESPONSIBILITY.

INFORMATION ABOUT ECOLOGICAL ACTIVITIES OF RUE «BMZ» AND THOSE CONCERNED WITH IMPROVEMENT OF THE ENVIRONMENTAL MANAGEMENT SYSTEM IS REGULARLY PUBLISHED IN THE CORPORATE AND REGIONAL MASS MEDIA AND THE REPUBLICAN «CASTING AND METALLURGY» AND «STEEL» TRADE JOURNAL.



Maintaining its productive activity RUE «BSW» suggests and realizes initiatives in order to soften influence of its products for the environment

## Ecological activity

» TO EVALUATE ENVIRONMENTAL IMPACTS, THE ENTERPRISE HOLDS PUBLIC HEARINGS, INVITING REPRESENTATIVES OF SUPERVISION AUTHORITIES, GENERAL PUBLIC AND THE PLANT'S EMPLOYEES TO PARTICIPATE IN THEM.

THE PLANT TAKES PART IN ENVIRONMENTAL ACTIONS AND HAS INITIATED SUCH ACTIONS ITSELF SEVERAL TIMES.

TO PROVIDE FOR A SYSTEMIC APPROACH TO IMPROVEMENT OF EMPLOYEES' ECOLOGICAL CULTURE THE PLANT WORKED OUT AND IMPLEMENTED:

- PROVISIONS ON TEAR TAGS AND PREVENTION OF VIOLATIONS WITH REGARD TO ENVIRONMENTAL PROTECTION AND OCCUPATIONAL SANITARY, WHICH ARE INTRODUCED TO ENHANCE PREVENTIVE WORK ON PRECAUTIONARY, RECOMMENDATORY AND CONTROL FUNCTIONS FOR THE PURPOSES OF ENVIRONMENTAL PROTECTION. ACTIVITIES TO PREVENT ENVIRONMENTAL LAW INFRINGEMENTS ARE CARRIED OUT WITH THE USE OF NOTICE TEAR TAGS;
- PROVISIONS ON ENCOURAGING ENVIRONMENTAL ACTIVITIES. THIS REGULATORY DOCUMENT WAS INTRODUCED TO MOTIVATE THE PLANT'S EMPLOYEES TO ABIDE BY THE ENVIRONMENTAL REQUIREMENTS SET OUT IN THE LEGISLATION OF THE REPUBLIC OF BELARUS, THE PLANT'S ECOLOGICAL STANDARDS AND OTHER REGULATIONS AND WAS INTENDED FOR ENHANCEMENT OF VIOLATORS' RESPONSIBILITY AND ENCOURAGEMENT OF THE PLANT'S EMPLOYEES, ENGINEERS AND TECHNICIANS TO PROVIDE FOR COMPLIANCE WITH REGULATORY REQUIREMENTS.

## DEVELOPMENT AND IMPLEMENTATION

### OF RESOURCE-SAVING, LOW-WASTE AND

### ENVIRONMENTALLY SAFE TECHNOLOGIES

THE PLANT TAKES ACTUAL STEPS SO AS TO PROVIDE FOR ENVIRONMENTAL PROTECTION AND BY IMPLEMENTING ENVIRONMENTALLY SAFE TECHNOLOGIES AS WELL. TO MITIGATE ENVIRONMENTAL IMPACTS RUE "BMZ" ANNUALLY INTRODUCES NEW ENVIRONMENTAL ACTIONS. UNDER THE ECOLOGICAL PROGRAM FOR 2011 THE PLANT PROVIDED FOR THE FOLLOWING:

- INSTALLATION OF AN AUTOMATIC CONTROL SYSTEM OF AIR EMISSIONS OF POLLUTANTS FROM EAF No.2 of EMS-1.
- START UP OF A COMPLEX MODERNIZATION OF THE DEDUSTING UNIT EAF No.1 of EMS-1.
- RECONSTRUCTION OF THE DRAIN WATER STATION  $V = 16\ 000\ m^3$ .
- PURCHASING OF NEW EQUIPMENT FOR ODS HANDLING AND INSTRUMENTS FOR ODS LEAK CONTROL, ETC.

CURRENT ENVIRONMENTAL EXPENSES	TOTAL, BRB MLN (AT OWN COSTS)		
	2009	2010	2011
TOTAL	42 730,8	58 909,1	111 995,5
INCLUDING::			
- PROTECTION AND EFFICIENT USE OF WATER RESOURCES	13 864,8	20 103,3	37 630,1
- AIR BASIN PROTECTION, OZONE LAYER AND CLIMATE PRESERVATION	22 132,6	31 283,7	57 824,7
- PROTECTION OF THE ENVIRONMENT FROM POLLUTION WITH INDUSTRIAL WASTES	5 927,5	6 717,1	14 765,1
- ECOLOGICAL CERTIFICATION, ECOLOGICAL RATING, ECOLOGICAL AUDITS, ECOLOGICAL INSURANCE, ECOLOGICAL STANDARDIZATION	214,8	131,6	398,8

Table.  
Current  
expenses



ITEM	TOTAL, ROUBLE MLN		
	OVERHAUL REPAIRS EXPENSES	AVAILABILITY AS OF THE END OF THE REPORTING YEAR	
		IN TERMS OF REPLACEMENT COSTS	IN TERMS OF DEPRECIATED COSTS
FIXED ASSETS INTENDED FOR ENVIRONMENTAL PROTECTION, TOTAL, INCLUDING:	1817,6	197 673,3	79 153,2
INCLUDING:			
- COLLECTION, TRANSPORTATION, SEWAGE TREATMENT, CIRCULATING AND RECYCLING WATER SUPPLY SYSTEMS	1 723,1	70 845,8	28 711,0
- TREATMENT, NEUTRALIZATION AND DISPOSAL OF AIR EMITTED POLLUTANTS	94,5	101 620,9	38 291,2
- COLLECTION, CLASSIFICATION (SORTING), ALLOCATION, DISPOSAL AND (OR) UTILIZATION OF INDUSTRIAL WASTES	-	24 058,5	11 900,2
- ALL KINDS OF MONITORING, ENVIRONMENTAL ANALYTICAL CONTROL, CONTROL OF OZONE DEPLETING SUBSTANCES, AIR EMITTED POLLUTANTS, SEWAGE DISCHARGES AND LAND POLLUTION	-	1148,1	250,8

Table:  
Expenses for  
overhaul repairs  
of fixed assets  
intended for  
environmental  
protection and  
their incurrence as  
of the end of the  
2011 reporting year

## EXPENSES FOR ENVIRONMENTAL PROTECTION AND MONITORING

### ECOLOGICAL PAYMENTS

ANNUALLY, THE PLANT ASSIGNS CONSIDERABLE FUNDS TO NATURE PROTECTION ACTIVITIES. THE FUNDS ARE USED FOR REPAIRS, RECONSTRUCTION AND MODERNIZATION OF THE END-OF-PIPE FACILITIES.

DESCRIPTION	PAYMENT, BRB MLN		
	2009	2010	2011
DRINKING AND SERVICE WATER CONSUMPTION	93,227	119,949	196,962
SEWAGE DISCHARGES	0	0	0
AIR EMISSIONS FROM STATIONARY AND MOBILE SOURCES	2130,243	1933,592	2659,542
WASTE DISPOSAL	4366,308	5438,1	7932,914
WASTE STORAGE	2612,844	3340,8	2861,2
PACKING MATERIALS PRODUCTION AND IMPORT	73,201	124,375	0
CLAIMS	25,553	35,712	39,171
TOTAL:	9301,376	10 992,528	13 689,789

Table:  
Ecological payments  
in 2009-2011

## Ecological activity

IN ITS ACTIVITIES, RUE "BMZ" PLACES SPECIAL EMPHASIS ON THE INTERACTION WITH THE INTERESTED PARTIES – BOTH WITH SUPERVISION AUTHORITIES AND COMMUNITIES, CONSUMERS, SUPPLIERS AND CONTRACTORS. INFORMATION EXCHANGE IS AS PER DIAGRAM INCLUDED IN THE SECTION "MANAGEMENT, RESPONSIBILITIES AND INTERACTION WITH THE INTERESTED PARTIES."

### MEDIUM-TERM TARGETS OF THE PLANT

**B**ESIDES PRODUCTION FACILITIES EXPANSION, THE PLANT ALSO PLANS TO MODERNIZE ITS EQUIPMENT TO ENHANCE ECOLOGICAL SAFETY AND MITIGATE NEGATIVE ENVIRONMENTAL IMPACTS. INVESTMENT PROJECTS TO BE IMPLEMENTED BY RUE "BMZ" INCLUDE NOT ONLY NEW PRODUCTION FACILITIES BUT ALSO INTRODUCTION OF THE WORLD'S BEST PRACTICES IN THE FIELD OF ECOLOGICAL SAFETY.

WITHIN THE FRAMEWORK OF THE INVESTMENT PROGRAM, THE PLANT ALSO IDENTIFIED A NUMBER OF ACTIONS AIMED AT IMPROVEMENT OF ECOLOGICAL SITUATION AND MITIGATION OF NEGATIVE ENVIRONMENTAL IMPACTS ASSOCIATED WITH BMZ PRODUCTION ACTIVITIES.

MAJOR ACTIONS AIMED AT MITIGATION OF NEGATIVE ENVIRONMENTAL IMPACTS INCLUDE:

RECONSTRUCTION OF THE DUST AND GAS TREATMENT PLANTS FOR ELECTRIC ARC FURNACES;

– INTRODUCTION OF THE SECOND STAGE OF THE AUTOMATIC AIR EMISSIONS CONTROL

– INCREASE OF FACILITIES FOR CLEANING AND RECYCLING OF RAINWATER AND MELTWATER.

– CONSTRUCTION OF A LINE FOR METAL SCRAP SORTING.

– INSTALLATION OF ADDITIONAL FACILITIES FOR STEEL-MAKING SLAG PROCESSING.

FOR 2012 THERE ARE PLANS TO ACHIEVE THE NEXT LEVEL OF THE PLANT'S TARGETS OF THE SOCIAL AND ECONOMIC DEVELOPMENT (IN THE ECOLOGICAL FIELD):

– AMOUNT OF PRODUCTION WASTES STORED IN THE ENVIRONMENT

AS COMPARED WITH THE LEVEL OF 2011

**TO BE REDUCED BY 5%**







## Social activity

**A**S FAR AS THE SOCIAL SPHERE IS CONCERNED, THE STRATEGIC TARGET OF THE WORKS IS THE IMPROVEMENT OF THE CORPORATE SOCIAL RESPONSIBILITY SYSTEM WITH THE BASIC PRINCIPLES OF: OBSERVING SOCIAL EQUALITY AND RESPONSIBILITY, NONDISCRIMINATION, ENSURING SAFE WORKING CONDITIONS, SUSTAINING EMPLOYEES' HEALTH, CREATING POSITIVE SOCIAL-PSYCHOLOGICAL CLIMATE IN THE WORKING TEAM ALONGSIDE WITH KEEPING REASONABLE BALANCE OF THE WORKS ECONOMICAL INTERESTS AND SOCIAL INTERESTS OF THE CIVIL SOCIETY INCLUDING THAT OF RUE "BYELORUSSIAN STEEL WORKS" EMPLOYEES..

THE WORKS DEEMS SOCIAL RESPONSIBILITY AN INTEGRAL PART OF THE BUSINESS CONDUCT STRATEGY AND ITS CORPORATE ETHICS BASED ON THE PRINCIPLES OF DECENCY AND JUSTICE, HONESTY IN DEALING WITH ALL PARTNERS AND COMPETITORS.

IN ITS SOCIAL ACTIVITY RUE "BMZ" IS GUIDED BY THE LEGISLATION OF THE REPUBLIC OF BELARUS, PARAMETERS OF STABILITY AND PRODUCTION DEVELOPMENT, ECONOMIC EXPEDIENCY AS WELL AS ITS RESPONSIBILITY TO THE OWNER, INVESTORS, EMPLOYEES AND BUSINESS PARTNERS, LOCAL COMMUNITIES AND OTHER PARTIES CONCERNED.

CARRYING OUT ITS SOCIAL ACTIVITY THE WORKS ADHERES TO THE FOLLOWING APPROACHES- CONFORMITY WITH THE LEGISLATION AND LEGAL NORMS OF THE REPUBLIC OF BELARUS;

- INVOLVING ALL THE UNITS AND BUSINESS PROCESSES PARTICIPANTS;
- OPENING OF FULL AND PRECISE INFORMATION REGARDING THE RESULTS OF THE SOCIAL ACTIVITY;
- ENHANCING RESPONSIBILITY RELATED TO THE ASSUMED OBLIGATIONS AND THEIR FULFILLMENT;
- ENSURING THE OPTIMUM RATIO OF THE SOCIAL ACTIVITY EXPENSES AND THE LABOUR RESULTS ACHIEVED;
- SUSTAINING REASONABLE BALANCE OF THE PLANT'S INTERESTS AND THE COMMUNITY INCLUDING THE EMPLOYEES.

PRESERVING LIFE, HEALTH AND HUMAN RIGHTS THE WORKS CONSIDERS OF HIGHER PRIORITY THAN ECONOMIC RESULTS OF PRODUCTIVE ACTIVITY.

EMPLOYEES' LOYALTY AND SATISFACTION IS THE CRUCIAL FACTOR THAT INFLUENCES THE BUSINESS STABILITY. THE PERSONNEL RELATIONS PRIORITIES ARE IMPROVING EMPLOYEES' SOCIAL WELL-BEING, BUILDING UP CLEAR COMMUNICATION CHANNELS, ENHANCING THE DEGREE OF PERSONNEL AWARENESS AND THE MOST IMPORTANT THING – CREATING A STRONG CORPORATE CULTURE.

IT IS ESSENTIAL FOR THE WORKS EMPLOYEES TO FEEL MEMBERS OF ONE FAMILY, REALIZE THEIR BELONGING TO ONE OF THE LARGEST ENTERPRISES OF THE REPUBLIC. IN 2006–2009 THE WORKS COMMENCED IMPLEMENTING THE ELEMENT OF THE SINGLE INTEGRATED CORPORATE CULTURE. TWO OF THEM ARE THE CORPORATE POLICY AND CODE OF ETHICS. THEIR MAJOR VALUES – RESPECT AND COLLABORATION, EFFICIENCY AND RESULT, LEADERSHIP AND DYNAMIC DEVELOPMENT, INITIATIVE AND RESPONSIBILITY – ARE FORMULATED ON THE BASIS OF THE CONCERNED PARTIES', PRIMARILY EMPLOYEES', OPINIONS.

## LABOR RELATIONS AND ADEQUATE LABOR

### PERSONNEL MANAGEMENT POLICY

**A**DHERING TO THE PRINCIPLES LAID IN THE FOUNDATION OF THE UN GLOBAL COMPACT, RUE "BMZ" SEES ITS EMPLOYEES AS THE PRIME VALUE AND BUILDS UP THE RELATIONSHIPS WITH THEM ON THE BASIS OF SOCIAL PARTNERSHIP, SOLIDARITY IN PURPOSE AND RESPECT FOR THE MUTUAL INTERESTS.

LONG-TERM STRATEGIC TARGETS OF RUE "BMZ" CORPORATE POLICY FOR PERSONNEL MANAGEMENT STIPULATE THE FOLLOWING:

- FORMATION OF THE LABOR RELATIONS REGULATION SYSTEM AND DEVELOPMENT OF SOCIAL PARTNERSHIP BASED ON THE BALANCE OF INTERESTS OF THE WORKS AND ITS EMPLOYEES;
- IMPROVING EMPLOYEES MOTIVATION SYSTEMS, ENSURING THE COMPETITIVE LEVEL OF THE EMPLOYEES' COMPENSATION PACKAGE



CONNECTED WITH THE LABOR EFFICIENCY INCREASE, COLLECTIVE AND INDIVIDUAL RESULTS OF WORKING ACTIVITY;

— PERSONNEL DEVELOPMENT (SELECTION, RECRUITMENT, EVALUATION, TRAINING, PROMOTION) TO SUPPLY THE WORKS SUBDIVISIONS WITH THE EMPLOYEES HAVING THE REQUIRED PROFESSIONAL AND QUALIFICATION CHARACTERISTICS;

— ENHANCEMENT OF THE LABOR SAFETY LEVEL, IMPROVING SOCIAL AND LIVING CONDITIONS ON THE PRODUCTION SITE AND OFFERING SUPPLEMENTARY HEALTH IMPROVEMENT OPPORTUNITIES FOR THE EMPLOYEES AND THEIR FAMILY MEMBERS;

— DEVELOPMENT OF CORPORATE CULTURE, ENSURING SOCIAL STABILITY AND FAVORABLE MORAL AND PSYCHOLOGICAL CLIMATE IN THE WORKING TEAMS;

— DEVELOPMENT OF CORPORATE SOCIAL PROGRAMS.

ANATOLY SAVIANOK, GENERAL DIRECTOR OF RUE "BMZ" RECEIVED A NOTE OF THANKS FROM GOMEL REGIONAL UNION OF EMPLOYERS FOR HIS PERSONAL SIGNIFICANT CONTRIBUTION FOR PROVISION OF EFFECTIVE ACTIVITY OF THE EMPLOYERS' UNION AND IMPROVEMENT OF THE SYSTEM OF SOCIAL PARTNERSHIP.

## MAIN PRINCIPLES AND APPROACHES

POLICY OF RUE "BMZ" IN THE PERSONNEL MANAGEMENT SPHERE IS FORMED AND REALIZED ON THE SYSTEM BASIS ACCORDING TO THE LABOR LEGISLATION OF THE REPUBLIC OF BELARUS.

ALONGSIDE WITH DEVELOPMENT AND CONTINUOUS IMPROVEMENT THE WORKS LINKS ITS SUCCESS TO THE WELL-CONSOLIDATED AND ACTIVE TEAM OF PROFESSIONALS. ONE OF THE MAIN TARGETS OF RUE "BMZ" IS CREATING A "PRIME CHOICE COMPANY" BASED ON HONESTY, DEDICATION, CREATIVE APPROACH, OPTIMISM AND SELF-IMPROVEMENT OF EACH EMPLOYEE BUILDING UP RUE "BMZ" MANAGEMENT SYSTEM PRESUPPOSES INVOLVING OF THE STAFF INTO DECISION-MAKING PROCESS, BUSINESS PROCESSES OPTIMIZATION, IMPROVEMENT OF PRODUCTION AND SOCIAL ACTIVITY OF THE COMPANY. HENCE, EACH PERSON FEELS OWN CONTRIBUTION INTO THE COMMON TARGET ACHIEVEMENT.

WORKING WITH A NUMEROUS NUMBER OF EMPLOYEES IN EVER-CHANGING PRODUCTION CONDITIONS, DEVELOPMENT OF A COMPETENT AND EFFICIENT PERSONNEL MANAGEMENT SYSTEM IS VERY IMPORTANT.

THE IMPLEMENTED RUE "BMZ" PERSONNEL MANAGEMENT POLICY BASED ON THE PRINCIPLE OF PARTNERSHIP RELATIONS OF AN INDIVIDUAL AND ORGANIZATION AIMED AT FORMING INTEGRATED CORPORATE SURROUNDINGS, PRESERVING WORK PLACES, SUSTAINING DECENT SALARY LEVEL, OPTIMUM REDISTRIBUTION OF LABOR RECOURCES CONTRIBUTING TO ENHANCING THE INVESTMENT ATTRACTIVENESS AND DYNAMIC DEVELOPMENT OF THE ENTERPRISE. THE PLANT'S EMPLOYEES ARE THE MAIN ELEMENT OF SUCCESS IN REACHING OUR GOALS, THAT'S WHY WE PUT PARTICULAR EMPHASIS ON SOLVING STAFF ISSUES.

HIGH EFFICIENCY OF "PERSONNEL MANAGEMENT" PROCESS WAS CONFIRMED BY THE SUCCESSFUL RESULTS OF CERTIFICATION AUDITS OF THE MANAGEMENT SYSTEM HELD IN 2011 TO PROVE ITS CONFORMITY WITH THE REQUIREMENTS OF ISO 9001:2008, СТБ ISO 9001-2009, ISO 14001:2004, STB ISO 14001-2005, OHSAS 18001:2007, STB 18001-2009, ISO/TS 16949:2009, ISO/TS 29001 CARRIED OUT BY AUDITORS FROM GOSSTANDART RB, "BUREAU VERITAS CERTIFICATION" (GREAT BRITAIN), "CARES" (GREAT BRITAIN), "TÜV INTERNATIONAL" (CZECH REPUBLIC), API (AMERICAN PETROLEUM INSTITUTE).

## DESCRIPTION OF THE PERSONNEL

RUE "BMZ" IS THE LARGEST EMPLOYER IN ITS PRODUCTIVE ACTIVITY REGION AND IS AWARE OF ITS ECONOMIC AND SOCIAL OBLIGATION TO THE SOCIETY INFLUENCING IT BY CREATING HIGH LEVEL OF SOCIAL SECURITY AND FAVORABLE WORKING CONDITIONS FOR ITS EMPLOYEES, REALIZATION OF EFFICIENT SOCIAL AND ECOLOGICAL PROGRAMS, PROJECTS AND ACTIVITIES IN THE AREA OF PERSONNEL MANAGEMENT. 95% OF THE EMPLOYEES AND 99,5% OF THE MANAGERS ARE FROM LOCAL POPULATION

THE SEGMENT OF THE WORKS EMPLOYEES IN THE REGION ECONOMICALLY ACTIVE POPULATION MAKES ABOUT 30 PER CENT.

RUE "BMZ" IS RESPONSIBLE IN ITS APPROACH TO SOLVING EMPLOYMENT ISSUES, COLLABORATES WITH STATE INSTITUTIONS, EMPLOYEES UNIONS AND OTHER ORGANIZATIONS IN THE SPHERE OF REGULATING LABOR AND RELATED RELATIONS. CONTRIBUTING TO DISCLOSURE OF PROFESSIONAL AND PERSONAL CAPABILITIES OF ITS EMPLOYEES, RUE "BMZ" CREATES THE CONDITIONS FOR THEIR PROFESSIONAL AND CAREER PROGRESS.

TOTAL AMOUNT OF PERSONNEL AS OF 31.12.2011 WAS 12376 PEOPLE AND DECREASED BY 87 PEOPLE AS COMPARED TO THE CORRESPONDING PERIOD OF THE LAST YEAR.

## Social activity

YEAR	2006	2007	2008	2009	2010	2011
NUMBER	12 891	12 409	12 445	12 132	12 463	12 376

DECREASE OF THE NUMBER OF THE EMPLOYEES WAS DUE TO TERMINATION OF THE EMPLOYEES' CONTRACTS BASED ON MUTUAL AGREEMENT OF THE PARTIES AND IN CONNECTION WITH RETIREMENT AS A RESULT PERSONNEL STRUCTURE SUFFERED SMALL TOWARDS DECREASE OF THE NUMBER OF THE FOLLOWING CATEGORIES OF EMPLOYEES:

CATEGORY	2007	2008	2009	2010	2011	Откл.
TOTAL NUMBER, PEOPLE	12 409	12 445	12 132	12 463	12 376	-87
MANAGERS, PEOPLE	1 153 (9,3%)	1127 (9,1%)	1126 (9,3%)	1159 (9,3%)	1190 (9,6%)	+31
SPECIALISTS, PEOPLE	1784 (14,4%)	1773 (14,2%)	1717 (14,2%)	1793 (14,4%)	1791 (14,5%)	-2
EXECUTIVES, PEOPLE	167 (1,3%)	167 (1,3%)	164 (1,4%)	167 (1,3%)	158 (1,3%)	-9
WORKERS, PEOPLE	9305 (75,0%)	9378 (75,4%)	9125 (75,2%)	9 344 (75,0%)	9 327 (74,6%)	-107

BEYELORUSSIAN STEEL WORKS HAS A WELL-BALANCED AGE COMPOSITION OF THE EMPLOYEES. THE MAIN CONTINGENT IS COMPOSED OF WORKERS AGED 39,6 TO 41,8 HAVING THE REQUIRED KNOWLEDGE AND PROFESSIONAL SKILLS.

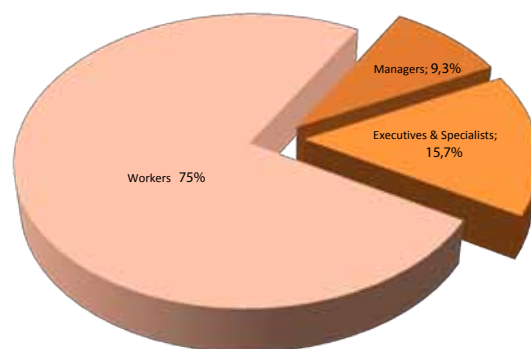
GENDER COMPOSITION OF THE WORKERS HASN'T CONSIDERABLY CHANGED AS COMPARED WITH 2010. AS OF 31.12.2011 RUE "BMZ" EMPLOYED:

- 68,6 % MEN;
- 31,4 % WOMEN.

PREVALENCE OF MALE EMPLOYEES IS DUE TO THE SERIOUS HAZARD LEVEL AT THE PRODUCTION SITES, SPECIFIC LABOR CONDITIONS IN METALLURGICAL INDUSTRY.

MANPOWER TURNOVER IN 2011 WAS 2,7%.

YEAR	2006	2007	2008	2009	2010	2011
MANPOWER TURNOVER, %	1,49	1,87	1,92	1,63	2,4	2,7



MORE THAN HALF OF THE WORKS EMPLOYEES HAVE HIGHER AND SPECIALIZED SECONDARY EDUCATION.

IN THE REFERENCE YEAR THE AMOUNT OF THE EMPLOYEES WITH HIGHER EDUCATION INCREASED BY 94 PERSONS AS COMPARED WITH 2010. THE NUMBER OF THE EMPLOYEES WITH SPECIALIZED SECONDARY EDUCATION INCREASED BY 66 PEOPLE. THERE IS A TENDENCY TOWARDS DECREASE OF THE SHARE OF THE EMPLOYEES WITH SECONDARY EDUCATION.

CATEGORY	2006		2007		2008		2009		2010		2011	
	PEOPLE	%	PEOPLE	%	%	PEOPLE	%	PEOPLE	%	PEOPLE	%	PEOPLE
HIGHER EDUCATION	2796	21,7	2905	23,5	24,2	3045	24,2	3016	24,2	3045	25,3	3139
SPECIALIZED SECONDARY EDUCATION	3576	27,7	3284	26,4	26,1	3156	26,1	3243	26,1	3156	26,0	3222
SECONDARY TECHNICAL EDUCATION	6521	50,6	6220	50,1	49,7	5931	49,7	6186	49,7	5931	47,7	5907
CANDIDATES OF SCIENCE	8		9		9		9		8		9	
POSTGRADUATES	8		4		5		6		6		7	
UNDERGRADUATES	5		8		14		15		18 (INCL. 8 BEING TRAINED)		16 (INCL. 4 BEING TRAINED)	



THE IMAGE OF A STRONG AND CONTINUOUSLY WORKING ENTERPRISE MAKES RUE "BMZ" ATTRACTIVE FOR POTENTIAL WORKERS AND SOLVES THE ISSUE OF THE PROSPECTIVE HUMAN RESOURCE PROVISION.

IN 2011 THE PLANT RECRUITED 518 PEOPLE FROM THE RESIDENTS OF THE REGION TAKING INTO CONSIDERATION THE LEVEL OF COMPETENCE SO AS TO SATISFY THE NEED IN PERSONNEL.

THE ENTERPRISE PUTS GREAT EMPHASIS ON RECRUITMENT AND ADAPTATION OF YOUNG SPECIALISTS. TAKING ACCOUNT OF THE PRODUCTION OUTPUT GROWTH RATE THE PLANT PLACED 113 YOUNG SPECIALISTS IN JOB IN 2011. IT IS PLANNED TO INCREASE CONSIDERABLY THE NUMBER OF GRADUATES FROM HIGHER EDUCATIONAL ESTABLISHMENTS APPLYING FOR WORK AND THEIR RECRUITING IN 2012.

YEAR	2006	2007	2008	2009	2010	2011
NUMBER OF YOUNG SPECIALISTS	121	107	188	85	111	113

ORGANIZATION OF A METHODICAL WORK WITH YOUNG SPECIALISTS IS ONE OF THE PRIORITY DIRECTIONS OF THE ENTERPRISE PERSONNEL POLICY. AVAILABILITY OF CONSTANTLY DEVELOPING THE POTENTIAL OF THE PERSONNEL REPRESENTED BY YOUNG SPECIALISTS IS THE MOST IMPORTANT CONDITION OF THE MANAGEMENT SUCCESSION, ENHANCEMENT OF MANAGEMENT EFFICIENCY, ENSURING STABLE SOCIAL-ECONOMIC DEVELOPMENT OF THE WORKS. ONE OF THE MOST SIGNIFICANT EVENTS WITHIN THE SYSTEM OF WORK WITH YOUNG SPECIALISTS IS A SCIENTIFIC AND TECHNICAL CONFERENCE. SINCE 2010 THE CONFERENCE IS HELD ACCORDING TO THE DOUBLE-STAGE SCHEME:

— THE FIRST STAGE (CORPORATIVE) — FOR DETERMINING WINNERS AMONG THE PLANT'S EMPLOYEES IN ELEVEN SUBJECT SESSIONS;

— THE SECOND STAGE (INTERNATIONAL) — FOR WINNERS OF THE FIRST STAGE AND EMPLOYEES OF EDUCATIONAL ESTABLISHMENTS, REPRESENTATIVES OF THE ORGANIZATIONS AND ENTERPRISES OF THE REPUBLIC OF BELARUS AND OTHER COUNTRIES. MORE THAN 120 YOUNG SPECIALISTS BECAME PARTICIPANTS OF THE 11TH INTERNATIONAL CONFERENCE "METAL—2011" ORGANIZED ON THE BASE OF RUE "BMZ".

THE POLICY OF RUE "BMZ" CONCERNING PERSONNEL IS AIMED AT DISCOVERING THE INDIVIDUAL POTENTIAL OF EACH EMPLOYEE AND ITS DEVELOPMENT IN COORDINATION WITH THE STRATEGIC GOALS. THE EXISTING EVALUATION SYSTEM ALLOWS THE PLANT TO DETERMINE COMPLIANCE OF EACH EMPLOYEE WITH THE POSITION OCCUPIED AND CREATE CONDITIONS FOR CARRYING-OUT EMPLOYMENT DUTIES MORE

SUCCESSFULLY AND EFFICIENTLY. THE FOUNDING PRINCIPLES IN THE AREA OF THE PERSONNEL EFFICIENCY MANAGEMENT ARE OBJECTIVITY AND OPENNESS.

IN ORDER TO IMPROVE THE BASE REQUIRED FOR THE PERSONNEL EVALUATION SINCE 2008 LOCAL REGULATIONS HAVE BEEN DEVELOPED AND ARE OPERATING; THEY REGULATE THE PROCEDURE OF ASSESSMENT AND CERTIFICATION OF THE PLANT'S MANAGEMENT AND SPECIALISTS. THE ASSESSMENT PROCEDURE IS BASED ON THE CONSTRUCTIVE DIALOGUE BETWEEN A WORKER AND A MANAGER.

IN 2011 2559 MANAGERS AND SPECIALISTS OF THE WORKS WERE ASSESSED ACCORDING TO THE FULFILLMENT OF THE SET TARGETS AND 557 EMPLOYEES WERE CERTIFIED FOR COMPLIANCE WITH THE POSITION OCCUPIED ON THE BASIS OF THE "360 DEGREES METHOD".



"I WOULD LIKE TO POINT OUT A HIGH PROFESSIONAL LEVEL OF BMZ EMPLOYEES AT ALL LEVELS STARTING WITH PRODUCTION SUBDIVISIONS AND FINISHING WITH MARKETING AND COMMERCIAL SERVICES".

**V.N. KUSHNARYOV,**  
EXECUTIVE DIRECTOR OF JV BEL -CAP-STEEL, USA (PROMOTION OF BMZ PRODUCTS ON FAR FOREIGN MARKETS)

IN ITS PRACTICAL ACTIVITY BMZ RECOGNIZES INVIOABILITY OF HUMAN RIGHTS AND TAKES ALL THE REQUIRED MEASURES TO ASSURE AND PROTECT THEM. GUIDED BY THE APPROACHES OF THE UN GLOBAL COMPACT IN THE HUMAN RIGHTS SPHERE, RUE "BMZ" SEEKS TO PREVENT POSSIBLE CONFLICTS OF INTERESTS OF THE EMPLOYEES, MANAGERS AND THE PLANT ITSELF. PRINCIPLES OF NON-ADMISSION OF CONFLICTS OF INTERESTS AND THEIR SETTLEMENT ARE GIVEN IN THE PLANT'S CODE OF ETHICS. PREVENTING CONFLICTS OF INTERESTS RUE "BMZ" SEEKS ENHANCEMENT OF THE EFFICIENCY OF ITS ACTIVITY, CREATION OF THE ATMOSPHERE OF TRUST AND OPENNESS IN THE RELATIONSHIPS WITH THE PERSONS CONCERNED, ENHANCING BUSINESS IMAGE AND REPUTATION OF THE WORKS. THE WORKING TOOLS FOR PREVENTING POSSIBLE CONFLICTS ARE: DIRECT TELEPHONE LINE WITH THE WORKS TOP MANAGEMENT AND REPRESENTATIVES OF THE STATE AUTHORITIES, "SIGNAL" HOTLINE AND OTHERS, THE WORK OF WHICH IS PERFORMED ON CONFIDENTIAL BASIS. IN ORDER TO ENSURE THE FEEDBACK THE WORKS APPOINTED RESPONSIBLE PERSONS, WHO REVIEW THE EMPLOYEES' APPEALS CONCERNING VARIOUS ISSUES INCLUDING THE SAFETY AND LABOR PROTECTION ISSUES, ENVIRONMENT AND PROFESSIONAL ETHICS. TRANSPARENCY AND OPENNESS OF BMZ BECOMES ONE OF THE LEADING MANAGEMENT PRINCIPLES THAT ALLOWS »

## Social activity

» THE PLANT TO CREATE CONFIDENTIAL RELATIONS WITH ALL THE PARTIES CONCERNED INCLUDING ITS EMPLOYEES. WITHIN THE FRAMEWORK OF THE PERSONNEL MOTIVATION PROGRAM THE SOCIOLOGICAL SERVICE OF THE PLANT CARRIED OUT A STUDY OF THE SOCIAL AND PSYCHOLOGICAL CLIMATE AMONG THE EMPLOYEES WHICH WAS PARTICIPATED BY MORE THAN 10% OF THE STAFF (1426 PEOPLE).

«Communicating with specialists of different companies of the world I would like to say that BMZ specialists positively differ from the point of view of education and their attitude to their work. That is why it is rather easy for us to cooperate with them in this respect».

**V.N. Kushnaryov,**  
**Executive director of JV BEL –CAP-STEEL, USA (promotion of BMZ products on far foreign markets)**



COMPLEX INDEX OF SATISFACTION IN 2011 REMAINED AT THE LEVEL OF 2010 AND EQUATED TO 0,72. THIS VALUE CHARACTERIZES POSITIVITY AND STEADINESS OF THE SOCIAL AND PSYCHOLOGICAL CLIMATE IN THE PERSONNEL TEAM. THE STAFF IS SATISFIED WITH ITS WORK AND WITH THE PLANT IN GENERAL. SO AS TO MAINTAIN THE HIGH LEVEL OF SATISFACTION OF THE STAFF, A CORRESPONDING PROGRAM WAS WORKED OUT.

## PROFESSIONAL AND CAREER DEVELOPMENT

**R**EALIZATION OF THE PERSONNEL POLICY BASED ON THE PRINCIPLES OF EQUALITY, JUSTICE AND AWARD DEPENDING ON PERSONAL SKILLS AND IRRESPECTIVE OF ORIGIN, AGE, GENDER, RACE, NATIONALITY AND RELIGION OF AN EMPLOYEE IS PERFORMED IN CONFORMITY WITH THE REQUIREMENTS OF THE ACTIVE LEGISLATION OF THE REPUBLIC OF BELARUS, UNIVER-SALLY ACKNOWLEDGED NORMS AND PRINCIPLES OF THE INTERNATIONAL LAW INCLUDING THE UN GLOBAL COMPACT AND THE CONVENTION OF THE INTERNATIONAL LABOR ORGANIZATION.

RUE "BMZ" ENSURES EQUAL POSSIBILITIES FOR ALL EMPLOYEES TO REALIZE THEIR POTENTIAL IN THE PROCESS OF THEIR WORKING ACTIVITY, FAIR AND UNBIASED ASSESSMENT OF THE WORK RESULTS, SELECTION OF THE PERSONNEL DURING RECRUITMENT AND CAREER PROMOTION ACCORDING TO THE PROFESSIONAL SKILLS AND KNOWLEDGE.

THE WORKS SCALE ALLOWS THE EMPLOYEES TO REALIZE THEIR PROFESSIONAL AMBITIONS, GAIN NEW EXPERIENCE AND ENHANCE

THEIR QUALIFICATION DEGREE. REALIZING THE APPROACHES IN SOCIAL SPHERE, THE WORKS PLACES SPECIAL EMPHASIS ON THE INTERNAL HUMAN RECOURCES POTENTIAL DURING SELECTION AND APPOINTMENT OF MANAGERS AND SPECIALISTS.

IN ORDER TO IMPLEMENT THE LONG-TERM STRATEGY OF THE ENTERPRISE'S DEVELOPMENT, RUE "BMZ" FORMED A MULTI-LEVEL PERSONNEL RESERVE OF THE MANAGEMENT. THE RESERVE IS MEANT FOR MEETING THE REQUIREMENT IN MANAGEMENT EMPLOYEES HAVING A RANGE OF BASIC ADMINISTRATIVE COMPETENCE. IN ORDER TO DEVELOP THE COMPETENCE NECESSARY FOR A MANAGER AND CREATE A REAL PERSPECTIVE FOR PROFESSIONAL AND CAREER PROMOTION OF THE WORKERS, STAGED TRAINING OF HUMAN RESOURCES WAS ORGANIZED ACCORDING TO THE EXISTING SYSTEM. THE TRAINING PROGRAMS STIPULATE EDUCATION OF THE RESERVE FROM THE LEVEL OF A FOREMAN TO THE TOP-MANAGER LEVEL CONSIDERING THE SPECIFIC CHARACTER OF THE WORK FULFILLED ("YOUNG MANAGER SCHOOL" AND "MANAGEMENT SCHOOL"). THE PROGRAMS AND TRAININGS FOR DEVELOPING CORPORATE AND MANAGER COMPETENCE WERE AIMED AT THE PERSONNEL RESERVE AS A PRIORITY CATEGORY OF HUMAN RESOURCES. SPECIALISTS OF THE LEADING EDUCATIONAL ESTABLISHMENTS OF THE REPUBLIC OF BELARUS ARE ENGAGED IN THE TRAINING PROCESS UNDER THE CONCLUDED BILATERAL CONTRACTS. FOR THE ACCOUNTING PERIOD OVER 90% OF MANAGEMENT APPOINTMENTS FROM AMONG THE EMPLOYEES INCLUDED INTO THE WORKS PERSONNEL REGISTER AND CERTIFIED AFTER PASSING THE TRAINING TOOK PLACE. BESIDES, WE STARTED TO IMPLEMENT THE PROJECT OF ANNUAL TRAINING OF ONE RUE "BMZ" SPECIALIST AT STEMCOR UK LIMITED, ONE OF THE LARGEST STEEL TRADING COMPANIES WHICH HAS OFFICES IN MANY COUNTRIES OF THE WORLD WITH THE HEADQUARTERS LOCATED IN LONDON. AIM OF THE PROJECT IS TRAINING IN MANAGEMENT AND BUSINESS AS WELL AS WESTERN MODEL OF BUSINESS PROCESS MANAGEMENT. THIS TYPE OF TRAINING WILL HELP THE TRAINEE TO SEE AND TO FEEL WITH HIS/HER OWN HANDS ALL ASPECTS OF ACTIVITY OF THE GLOBAL COMPANY AND TO APPLY THEM IN ACTUAL ACTIVITY OF BMZ.

FULFILLING THE PERSONNEL POTENTIAL DEVELOPMENT PROGRAMS AND ENHANCING THE EFFICIENCY OF THE STRUCTURAL SUBDIVISIONS ACTIVITY, RUE "BMZ" ANNUALLY ORGANIZES ROTATION OF SPECIALISTS. THE STAFF ROTATION IS USED AS A METHOD OF DECREASING LABOR MONOTONY AND ROUTINE, AND ENRICHMENT THE WORK ACTIVITY CONTENT DUE TO A GREATER VARIETY OF THE FUNCTIONS AND AS ONE OF THE LABOR MOTIVATION FACTORS. BESIDES, THE ROTATION CONTRIBUTES TO ACQUIRING A MORE DIVERSE PRACTICAL EXPERIENCE REQUIRED FOR BEING PROMOTED TO ONE OR ANOTHER MANAGEMENT POSITION.

IN 2011 TEMPORARY APPOINTMENTS TOOK PLACE IN ORDER TO INCREASE THE SPECIALISTS' QUALIFICATION, DETERMINATION



OF THEIR POTENTIAL ABILITIES FOR PUTTING INTO THE PERSONNEL RESERVE AS WELL AS FOR THE PURPOSE OF PROMOTING CAREERS OF THE YOUNG WORKERS HAVING HIGHER EDUCATION:

FACTOR	2007	2008	2009	2010	2011
NUMBER OF THE ROTATION PROGRAM PARTICIPANTS	4	34	27	56	103
ROTATION RESULTS:					
PROMOTION TO A SPECIALIST POSITION	1	17	10	20	29
APPOINTMENT TO A MANAGER POSITION		3	4	2	11
QUALIFICATION ENHANCEMENT	3	14	13	34	63

DURING THE ANNUAL INTEGRATED STUDY OF THE SOCIAL-PSYCHOLOGICAL CLIMATE IN THE TEAMS OF STRUCTURAL SUBDIVISIONS HELD BY THE SOCIOLOGICAL SERVICE OF THE WORKS THE RESPONDENTS GIVE AN AVERAGE ESTIMATE REGARDING THE PROMOTION AND CAREER OPPORTUNITIES (THE SATISFACTION INDEX MADE UP 0,67 AGAINST 0,64 IN 2010).

## TRAINING AND EDUCATION

THE WORKS SEES ITS PERSONNEL AS ITS MAJOR ASSET AND TAKES THE CORRESPONDING MEASURES REGARDING ITS RETAINING AND DEVELOPMENT CREATING CONDITIONS FOR PROFESSIONAL GROWTH AND EDUCATION. RUE "BMZ" GIVES ALL ITS EMPLOYEES THE RIGHT FOR PROFESSIONAL EDUCATION ON DIFFERENT STAGES OF LABOR ACTIVITY ORIENTATING AT LONG-TERM RELATIONS WITH EPV PERSONNEL AND CONSIDERS THE EDUCATION TO BE AN INVESTMENT INTO THE HUMAN CAPITAL ASSETS.

IN PRESENT CONDITIONS OF SEVERE COMPETITION RUE "BMZ" AIMS AT SEARCHING FOR CURRENT SALES MARKETS, TECHNOLOGIES OF THE FUTURE, COST-SAVING RESERVES AND OTHER OPTIMIZATION POSSIBILITIES.

THE PERSONNEL QUALITY BECAME A DETERMINING FACTOR OF THE WORKS COMPETITIVE ABILITY. ENSURING PERSONNEL QUALITY IS ONE OF THE PRIORITY TARGETS OF THE CORPORATE SOCIAL RESPONSIBILITY POLICY. IT IS IMPOSSIBLE WITHOUT THE DEVELOPED INTERNAL TRAINING SYSTEM. GUIDED BY THE LABOR AND EDUCATION LEGISLATION, THE PROFESSIONAL EDUCATION SYSTEM IS CONTROLLED BY THE CORPORATE TRAINING CENTER.

BY CARRYING OUT THE EFFICIENT OPERATION OF THE CONTINUOUS PROFESSIONAL EDUCATION SYSTEM THE TRAINING CENTER SOLVES THE FOLLOWING OBJECTIVES IN THE PERSONNEL MANAGEMENT SYSTEM:

- PROVIDING THE SUBDIVISIONS OF THE PLANT WITH PROFESSIONAL STAFF OF THE REQUIRED QUALIFICATION LEVEL;
  - PROVIDING THE PERSONNEL SUPPORT OF INNOVATIVE PROCESSES;
  - RETAINING AND DEVELOPMENT OF THE PROFESSIONAL POTENTIAL AND STAFF COMPETITIVE ABILITY;
  - PROVIDING THE SUBDIVISIONS WITH THE MANAGEMENT STAFF RESERVE WITH A DEVELOPED CORPORATE AND MANAGEMENT COMPETENCE;
  - ORGANIZING TRAINING OF THE SPECIALISTS, MANAGEMENT STAFF AND THEIR RESERVE;
  - CREATING THE SYSTEM OF TUTORSHIP AND TRANSFER OF KNOWLEDGE;
  - IMPROVEMENT OF THE FORMS AND METHODS OF TRAINING, INTRODUCTION OF ADVANCED EDUCATIONAL METHODS (DEVELOPMENT OF THE REMOTER ELECTRONIC SYSTEM OF MODULE TRAINING "LEARNBMZ" WITH THE SUBSEQUENT ALLOCATION ON THE INTERNAL PLANT'S SITE);
  - CREATING THE PERSONNEL RESERVE OF THE REQUIRED QUALIFICATION WITH REGARD TO NONPROFESSIONAL OCCUPATIONS FROM AMONG THE REGION RESIDENTS;
  - ORGANIZATION OF EXPERIENCE AND KNOWLEDGE EXCHANGE IN THE COURSE OF RENDERING OF EDUCATIONAL SERVICES TO ORGANIZATIONS AND ENTERPRISES OF OUR REPUBLIC, NEIGHBOURING AND FAR FOREIGN COUNTRIES.
- IN ORDER TO SOLVE THE ABOVE TASKS THE TRAINING CENTER IS EQUIPPED WITH THE NEWEST TRAINING AIDS. EVERYTHING IS ARRANGED IN SUCH A WAY THAT THE TRAININGS ARE MAXIMALLY EFFICIENT. AVAILABILITY OF THE TRAINING AIDS AND MULTIMEDIA APPLICATIONS DEVELOPED BY THE TEACHERS AND MASTERS OF THE TRAINING CENTER BASED



## Social activity

» ON THE TECHNOLOGIES AND EQUIPMENT IMPLEMENTED AT THE ENTERPRISE FACILITATES LEARNING THE MATERIAL. THE EDUCATION PROCESS APPLIES BOTH TRADITIONAL FORMS AND MODERN EDUCATION TECHNOLOGIES.

THE MAIN FORM OF THE EDUCATION PROCESS ORGANIZATION IS DUAL THAT MEANS A WELL-BALANCED COMBINATION OF ACQUIRING THEORETICAL KNOWLEDGE AND PRACTICAL SKILLS.

A PARTICULAR ATTENTION IS PAID TO THE MODULAR EDUCATION TECHNOLOGY THAT LAYS STRESS BOTH ON ACQUIRING PARTICULAR KNOWLEDGE AND DEVELOPING THE PERSONNEL'S ABILITY FOR SELF-EDUCATION AND SELF-IMPROVEMENT.

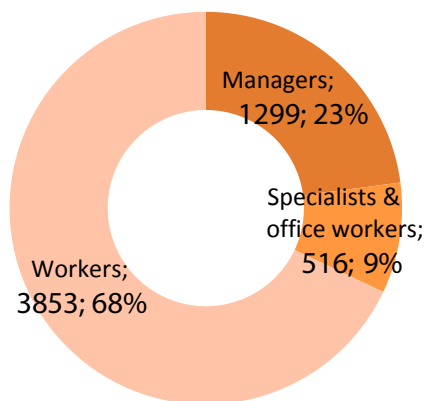
EDUCATION AND DEVELOPMENT OF THE PERSONNEL IS CARRIED-OUT IN CONFORMITY WITH THE CURRENT AND PERSPECTIVE DEMANDS OF THE PLANT.

A DIFFERENTIAL APPROACH TO THE EDUCATION PROGRAMS FORMATION IS APPLIED DEPENDING ON A WORKER'S QUALIFICATION LEVEL. PROGRAMS OF CONTINUOUS PROFESSIONAL TRAINING STIPULATE STUDYING THE ISSUES OF SPECIAL TECHNOLOGIES, CIVIL, POLITICAL, ECONOMIC, SOCIAL AND CULTURAL HUMAN RIGHTS, REQUIREMENTS OF ENVIRONMENT PROTECTION SYSTEMS, QUALITY MANAGEMENT, LABOR AND INDUSTRIAL SAFETY, ENERGY SAVING ISSUES.

CONTINUOUS EDUCATION IS ENSURED BY RATIONAL COMBINATION OF PROFESSIONAL EDUCATION IN EDUCATIONAL ESTABLISHMENTS, SYSTEMATIC SELF-EDUCATION AS WELL AS STUDYING IN THE TRAINING CENTER AND ON WORKING PLACES. IN 2011 5668 EMPLOYEES OF THE WORKS, OR 45,8% OF THE TOTAL PERSONNEL AMOUNT, TOOK VARIED TYPES OF EDUCATION, WHICH IS 4,5% LESS THAN IN 2010.

CATEGORY OF THE TRAINED EMPLOYEES	NUMBER OF PEOPLE TRAINED, PEOPLE				% OF THE TOTAL NUMBER TRAINED				% OF THE TOTAL NUMBER OF THIS CATEGORY			
	2009	2010	2011	CHANGES	2009	2010	2011	CHANGES	2009	2010	2011	CHANGES
MANAGERS	1139	1133	1299	+166	17,3	18	22,9	+4,9	101,2	97,8	109,1	+11,3
SPECIALISTS	1434	953	516	-437	21,8	15,2	9,1	-6,1	83,5	53	28,8	-24,2
OFFICE WORKERS	5	24	-	-24	0,08	0,4	-	-0,4	3,0	14,8	-	-14,8
WORKERS	4015	4163	3853	-310	60,9	66,4	68	+1,6	44	44,5	41,3	-3,2
TOTAL	6593	6273	5668	-605	100	100	100	0	54,3	50,3	45,8	-4,5

Table.  
Education  
of personal.



THE PLANT IS ALWAYS READY FOR THE DIALOG WITH THE PARTIES CONCERNED REGARDING ISSUES OF IMPROVEMENT OF PROFESSIONALISM, SCHOLARSHIP AND EMPLOYEES' COMPETENCE DEVELOPMENT.

IN RECENT YEARS EACH EMPLOYEE TOOK ONE TYPE OF EDUCATION. AVERAGE NUMBER OF EDUCATION HOURS PER ONE EMPLOYEE IN 2011 WAS 40,7 HOURS.

YEAR	2009	2010	2011
AVERAGE NUMBER OF HOURS	38	40,5	40,7

YEAR	2009	2010	2011
INVESTMENTS, US DOLLARS THOU	283,3	145,0	105,6

DECREASE OF INVESTMENTS IN PROFESSIONAL TRAINING IS CONDITIONED BY A CONSIDERABLE GROWTH OF USD/BRB EXCHANGE RATE IN 2011.

YET, FULFILLMENTS OF TARGETS IN 2011 WAS REACHED DUE TO DECREASE OF THE VOLUME OF EXPENSIVE TRAINING ON EXTERNAL SITES AND A MORE COMPLETE USE THE PLANT'S INTERNAL POTENTIAL FOR ORGANIZATION OF THE PRODUCTION TRAINING.

RUE "BMZ" CONTINUES ACTIVE DEVELOPMENT OF INTERNATIONAL COOPERATION IN THE AREA OF PREPARATION AND ENHANCEMENT OF QUALIFICATION OF ITS EMPLOYEES. IN CONNECTION WITH ITS LARGE INVESTMENT PROGRAM THE ENTERPRISE EXPANDS TRAINING OF THE EMPLOYEES ABLE TO OPERATE MODERN WORLD-LEVEL EQUIPMENT. EDUCATION AND TRAINING IN EDUCATIONAL CENTERS AND ENTERPRISES OF AUSTRIA, ITALY, GERMANY, CHINA, USA, AND OTHER COUNTRIES TO ADOPT BEST PRACTICES WAS ORGANIZED.

IN 2011 INTERNATIONAL COOPERATION STARTED A NEW ROUND OF DEVELOPMENT. RUE "BMZ" EXCHANGED THE ACCUMULATED EXPERIENCE AND KNOWLEDGE IN THE AREA OF STEEL MAKING PROCESSES EMPLOYEES TRAINING WITH SPECIALISTS WORKING AT SIMILAR ENTERPRISES IN NEIGHBOURING AND FAR FOREIGN COUNTRIES. IN 2011 153 SPECIALISTS OF METALLURGICAL PLANT "DNEPROSTAL" (UKRAINE), 77 SPECIALISTS FROM OJSC "LIEPAJAS METALLURGS" (LATVIA) WERE TRAINED AT RUE "BMZ". WE CONTINUE OUR COOPERATION WITH CCM METALLURGICAL PLANT (SLOVAKIA): DURING ONE MONTH 80 SLOVAK SPECIALISTS STUDIED CHARACTERISTIC FEATURES OF THE PRODUCTION PROCESSES OF ELECTRIC STEEL MELTING UNDER THE SUPERVISION OF THE PLANT STAFF.

IN THE AREA OF PROFESSIONAL TRAINING RUE "BMZ" FORMS UP LONG-TERM RELATIONS WITH A NUMBER OF LEADING EDUCATIONAL ESTABLISHMENTS HAVING RECOMMENDED »

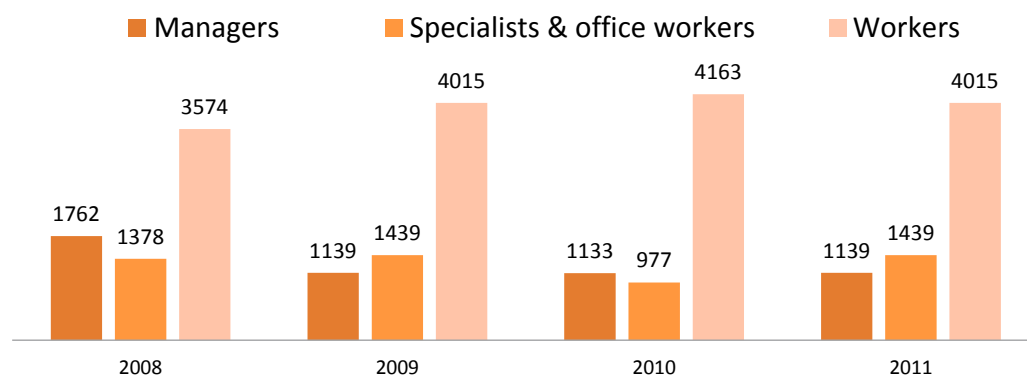


Diagramm.  
NUMBER  
OF PEOPLE TRAINED



## Social activity

» THEMSELVES IN RENDERING OF EDUCATIONAL SERVICES: INSTITUTE OF QUALIFICATION UPGRADING AND RETRAINING ACCORDING TO NEW DIRECTIONS OF DEVELOPMENT OF TECHNOLOGY AND ECONOMICS OF **BEARUSIAN NATIONAL TECHNICAL UNIVERSITY**”; “**STATE INSTITUTE OF QUALIFICATION UPGRADING AND RETRAINING OF MANAGERS AND INDUSTRIAL SPECIALISTS “INDUSTRY STAFF”**, **FEDERAL EDUCATIONAL ESTABLISHMENT OF HIGHER PROFESSIONAL TRAINING “NATIONAL RESEARCH TECHNOLOGICAL UNIVERSITY “MISIS (SRTU “MISIS”) MOSCOW**, **ACADEMY OF POST-GRADUATE EDUCATION**, **MOSCOW CHEMICAL INSTITUTE NAMED AFTER D.I. MENDELEEV**, **CENTRE OF INNOVATION MANAGEMENT OF BEARUSIAN STATE UNIVERSITY**, “**REPUBLICAN HIGHER SCHOOL INSTITUTION**”. **AN AGREEMENT IS REACHED TO ARRANGE TRAINING OF MASTERS AND POST-GRADUATES IN SEAMLESS PIPE PRODUCTION AT GOMEL STATE TECHNICAL UNIVERSITY NAMED**

«Your enterprise makes a considerable contribution in development and improvement of the activity of pre-school education which experience was many times represented at regional and national events»

**V.V. Yanzhik,**  
**Deputy minister of education**  
**of the Republic of Belarus**

AFTER P.O. SUKHOI.

ALONGSIDE WITH SOLVING THE ISSUES REGARDING THE PERSONNEL QUALIFICATION IMPROVEMENT, THE COLLABORATION WITH HIGHER EDUCATIONAL ESTABLISHMENTS IS AIMED AT REACHING LONG-TERM STRATEGIC OBJECTIVES OF THE WORKS. THIS COOPERATION IS BENEFICIAL BOTH FOR EDUCATIONAL ESTABLISHMENTS AND RUE “BMZ”. THE WORKS OFFERS STUDENTS THE OPPORTUNITY TO UNDERTAKE MANUFACTURING PRACTICE AT THE ENTERPRISE. DURING THE MANUFACTURING PRACTICE THE STUDENTS ARE GUIDED BY EXPERIENCED WORKERS AND SPECIALISTS. DETAILED ACQUAINTANCE WITH PRODUCTION TAKES PLACE ON A WORKING PLACE. A STUDENT CAN FEEL BEING OF THE WORKING TEAM, TRY HIS SKILLS AND ADOPT THE MENTORS’ EXPERIENCE, THUS RUE “BMZ” OPENLY DEMONSTRATES ITS POTENTIAL EMPLOYEES THE POSSIBILITY OF ACQUIRING INTERESTING WORK AND PERSONAL REALIZATION.

SOLVING MEDIUM-TERM STRATEGIC GOALS IN THE SPHERE OF PREPARATION OF HIGHLY-PROFESSIONAL PERSONNEL IS CONNECTED WITH THE STATE EDUCATIONAL ESTABLISHMENT “ZHLOBIN METALLURGICAL COLLEGE”, WHICH CONDUCTS ITS ACTIVITY AT THE EXPENSE OF RUE “BMZ” INVESTMENTS. FOR ORGANIZING THE COLLEGE ACTIVITY IN 2011 THE WORKS SPENT USD 908,7 THOU. OF THE CONSUMPTION MEANS. THE COLLEGE CONDUCTS PREPARATION OF TECHNOLOGISTS

FOR BASIC PRODUCTION SUBDIVISIONS FROM AMONG THE BEST REPRESENTATIVES OF THE REGION YOUNG GENERATION, WHO PASSED COMPETITIVE SELECTION ACCORDING TO THE EDUCATIONAL PROGRAMS COORDINATED WITH THE WORKS.

AT ALL TIMES CORPORATE SOCIAL DEVELOPMENT AND SOCIAL INVESTMENTS REMAIN SOURCES OF ENHANCING THE WORKS COMPETITIVE ABILITIES. POSSESSING MODERN EDUCATIONAL BASE AND HIGHLY-QUALIFIED SPECIALISTS, RUE “BMZ” MAKES ITS CONTRIBUTION TO THE DEVELOPMENT OF COMMUNITY HELPING IN TRAINING OF QUALIFIED WORKERS FOR THE INDUSTRIAL ENTERPRISES OF THE TOWN, THE REGION, AND THE COUNTRY.

FORMATION OF THE REPUTATION OF THE MOST APPEALING EMPLOYER IS AN ESSENTIAL CONDITION FOR INVOLVEMENT IN THE WORKS OPERATION CREATIVE, ACTIVE AND TECHNICALLY COMPETENT PERSONNEL. BY RENDERING ASSISTANCE TO THE YOUNGER GENERATION IN RECEIVING MODERN EDUCATION AND STRENGTHENING THE MATERIAL AND TECHNICAL FOUNDATION OF THE REGION EDUCATIONAL ESTABLISHMENTS THE WORKS CREATES OWN PROMISING PERSONNEL RESERVE. FOR THESE PURPOSES THE CORRESPONDING MEANS WERE DIRECTED TO PRE-SCHOOL EDUCATIONAL INSTITUTIONS, SCHOOLS, CREATIVITY CENTERS FOR THE KIDS AND THE BOARDING-SCHOOL.

SPECIAL EMPHASIS IS PLACED ON THE WORK REGARDING PUPILS AND STUDENTS VOCATIONAL GUIDANCE THAT IS CARRIED-OUT ON A REGULAR BASIS WITH DIRECT PARTICIPATION OF RUE “BMZ” EMPLOYEES. WITHIN THIS COURSE A RANGE OF THE FOLLOWING PROGRAMS IS IMPLEMENTED:

- PUPILS PARTICIPATION IN “OPEN DAY” FEAST AT BASIC EDUCATIONAL ESTABLISHMENTS;
- EXCURSIONS TO THE WORKS’ MUSEUM;
- ORGANIZING YOUTH COMPETITIONS, CULTURAL EVENTS ENGAGING STUDENTS OF SCHOOLS AND SPECIALIZED EDUCATIONAL ESTABLISHMENTS.

RUE “BMZ” ENSURE THE RIGHT OF THE EMPLOYEES TOR EDUCATION AND DEEMS INTELLECTUAL POTENTIAL AND PROFESSIONALISM OF ITS EMPLOYEES AN ESSENTIAL FACTOR REQUIRED FOR OWN DEVELOPMENT. ACCORDING TO THE DATA AVAILABLE AS OF 31.12.2011 8 EMPLOYEES TOOK EXTRA-MURAL COURSES IN HIGHER EDUCATIONAL ESTABLISHMENTS ON A CONTRACTUAL BASIS; 2 PEOPLE WERE TRAINED AT MA COURSES, 6 PEOPLE AT POST-GRADUATE COURSES. ABOUT FOUR HUNDRED WORKERS WERE EDUCATED INDEPENDENTLY.

ACCORDING TO THE RESULTS OF AN INTEGRATED STUDY OF THE SOCIAL AND PSYCHOLOGICAL CLIMATE IN THE SUBDIVISIONS, SATISFACTION WITH THE PERSPECTIVE OF QUALIFICATION ENHANCEMENT, PROFESSIONAL AND EDUCATIONAL LEVEL OBTAINED WAS ASSESSED



AS SATISFACTORY (THE SATISFACTION INDEX MADE UP 0,70 AGAINST 0,69 IN 2010).

## MOTIVATION SYSTEM

### MATERIAL STIMULATION

RUE "BMZ" ACKNOWLEDGES THE RIGHT OF THE EMPLOYEES TO DECENT, ECONOMICALLY SOUND AWARD FOR THEIR WORK RESULTS, STRIVES FOR PROVIDING ITS EMPLOYEES WITH WORK AND SALARY THAT RAISE THEIR LIVING STANDARDS. ACCORDING TO THE REQUIREMENTS OF THE BELARUSIAN LABOR LEGISLATION AND PRINCIPLES OF THE UN GLOBAL COMPACT THE PLANT STANDS FOR DECENT REMUNERATION OF LABOR, ABOLISHMENT OF FORCED AND CHILD LABOR.

THE MAIN OBJECTIVE OF ONE OF THE STRATEGIC LINES OF THE ENTERPRISE'S POLICY IS CONSTANT INCREASE OF PRODUCTIVENESS AND QUALITY OF THE PERSONNEL LABOR, EFFICIENT APPLICATION OF THE EXISTING NORMS AND WAGE SYSTEMS AIMED AT MANUFACTURING HIGH-QUALITY COMPETITIVE PRODUCTS BASED ON THE RATIONAL USE OF EACH WORKER'S LABOR POTENTIAL AND ENHANCING PERSONNEL WELFARE GAINS.

ONE OF THE MOST PRECISE INDICATORS OF THE WORKS SOCIAL POLICY EFFECTIVENESS IS THE SALARY LEVEL.

SALARY IS THE MAJOR SOURCE OF INCOME OF THE WORKERS AND THE MAIN FACTOR FOR ENSURING A CERTAIN STANDARD OF WELL-BEING. RUE "BMZ" POLICY IN THE AREA OF REMUNERATION OF THE PERSONNEL INCLUDING TOP MANAGEMENT OF THE PLANT AND ITS DIVISIONS FORESEES ASSOCIATION OF LABOUR REMUNERATION WITH JOINT AND INDIVIDUAL KEY EFFICIENCY INDICES. IN ORDER TO ACHIEVE UNITY OF INTERESTS OF ALL CATEGORIES OF WORKERS IN INSURING HIGH FINAL RESULTS OF THE WORKS PRODUCTION AND COMMERCIAL OPERATIONS IN GENERAL BASED ON ACCOUNTING AND ENCOURAGEMENT OF LABOUR CONTRIBUTION OF EVERY DIVISION AND A SINGLE WORKER, THE ENTERPRISE DEVELOPED THE BONUS SCHEME FOR LABOR STIMULATION.

IN THE EXISTING ECONOMIC SITUATION IT IS MOST TIMELY TO OBSERVE THE LOWEST LIMIT OF LABOUR PAYMENT FOR WEAKLY PROTECTED GROUPS OF WORKERS.

ANNUAL AVERAGE SALARY AT THE ENTERPRISE MADE UP USD 827,6 IN 2011. AVERAGE SALARY OF WORKERS AND OFFICE EMPLOYEES MADE UP USD 420,2 IN THE REPUBLIC OF BELARUS, WHICH IS 1,9 TIMES LOWER THAN THE SALARY PAID AT RUE "BMZ".

SALARY ACCOUNTING IS MADE ACCORDING TO THE LEGISLATION EXISTING IN THE REPUBLIC OF BELARUS. THE ENTERPRISE REALIZES THE FOLLOWING PRINCIPLE: THE ACCRUED SALARY OF A WORKER, WHO FULLY COMPLETED THE LABOR HOURS AND WORKING NORMS, CANNOT BE LOWER THAN THE ESTABLISHED AMOUNT OF THE MINIMAL SALARY IN THE REPUBLIC OF BELARUS THAT MADE UP USD 201,1 IN 2011.

RUE "BMZ" IMPROVES THE NORMATIVE BASE IN THE AREA OF LABOR RELATIONSHIP AND INFORMS EVERY SINGLE EMPLOYEE OF THE LABOUR REMUNERATION CONDITIONS. ACCORDING TO THE PRINCIPLES OF THE UN GLOBAL COMPACT THE ENTERPRISE REALIZES THE PRINCIPLE OF EQUABLE AWARD FOR EQUALLY VALUABLE LABOR.

«The fact that the plant management leading a large-scale social policy support a high level of salary is an evidence of its concern about the staff».

**O.E. Lashkevich,**  
**Deputy head of the Board of the machine-tool industry of**  
**the Ministry of Industry of the Republic of Belarus**

THE ENTERPRISE ENSURES THE JOB EVALUATION AND GIVES QUALIFICATION TO THE WORKERS, SPECIALISTS AND CLERKS ACCORDING TO THE EXISTING UNIFORM WAGE RATE BOOK OF WORKERS' JOBS AND PROFESSIONS AS WELL AS WAGE RATE BOOK FOR MANAGEMENT, SPECIALISTS AND CLERKS. THIS APPROACH ALLOWS THE PLANT TO AVOID A BIASED AND SUBJECTIVE ATTITUDE TO WORKERS IN THE PROCESS OF THEIR CAREER PROMOTION AND CONTRIBUTES TO INADMISSIBILITY OF THE WORKERS DISCRIMINATION OF ANY KIND.

THE TARIFF PART OF THE SALARY IS DETERMINED BASED ON THE MONTHLY TARIFF RATES ESTABLISHED BY THE UNIFIED WORKERS WAGE TARIFF SYSTEM OF THE REPUBLIC OF BELARUS AND THE COLLECTIVE AGREEMENT IN CONFORMITY WITH THE JOB EVALUATION IN THE ORGANIZATION ACCORDING TO THE CATEGORIES AS FOLLOWS:

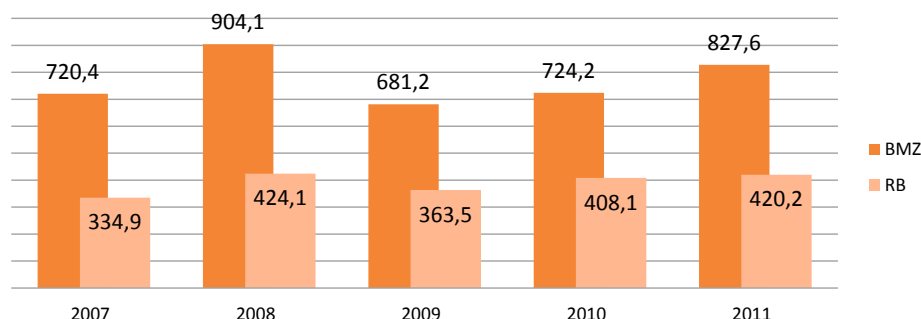
— AS FAR AS WORKERS ARE CONCERNED, IT IS DETERMINED BY MULTIPLYING THE FIRST TARIFF RATE BY THE TARIFF MULTIPLIER OF THE CORRESPONDING TARIFF RATE ESTABLISHED FOR A WORKER IN COMPLIANCE WITH THE GENERAL PROVISIONS OF THE UNIFORM WAGE-RATES AND SKILLS HANDBOOK BASED ON THE TARIFF-QUALIFYING CHARACTERISTICS OF THE WORKERS PROFESSIONS;

— AS FAR AS CLERKS ARE CONCERNED, IT IS CALCULATED BY MULTIPLYING THE FIRST TARIFF RATE BY THE TARIFF



## Social activity

Diagramm:  
Average salary paid at RUE «BMZ» as compared with average salary of workers and office employees in the Republic of Belarus, USD



» MULTIPLIER OF THE CORRESPONDING TARIFF RATE OF THE UNIFIED WAGE TARIFF SYSTEM ESTABLISHED FOR A WORKER WITH REFERENCE TO ITS POSITION;

– AS FAR AS MEN AND WOMEN ARE CONCERNED, ACCORDING TO THE WORK DONE OR POSITION HELD IN CONFORMITY WITH THE UNIFIED WAGE TARIFF SYSTEM AND COLLECTIVE AGREEMENT.

AVERAGE SALARY OF THE ENTERPRISE CLERKS IS 14% HIGHER THAN WORKERS' SALARY. AVERAGE SALARY OF THE MANAGEMENT IS 57 PER CENT HIGHER THAN WORKERS' SALARY. THIS CORRELATION IS EXPLAINED BY THE COMPLEXITY OF THE PERFORMED OBLIGATIONS STIPULATED BY THE JOB DESCRIPTIONS AS WELL AS THE ORGANIZATION (SEPARATE STRUCTURAL SUBDIVISIONS) ACTIVITY EFFICIENCY, QUALITY OF THE PERFORMED WORKS (SERVICES), EFFICIENCY OF THE SET TARGETS AND OBJECTIVES FULFILLMENT.

STIMULATING PAYMENTS TO THE TOP-MANAGEMENT ARE EFFECTED DEPENDING ON THE EFFICIENCY OF THE ENTERPRISE PERFORMANCE AND FULFILLMENT OF THE PLANT'S SOCIAL-ECONOMIC DEVELOPMENT FACTORS.

WOMEN HAVE THE SAME SALARIES AND TARIFF RATES AS MEN, IF THEY OCCUPY EQUAL POSITIONS (PROFESSIONS).

WOMEN ARE GIVEN AND GUARANTEED THE SAME RIGHTS AS MEN AND HAVE ADDITIONAL BENEFITS AND GUARANTEES AIMED AT THEIR HEALTH AND MATERNITY PROTECTION.

THUS IT IS PROHIBITED TO USE WOMEN' LABOR IN:

– HEAVY OPERATIONS AND OPERATIONS WITH HARMFUL AND (OR) HAZARDOUS LABOR CONDITIONS;

– JOBS RELATED WITH LIFTING AND MANUAL HANDLING OF WEIGHTS;

– SOME SEPARATE PROFESSIONS AND POSITIONS (STEELMAKER, STEELMAKER'S ASSISTANT, FARRIER, BATTERY ASSEMBLER, ETC.).

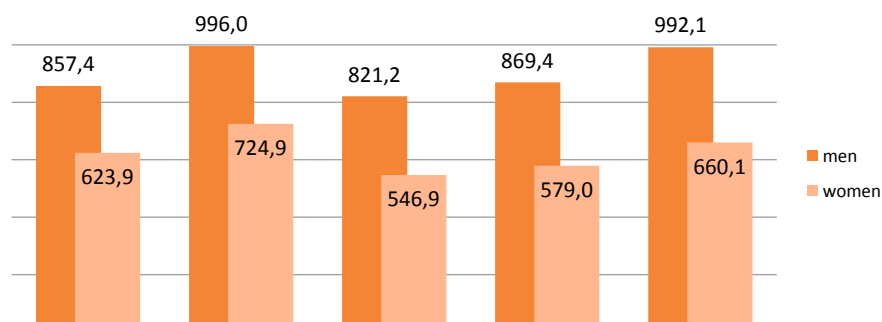
PREGNANT WOMEN ARE GIVEN EASIER JOBS EXCLUDING THE IMPACT OF HARMFUL AND (OR) HAZARDOUS LABOR FACTORS BUT THEIR SALARY REMAINS EQUAL TO THE AVERAGE AMOUNT OF THEIR PREVIOUS SALARY.

A MOTHER (FARTHER) OF TWO OR MORE CHILDREN AGED UNDER 16 (OR HAVING A DISABLED CHILD AGED UNDER 18) ARE GIVEN ONE EXTRA DAY-OFF IN A WEEK AT HER/HIS REQUEST WHICH IS PAID FOR IN THE AMOUNT OF THE AVERAGE DAILY PAYMENT.

A MOTHER BRINGING UP TWO OR MORE CHILDREN UNDER SIXTEEN IS GIVEN AN ADDITIONAL DAY-OFF A MONTH AT HER REQUEST; THIS DAY IS PAID FOR IN THE AMOUNT OF ONE BASIC PAYMENT.

A MOTHER BRINGING UP CHILDREN UNDER EIGHTEEN IS GIVEN ONE EXTRA DAY-OFF A MONTH AT HER REQUEST; THIS DAY IS NOT PAID FOR.

Diagramm:  
Average salary of men and women at OJSC «BSW», USD





AVERAGE SALARY OF MEN AT THE ENTERPRISE IS 50,3 HIGHER THAN THAT OF WOMEN. THE DIFFERENCE BETWEEN THE AVERAGE SALARY OF WOMEN AND THE AVERAGE SALARY OF MEN IS EXPLAINED BY THE INCREASED PAYMENT FOR THE HEAVY SERVICE WORK, WORKS WITH HARMFUL AND DANGEROUS LABOR CONDITIONS, WHERE WOMEN'S LABOR IS PROHIBITED.

PLANNING OF LABOUR REMUNERATION EXPENSES IS BASED ON THE SALARY LEVEL REACHED AND THE OUTPUT PER ONE EMPLOYEE. ALONGSIDE WITH THE LABOR PRODUCTIVITY GROWTH, THE AVERAGE SALARY INCREASE IS PLANNED ACCORDINGLY.

IT IS NECESSARY TO POINT OUT THAT WITH THE LABOUR PRODUCTIVITY GROWTH RATE IN USD EQUAL TO 215,3% IN 2011, THE SALARY GROWTH RATE WAS 114,3 PER CENT.

SO THE TOP MANAGEMENT OF THE ENTERPRISE ATTEMPTS TO RESTRAIN DROP OF THE WELFARE OF ITS EMPLOYEES.

IT IS IMPORTANT THAT IN THESE CHALLENGING TIMES THE ENTERPRISE WORKED FOR DECREASING THE LABOR COEFFICIENT OF THE MANUFACTURED PRODUCTS. IN 2011 THE IMPLEMENTATION OF THIS APPROACH LEAD TO THE DECREASE OF THE LABOR COEFFICIENT OF THE OPERATIONS FULFILLED IN BASIC AND AUXILIARY SHOPS BY 108,4 THOU. N/H. THE ECONOMIC EFFICIENCY MADE UP OVER USD 367,7 THOU. (BRB 1700 MLN)

AS FAR AS THE SALARY LEVEL IS CONCERNED, THE PLANT TAKES A DECENT PLACE AMONG THE GROSS-OUTPUT-MAKING ENTERPRISES OF THE MINISTRY OF INDUSTRY OF THE REPUBLIC OF BELARUS, WHICH IS SHOWN IN THE BELOW DIAGRAM:

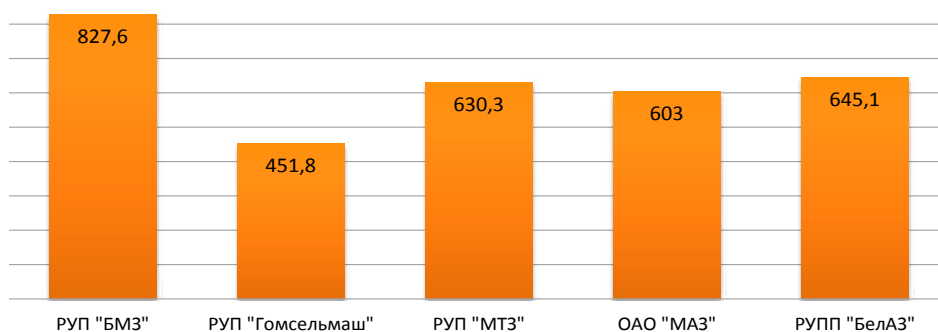
ALL TECHNICAL-ECONOMIC DEVELOPMENT PROGRAMS OF THE ENTERPRISE ARE WORKED OUT FOR ONE YEAR AND ARE REPORTED TO THE PERSONNEL. THEIR RESULTS OF THEIR IMPLEMENTATION ARE SUMMARIZED MONTHLY DURING A YEAR AND ARE REPORTED TO THE EMPLOYEES DURING FORUMS, MEETINGS AND BY THE PLANT'S NEWSPAPER

#### IMMATERIAL STIMULATION

SIGNIFICANT ELEMENT OF THE ENTERPRISE CORPORATE CULTURE IS THE SYSTEM OF IMMATERIAL STIMULATION OF THE EMPLOYEES WHICH COMPRISES SOCIAL-PSYCHOLOGICAL, STAFF AND PROFESSIONAL ASPECTS.

31 TYPES OF THE PRODUCTION COMPETITIONS AND CONTESTS ARE HELD IN INDIVIDUAL AND COLLECTIVE FORMS. BYELORUSSIAN STEEL WORKS PUTS A PARTICULAR EMPHASIS ON STIMULATING AND INVOLVEMENT OF THE PERSONNEL FOR SAVING MATERIAL AND ENERGY RESOURCES, IMPROVEMENT OF THE LABOR PRODUCTIVITY, INCREASING THE RESPONSIBILITY FOR THE QUALITY OF THE MANUFACTURED PRODUCTS, RAISING THE PRODUCTION EFFICIENCY AS WELL AS DEVELOPMENT OF THE CREATIVE INCENTIVES BY HOLDING PRODUCTION COMPETITIONS ("BEST N PROFESSION", "BEST SHOP", "BEST CANTEEN", "BEST IN PROFESSION AMONG AFFILIATED COMPANIES", "PROFESSIONAL OLYMPUS", "BEST INNOVATOR OF THE YEAR", "BEST YOUNG SPECIALIST", "CONTEST OF PLANT TEAMS AND STRUCTURAL SUBDIVISIONS OF THE WORKS IN CONFORMITY WITH THE SYSTEM "BE AWARE OF A HUMAN!", ETC.).

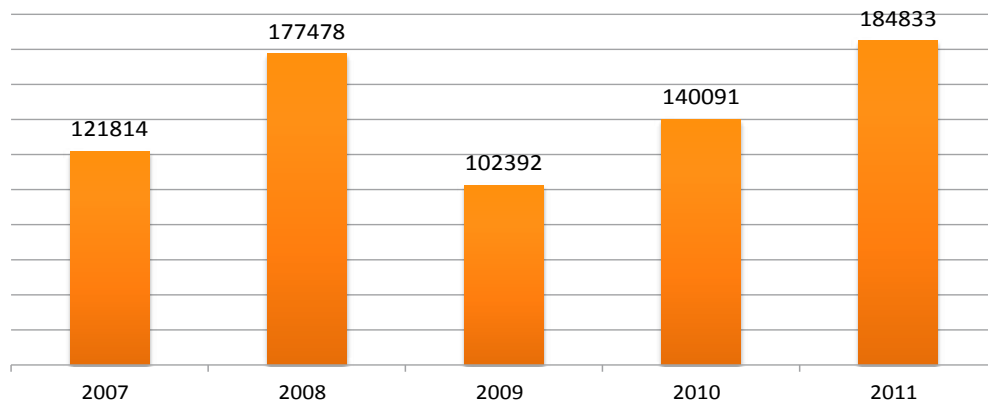
ONE OF THE MAIN CONSTITUENTS OF THE CORPORATE CULTURE AND EFFICIENT WAY OF ENHANCING THE WORKERS MOTIVATION IS CORPORATE AWARDED. FOR THE PURPOSE OF MORAL STIMULATION, STRENGTHENING GLORIOUS LABOR TRADITIONS, INCREASING THE ROLE AND STRENGTHENING OF A MAN OF LABOR THE WORKS CONDUCTS FESTIVE EVENTS DEDICATED TO INITIATION INTO YOUNG METALLURGIST, CELEBRATION IN HONOR OF WORK DYNASTIES, ENTERING THE NAMES OF BEST EMPLOYEES' NAMES IN THE WORKS BOOK OF FAME OR PLACING THEIR PHOTOS IN THE HALL OF FAME, HONORING THE WINNERS OF THE PRODUCTIVE COMPETITIONS AT THE ANNUAL LABOR FESTIVAL "PROFESSIONAL OLYMPUS". ALL CATEGORIES OF THE PLANT'S EMPLOYEES WHO ATTAINED BETTER RESULTS IN THEIR PRODUCTION ACTIVITY, ACTIVELY PARTICIPATE IN THE ENTERPRISE SOCIAL LIFE, GAINED AUTHORITY AND ARE RESPECTED BY THEIR WORKING TEAM MEMBERS,



Average monthly salary at RUE «BMZ» as compared with the gross-output-making enterprises of the Ministry of Industry of the Republic of Belarus in 2011, USD

## Social activity

Diagramm:  
Dynamics  
of labour productivity  
of OJSC «BSW» staff  
in 2007-2011,  
USD



» ARE GRANTED THE HONOR TO HAVE THEIR PICTURES POSTED IN THE HALL OF FAME OF RUE "BMZ".

ALL STRUCTURAL SUBDIVISIONS OF THE WORKS HAVE "ALLEYS OF GLORY", "FOREMOST WORKERS" STANDS WITH THE PICTURES OF THE BEST WORKERS.

IN 2011 811 EMPLOYEES OF OUR ENTERPRISE WERE AWARDED IN CONNECTION WITH JUBILEES IN SWS-2, POWDER METALLURGY AND DIE SHOP, PRODUCTION MOTOR TRANSPORT SHOP; NUMBER OF AWARDS GREW CONSIDERABLY.

IT GREW INTO A TRADITION TO CONGRATULATE THE EMPLOYEES WITH ANNIVERSARIES, BIRTH OF A CHILD, WEDDING, AND TO ORGANIZE PARTIES DEDICATED TO RECRUITMENT FOR THE ARMED FORCES OR RETIREMENT.

SINCE 2008 THE PLANT ORGANIZES CELEBRATION IN HONOR OF WORK DYNASTIES OF RUE "BMZ". ASSIGNMENT OF AN HONORABLE TITLE OF "WORK DYNASTY OF RUE "BMZ" IS BASED ON THE PRINCIPLES OF SUCCESSION, CONTINUITY OF GENERATIONS FROM OLDER TO YOUNGER ONE, AND CONTINUITY OF LABOUR ACTIVITY (AT LEAST THREE GENERATIONS OF THE RELATIVES OF THE FIRST-DEGREE KINSHIP SHOULD WORK AT THE PLANT AT THE SAME TIME).

IN 2010 A NEW TRADITION WAS BORN AT BMZ: PRESENTATION OF A CORPORATE CALENDAR TAKES PLACE AT THE PALACE OF CULTURE OF METALLURGISTS IN THE FORM OF A BRILLIANT AND COLOURFUL CELEBRATION. PAGES OF THE 2011 CALENDAR CONTAIN THE BEST PICTURES DRAWN BY THE FUTURE METALLURGISTS CHOSEN ACCORDING TO THE RESULTS OF THE REGIONAL CONTEST AND PHOTOS OF THE WOMEN WORKING AT THE PLANT.

THE POSSIBILITY OF PROFESSIONAL EDUCATION AND INCREASING THE WORKERS QUALIFICATION IS OF A PARTICULAR IMPORTANCE FOR MOTIVATION OF THE STAFF. PROFESSIONAL TRAINING

ORGANIZED AND CARRIED OUT AT THE ENTERPRISE BY THE TRAINING CENTER ENSURES EXECUTION OF THE THREE MOTIVATING FUNCTIONS:

– PRODUCTION-ECONOMIC (THE COMPETITIVE ABILITY GROWTH, ENHANCING THE QUALITY OF DUTY PERFORMANCE AND MANUFACTURED PRODUCTS);

– ADMINISTRATIVE (PROVIDING WITH QUALIFIED PERSONNEL, ITS FORMATION, REPRODUCTION, ADAPTATION AND PERSONNEL DEVELOPMENT);

– SOCIAL-CULTURAL (PERSONALITY SOCIALIZATION, PROVISION OF OCCUPATION, SOCIAL CONFIDENCE, OFFERING EQUAL OPPORTUNITIES FOR PROFESSIONAL AND CAREER GROWTH).

THE WORKS PUTS PARTICULAR EMPHASIS ON SUSTAINING FAVORABLE SOCIAL-PSYCHOLOGICAL CLIMATE IN THE WORKING TEAM, ORGANIZATION OF PROFESSIONAL CELEBRATIONS, SPORT AND CULTURAL EVENTS FOR THE EMPLOYEES, THEIR FAMILY MEMBERS AND THE POPULATION OF THE REGION (SEE SECTION "SOCIAL PACKAGE OF BENEFITS AND GUARANTEES FOR THE STAFF"). THE APPROACHES IN PLANNING OF THE CORPORATE EVENTS ARE DETERMINED BASED ON THE ANALYSIS OF THE RESULTS OF ANNUAL INTEGRATED STUDY OF SOCIAL-PSYCHOLOGICAL CLIMATE OF THE WORKING TEAMS.

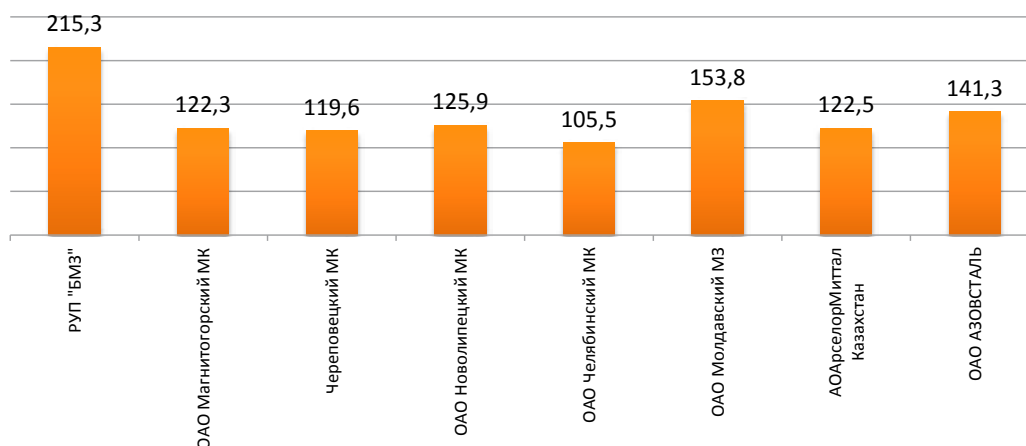


Diagramm:  
Labour productivity  
growth rate of steel  
making plants  
of neighbouring foreign  
countries in 2011  
as compare with 2010, %

## SHORT-TERM TARGETS IN THE FIELD

### OF SOCIAL RESPONSIBILITY

**A**CHIEVEMENT OF THE FOLLOWING LEVEL OF THE MAIN TARGET VALUES RELATED WITH THE WORKS SOCIAL-ECONOMIC DEVELOPMENT IS SCHEDULED FOR 2012:

– TRAINING OF THE EXECUTIVE EMPLOYEES AND SPECIALISTS, PERS	– 1517
– EMPLOYEES PROFESSIONAL TRAINING, PERS.	– 3102
– GENERAL SATISFACTION OF THE PERSONNEL, % MIN/	– 72
– SALARY GROWTH RATE, %, MIN	– 175
– PERSONNEL TURNOVER, %, MAX.	– 3,5

### LABOR PROTECTION AND ENSURING OF INDUSTRIAL SAFETY

RUE "BMZ" SEES A HUMAN LIFE AS THE SUPREME VALUE. THE WORKS DOES NOT ACCEPT ANY COMPROMISES BETWEEN THE HEALTH OF ITS EMPLOYEES, SAFETY AND PROFIT-MAKING. LABOR SAFETY AND HEALTH ARE THE KEY PRIORITIES OF THE CORPORATE LABOR PROTECTION MANAGEMENT SYSTEM. REALIZING ITS MISSION THE WORKS ENSURES THE EMPLOYEES' LABOR PROTECTION, TAKES MEASURES FOR REDUCTION OF ACCIDENTS RISKS AND OCCUPATIONAL DISEASES, STRIVES FOR CREATION AND SUSTAINING OF SUCH LABOR CONDITIONS THAT DO NOT HARM HEALTH AND HUMAN DIGNITY OF THE EMPLOYEES.

USING DANGEROUS INDUSTRIAL FACILITIES IN THE PRODUCTION PROCESS, THE ENTERPRISE MANAGEMENT BEARS RESPONSIBILITY FOR CONSERVATION OF THE EMPLOYEES' LIFE AND HEALTH. THE EXISTING LABOR PROTECTION AND INDUSTRIAL SAFETY MANAGEMENT SYSTEM IS BUILT ACCORDING TO THE REQUIREMENTS OF BELARUSIAN LEGISLATION AND CONSIDERING INTERNATIONAL PRACTICE.

CREATION OF A LABOR PROTECTION MANAGEMENT SYSTEM NEVER HAS A ZERO STARTING POINT. RUE "BMZ" HAS ALREADY HAD A CERTAIN EXPERIENCE IN LABOR PROTECTION MANAGEMENT: IT ARRANGED THE REQUIRED ACTIVITIES, DEVELOPED AND USED CORRESPONDING DOCUMENTATION. ONE OF THE DIRECTIONS IN THE LABOR PROTECTION MANAGEMENT SYSTEM IMPROVEMENT (LPMS) OF RUE "BMZ" WAS ITS COORDINATION WITH THE REQUIREMENTS OF OHSAS 18001 INTERNATIONAL STANDARD AND STB 18001 STATE STANDARD.

A SIGNIFICANT EFFORT WAS MADE IN ORDER TO COORDINATE THE EXISTING LABOR PROTECTION CONTROL SYSTEM WITH THE REQUIREMENTS OF OHSAS 18001 AND STB 18001. THE ENTERPRISE DEVELOPED GUIDELINES, COMPANY STANDARDS, CARRIED-OUT A FULL-SCALE IDENTIFICATION OF HAZARDS AND RISKS. IN PARALLEL WITH THAT, THE ENTERPRISE SUBDIVISIONS PERFORMED THE WORK FOR COORDINATING THE WORKING DOCUMENTATION, AND WORKING PLACES IN ACCORDANCE WITH THE REQUIREMENTS OF THE RULES AND REGULATIONS FOR LABOR PROTECTION, WHICH, IN ITS TURN, INCREASED THE LEVEL OF PERSONNEL SAFETY, COMPETENCE AND AWARENESS. TRAINING OF THE MANAGEMENT AND SPECIALISTS IN IMPLEMENTATION AND CERTIFICATION OF THE ENTERPRISE COMPLIANCE WITH THE OHSAS 18001 AND STB 18001 REQUIREMENTS WAS ORGANIZED. IN THE RESULT OF THE TRAINING INTERNAL LPMS AUDITORS WERE EDUCATED. AND MANAGEMENT AWARENESS REGARDING THE ASPECTS OF THE IMPLEMENTATION AND ADVANTAGES OF OBSERVING OHSAS 18001 AND STB 18001 REQUIREMENTS WAS ENHANCED. »

## Social activity

» In 2011 RUE "BMZ" SUCCESSFULLY PASSED A SUPERVISORY AUDIT FOR COMPLIANCE WITH THE REQUIREMENTS OF OHSAS 18001:2007 INTERNATIONAL STANDARD "PROFESSIONAL SAFETY AND HEALTH MANAGEMENT SYSTEMS" AND A RE-CERTIFICATION AUDIT FOR COMPLIANCE WITH THE REQUIREMENTS OF STB 18001-2009 STATE STANDARD "LABOR PROTECTION MANAGEMENT SYSTEMS. REQUIREMENTS".

AUDITORS OF THE CERTIFICATION AGENCY "BUREAU VERITAS CERTIFICATION" AND THE STATE EDUCATIONAL ESTABLISHMENT "REPUBLICAN HIGHER SCHOOL UNIVERSITY" CONFIRMED THE COMPLIANCE OF THE MANAGEMENT SYSTEM IMPLEMENTED AT THE ENTERPRISE WITH THE INTERNATIONAL AND STATE STANDARD.

«The system of labour and industrial safety of BMZ has been operating for four years and the plant made a considerable step forward in issues related with labour conditions and labour protection».

**A.M. Degtyaryiv,**  
**Expert-auditor of labour and**  
**industrial safety of the state**  
**educational establishment "Republican**  
**Institute of Higher School"**



AFTER IMPLEMENTATION OF THE STANDARDS AT THE ENTERPRISE WE ACCEPT CONTEMPORARY, UNIVERSALLY ACKNOWLEDGED INTERNATIONAL SAFETY TECHNOLOGIES. THIS ALLOWS RUE "BMZ" TO SPEAK THE SAME LANGUAGE WITH ITS INTERNATIONAL PARTNERS AND ORGANIZE COOPERATION MORE EFFECTIVELY. AT PRESENT, IN MANY CASES FOR SIGNING COLLECTIVE CONTRACTS THE ENTERPRISE NEEDS TO CONFIRM THE AVAILABILITY OF THE CERTIFIED LABOR PROTECTION MANAGEMENT SYSTEM. IT IS EVIDENT CONSIDERING WESTERN PARTNERS' MENTALITY. AVAILABILITY OF THE CERTIFICATE CONFIRMING THE CONFORMITY WITH THE INTERNATIONAL STANDARDS CHARACTERIZES THE ENTERPRISE AS A RELIABLE PARTNER, INCREASES ITS PRESTIGE, AND THE PRODUCTS COMPETITIVE ABILITY.

IMPLEMENTATION OF THIS SYSTEM ALLOWED OUR WORKS TO:

- DECREASE THE COSTS DUE TO A MORE EFFICIENT USE OF LABOR RECOURSES; DIMINISH THE EXPENSES RELATED WITH TRAUMATISM AND MORBIDITY;
- INCREASE LEGAL SAFETY, GUARANTEES OF CORRESPONDENCE TO THE CHANGING LEGISLATIVE LABOR SAFETY REQUIREMENTS;
- MINIMIZE THE RISK OF JUDICIAL PUNISHMENT;
- RESPECT THE INTERESTS OF THE PARTIES – THE EMPLOYER AND WORKING TEAM IN THE PROCESS OF THE ENTERPRISE PRODUCTIVE ACTIVITY;
- IMPROVE THE ENTERPRISE IMAGE ON PRODUCT AND LABOR MARKETS AS WELL AS IN THE EYES OF GOVERNMENT AUTHORITIES AS A SOCIALLY RESPONSIBLE ORGANIZATION;
- AIM THE MANAGEMENT TEAM AT DETECTING AND DECREASING THE BASIC RISK TYPES RELATED WITH THE NEGATIVE IMPACT OF THE PRODUCTION ACTIVITY AND THE RELEASED PRODUCTS ON THE HEALTH OF ITS EMPLOYEES, POPULATION AND CONSUMERS;
- TO SIMPLIFY THE SYSTEM APPROACH TO PROBLEM-SOLVING, ACHIEVE GREATER RESPONSIBILITY, MORE DISTINCT RESPONSIBILITY DISTRIBUTION;
- INCREASE LABOUR PRODUCTIVITY DUE TO IMPROVEMENT OF CONDITIONS AND REDUCTION OF UNPRODUCTIVE TIME AND LABOUR WASTE.

A CONTROL SYSTEM IS DEVELOPED AND INTRODUCED THE PLANT TO CONTROL THE STATE OF LABOUR SAFETY. THE AIM OF THIS SYSTEM OF PERIODICAL CONTROL OF LABOUR SAFETY IS TO IMPROVE EFFICIENCY OF PREVENTIVE WORK DIRECTED TOWARDS IMPROVEMENT OF LABOUR CONDITIONS AND SAFETY AND PREVENTION OF ACCIDENTS IN PRODUCTION.

THE FIRST STAGE OF THE PERIODICAL CONTROL OF LABOUR SAFETY IS CARRIED OUT BY THE HEAD OF THE CORRESPONDING DEPARTMENT (HEAD OF THE SHIFT, SENIOR FOREMAN, FOREMAN) AND A SOCIAL INSPECTOR RESPONSIBLE FOR LABOUR SAFETY EVERY DAY AT THE BEGINNING OF A WORKING DAY (SHIFT) AND DURING THE WORKING DAY (SHIFT).



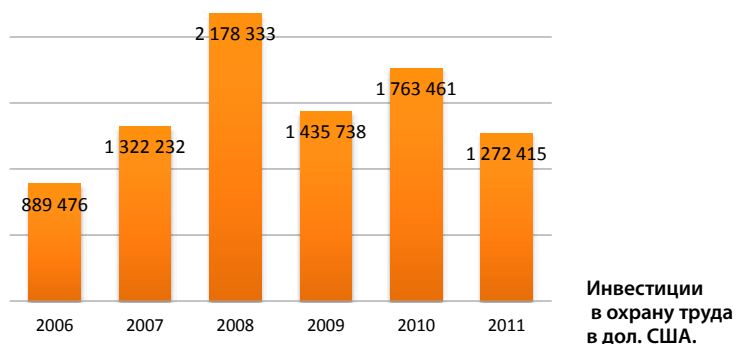
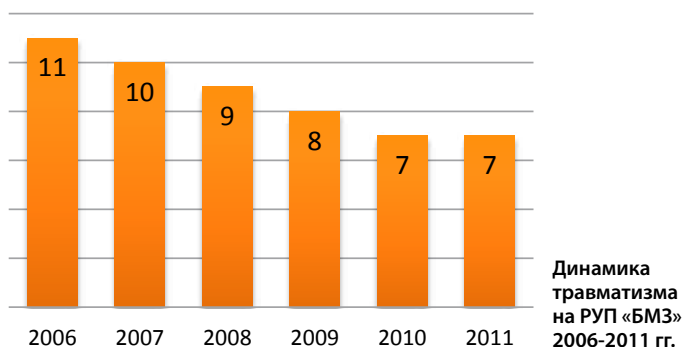
THE SECOND STAGE OF THE PERIODICAL CONTROL OF LABOUR SAFETY IS PERFORMED BY A COMMITTEE HEADED BY THE DEPARTMENT HEAD (HEAD OF THE SHOP, BOARD, SERVICE) EVERY WEEK ON A CERTAIN DAY DETERMINED FOR THE WHOLE PLANT AND NAMED UNIFORM DAY OF LABOUR SAFETY" (THURSDAY) ACCORDING TO THE APPROVED SCHEDULE.

THE THIRD STAGE OF THE PERIODICAL CONTROL OF LABOUR SAFETY IS CARRIED OUT BY THE PLANT COMMITTEE ON A UNIFORM DAY OF LABOUR SAFETY (THURSDAY) ACCORDING TO THE APPROVED SCHEDULE OF INSPECTION OF SHOPS AND PRODUCTION SUBDIVISIONS TO INSPECT LABOUR AND INDUSTRIAL SAFETY.

RUE "BMZ" CONSTANTLY IMPROVES THE LABOR PROTECTION AND INDUSTRIAL SAFETY SYSTEM AND COORDINATES IT WITH THE REQUIREMENTS OF INTERNATIONAL STANDARDS. THIS ALLOWS CONSIDERABLE REDUCTION OF THE PRODUCTION COSTS DUE TO LOWERING THE SPECIALISTS INCAPACITATION RELATED WITH ACCIDENTS, OCCUPATIONAL ILLNESSES, EMERGENCIES AND FIRES.

IN 2011 INVESTMENTS INTO THE LABOR PROTECTION MADE UP USD 1 272,4. REDUCTION OF THE INVESTMENT LEVEL IN USD AS COMPARED WITH 2010 WAS CAUSED BY A CONSIDERABLE GROWTH OF THE USD EXCHANGE RATE IN THE 1ST QUARTER OF 2011 IN THE REPUBLIC OF BELARUS.

THE OCCUPATIONAL TRAUMATISM LEVEL DEPENDS ON SEVERAL FACTORS; ONE OF THEM IS THE VOLUME OF INVESTMENTS INTO LABOR PROTECTION. DURING RECENT YEARS CONSIDERABLE MEANS WERE INVESTED INTO THE LABOR PROTECTION MEASURES THAT ALLOWED DECREASE OF THE TRAUMATISM LEVEL FROM 11 IN 2006 TO 7 IN 2011.



Item No.	2010	2011
NUMBER OF RECORDED ACCIDENTS	7	7
NUMBER OF THE INJURED INCLUDING:	7	7
MORTAL	1	2
SEVERE	3	1
GROUP	0	0
FREQUENCY COEFFICIENT, Fc	0,61	0,61
SERIOUSNESS COEFFICIENT, Sc	36,14	51,7
WASTED DAYS OF WORKING ABILITY	253	362

Показатели  
производственного  
травматизма.

## Social activity

### IMPROVEMENT OF LABOUR CONDITIONS

A LARGE AMOUNT OF WORK IS PERFORMED WITHIN THE PROGRAM OF TECHNICAL REVAMPING TO REMOVE OUTDATED EQUIPMENT FROM OPERATION AND INTRODUCE UP-TO-DATE EQUIPMENT MEETING ALL INTERNATIONAL REQUIREMENTS OF LABOUR SAFETY.

THESE ARRANGEMENTS ALLOWED THE PLANT TO IMPROVE LABOUR CONDITIONS TO A GREAT EXTENT AND REDUCE THE IMPACT OF THE PRODUCTION FACTORS HARMFUL AND DANGEROUS FOR HUMAN HEALTH.

EVERY YEAR THE PLANT WORKS OUT "MEASURES TO PROVIDE FOR LABOUR SAFETY". 90 MEASURES AIMED AT LABOUR SAFETY AND IMPROVEMENT OF LABOUR CONDITIONS WERE PLANNED FOR 2011, 82 OF THEM WERE FULFILLED, 8 WERE EXCLUDED. DUE TO THE MEASURES TAKEN LABOUR CONDITIONS OF 792 EMPLOYEES WERE IMPROVED (COMPARED WITH: 787 IN 2010).

THE ENTERPRISE STRIVES FOR CONTINUOUS IMPROVEMENT OF ITS PERFORMANCE IN THE AREA OF LABOUR SAFETY DUE TO IMPROVEMENT OF SAFETY OF THE PRODUCTION PROCESSES, MOTIVATION OF THE PERSONNEL AND INTEREST OF THE STAFF IN OBSERVATION OF LABOUR SAFETY REQUIREMENTS.

OBLIGATIONS OF THE EMPLOYER IN PROVIDING FOR SAFE AND HEALTHY LABOUR CONDITIONS ARE STIPULATED IN THE SECTION "LABOUR SAFETY" OF THE COLLECTIVE AGREEMENT OF THE PLANT. IN ACCORDANCE WITH THE PROVISIONS OF THE COLLECTIVE AGREEMENT THE EMPLOYEES ARE TIMELY PROVIDED WITH FREE CERTIFIED WORKING CLOTHES AND SHOES, PERSONAL PROTECTIVE AND HYGIENIC EQUIPMENT, UNDERGO A PERIODICAL MEDICAL INSPECTION. SOME CATEGORIES OF WORKERS ARE PROVIDED WITH MILK.



### TRAINING AND COMPETENCE EVALUATION

AN INTEGRAL PART OF THE LABOR PROTECTION AND INDUSTRIAL SAFETY SYSTEM OF THE ENTERPRISE IS TEACHING OF SAFE OPERATION OF HAZARDOUS PRODUCTION FACILITIES, OCCUPATIONAL SANITATION AND LABOR HYGIENE. AN EMPLOYEE'S LABOR SAFETY GREATLY DEPENDS ON THE THOROUGHNESS OF HIS/HER PROFESSIONAL TRAINING. SUSTAINING THE HIGH STANDARD OF KNOWLEDGE IS INSURED BY CONDUCTING AN OBLIGATORY LABOR SAFETY INSTRUCTION, PERIODICAL KNOWLEDGE CHECK AND PERSONNEL CERTIFICATION REGARDING SAFE OPERATION.

IN ORDER TO FULFILL THE EDUCATIONAL TRAINING OF THE PERSONNEL THAT SERVICE AND OPERATES HIGH-RISK FACILITIES, THE CORPORATE TRAINING CENTER WAS AUDITED TO CHECK ITS CONFORMITY WITH THE REPUBLICAN LEGISLATION AND RECEIVED THE CONSENT OF THE DEPARTMENT FOR SUPERVISION OF SAFE OPERATION IN INDUSTRIAL AND ATOMIC POWER ENGINEERING OF THE EMERGENCY SITUATIONS MINISTRY OF THE REPUBLIC OF BELARUS FOR THE RIGHT TO TRAIN EMPLOYEES REQUIRED BY THE WORKS AND OTHER ORGANIZATIONS.

ACTIVITY	2010			2011		
	PLAN	ACTUAL	% FULFILLED.	PLAN	ACTUAL	% FULFILLED.
ENHANCEMENT OF THE ADMINISTRATIVE EMPLOYEES' AND SPECIALISTS QUALIFICATION, TOTAL:	526	1 037	197	565	688	121
– PAN RB	326	385	118	365	434	119
– DESIGNATED OHSAS COURSES	200	652	326	200	254	127
PROFESSIONAL TRAINING OF THE WORKERS:	3 551	4 163	117	3 399	3 854	113
– TRAINING OF NEW EMPLOYEES	0	50		0	19	
– RETRAINING	703	1 033	147	705	896	127
– QUALIFICATION ENHANCEMENT	482	548	114	608	696	114
– DESIGNATED COURSES	2 366	2 532	107	2 086	2 243	107

Таблица:  
Подготовка персонала,  
обслуживающего  
и эксплуатирующего  
объекты повышенной  
опасности.

## SOCIAL CONTROL FOR OBSERVANCE OF HUMAN RIGHTS I N THE FIELD OF LABOR PROTECTION

**A**LL THE INTERESTED PARTIES INCLUDING THE EMPLOYEES ARE ACTIVELY INVOLVED IN THE PROCESS OF MANAGING THE LABOR PROTECTION AND INDUSTRIAL SAFETY SYSTEM. THE WORKS CREATED A SYSTEM OF THE TWO-STAGE PUBLIC CONTROL.

AT THE FIRST STAGE DAILY CONTROL OF OBSERVATION OF THE LEGISLATION OF THE REPUBLIC OF BELARUS IN THE SPHERE OF LABOR PROTECTION, ENSURING THE EMPLOYEES RIGHT TO SAFE LABOR AND HEALTH MAINTENANCE IS FULFILLED BY THE PUBLIC SERVICE OF HEALTH AND SAFETY EXECUTIVES. THE SERVICE OF PUBLIC EXECUTIVES IN THE AMOUNT OF 419 PERSONS CONSISTS OF THE REPUTABLE EMPLOYEES SELECTED BY THE WORKING TEAM MEMBERS BY WAY OF OPEN VOTING.

THE EXECUTIVES' ACTIVITIES AND THEIR AUTHORITIES REGARDING THE CONTROL OF COMPLIANCE WITH THE LABOR PROTECTION LEGISLATION ARE REGULATED BY DECREE No.179 OF THE MINISTRY OF LABOR AND SOCIAL SECURITY OF THE REPUBLIC OF BELARUS "ON THE PROCEDURE OF PUBLIC CONTROL OF THE COMPLIANCE WITH THE LABOR PROTECTION LEGISLATION CARRIED-OUT BY THE PERSONS AUTHORIZED TO CONTROL AN ORGANIZATION EMPLOYEES' LABOR PROTECTION" DD. 28.11.2008 AND THE ARTICLES OF ASSOCIATION OF THE BELARUSIAN FEDERATION OF TRADE UNIONS. THE EXECUTIVES PROCEED TO INDIVIDUAL WORK AFTER TAKING A SPECIAL TRAINING COURSE AT THE PRIVATE UNITARY ENTERPRISE "EDUCATIONAL-METHODIC CENTER OF GOMEL REGIONAL TRADE UNIONS".

AT THE SECOND STAGE THE CONTROL OF COMPLIANCE WITH THE LEGISLATION AND CHECKING OPERATING SAFETY ORGANIZATION IN CONFORMITY WITH LOCAL REGULATIONS IS CARRIED OUT BY 36 PUBLIC COMMISSIONS INCLUDING REPRESENTATIVES OF THE STRUCTURAL SUBDIVISIONS MANAGEMENT. THEIR ACTIVITY IS SPECIFIED BY THE DECREE OF PRESIDUM OF THE BELARUSIAN TRADE UNIONS FEDERAL COUNCIL No. 59 DD. 24.04.2003.



«THE MOST ADVANCE METHODS ARE NOT COMPETITIVE WITHOUT SKILLED WORKERS PUTTING THEIR SOLE INTO THEIR WORK. AND WORKERS DO THEIR JOB WELL ONLY IF THERE IS A SOCIAL WELLBEING. IT IS HARMONY OF THE PRODUCTION DEVELOPMENT THAT ALLOWS US TO CONQUER AND RETAIN THE LEADING INTERNATIONAL POSITION».

**ANATOLY SAVIZNOK,**  
**RUE "BMZ" GENERAL DIRECTOR**

IN 2011 PUBLIC LABOR SAFETY FORMATIONS CARRIED-OUT 34 068 INSPECTIONS. 36 844 NON-CONFORMITIES WERE DETECTED AND 586 NOTATIONS WERE ISSUED TO THE MANAGEMENT.

DURING THE ANNUAL INTEGRATED RESEARCH OF SOCIAL-PSYCHOLOGICAL CLIMATE IN THE STRUCTURAL SUBDIVISIONS WORKING TEAMS THE RESPONDENTS GIVE A HIGH ESTIMATE TO THE EMPLOYEES' LABOR SAFETY LEVEL (THE SATISFACTION

## Social activity

### SOCIAL PROGRAMS

CONTRIBUTING TO THE SOCIAL DEVELOPMENT OF WORKERS AND LOCAL COMMUNITY BYLORUSSIAN STEEL WORKS FOLLOWS THE PRINCIPLES OF THE RESPONSIBLE BUSINESS PRACTICE FORMULATED IN THE UN GLOBAL COMPACT AND OTHER INTERNATIONAL ACTS.

NOWADAYS THE ENTERPRISE STABILITY IS DETERMINED BY BOTH ECONOMIC EFFICIENCY FACTORS AND PARAMETERS OF THE CORPORATE SOCIAL POLICY EFFECTIVENESS.

STABILITY DEPENDS ON THE SOCIAL AND ECONOMIC STABILITY IN THE REGION. PURSUE OF THE POLICY OF THE CORPORATE SOCIAL RESPONSIBILITY AS REGARDS OWN EMPLOYEES AND LOCAL COMMUNITIES IS A STRATEGIC DIRECTION OF THE PLANT'S ACTIVITY.

THE PERSONNEL ARE A MAJOR SOCIETY RESOURCE FOR OBTAINING COMPETITIVE ADVANTAGES.

CONSIDERABLE MEANS ARE INVESTED BY THE PLANT IN THE FORMATION OF INTERESTED AND RESPONSIBLE STAFF, IMPROVEMENT OF WORKING CONDITIONS, AND PROVISION OF SOCIAL PROTECTION OF THE EMPLOYEES.

THE SOCIAL POLICY ADOPTED BY THE PLANT CONTRIBUTES TO RETAIN COMPETITIVE ADVANTAGES OF THE PLANT, CREATE A HIGHLY QUALIFIED TEAM OF EMPLOYEES ABLE TO WORK EFFICIENTLY IN THE SITUATION OF A STRONG COMPETITION.

IN 2011 RUE "BMZ" SOCIAL PROGRAMS WERE FULFILLED ON THE BASIS OF A UNION AGREEMENT AND ACCORDING TO THE SOCIAL BUDGET FOR THE ACCOUNT OF THE PLANT'S OWN FUNDS AND MEANS GRANTED BY THE SOCIAL INSURANCE FUND OF THE REPUBLIC OF BELARUS. RUE "BMZ" FULFILLED ALL ITS OBLIGATIONS CONCERNING MAIN DIRECTIONS OF THE SOCIAL PROGRAMS IN 2011 AND IN SPITE OF THE FACT THAT 2011 WAS A DIFFICULT YEAR FROM THE ECONOMIC POINT OF VIEW THEIR FINANCING WAS INCREASED AND MADE UP USD 11,7 MILLION.

THE PRIORITY DIRECTIONS OF RUE "BMZ" SOCIAL POLICY ARE:

- CREATION OF FAVORABLE CONDITIONS FOR THE WORKERS AND THEIR FAMILIES FOR SOLVING ALL THE WELFARE ISSUES: TREATMENT AND MEDICAL SERVICE, SAVING OF REPRODUCTIVE HEALTH, HEALTH IMPROVEMENT AND VACATIONS, PROMOTION OF HEALTHY LIFESTYLE STANDARDS, IMPROVEMENT OF LIVING CONDITIONS AND CULTURAL SERVICE;
- RENDERING OF SOCIAL AND VOLUNTARY SUPPORT FOR PENSIONERS, THE DISABLED, CHILDREN, THE WORKS EMPLOYEES HAVING LARGE FAMILIES;
- OFFERING OF A SPONSORSHIP AND BENEFICENT AID FOR SPORT ORGANIZATIONS AND ORGANIZATIONS REPRESENTING OTHER SPHERES OF PUBLIC LIFE;
- OFFERING OF A WIDE SCOPE OF QUALITY SERVICES FOR THE INHABITANTS OF THE TOWN AND SURROUNDING AREA BY THE SOCIAL SERVICES.

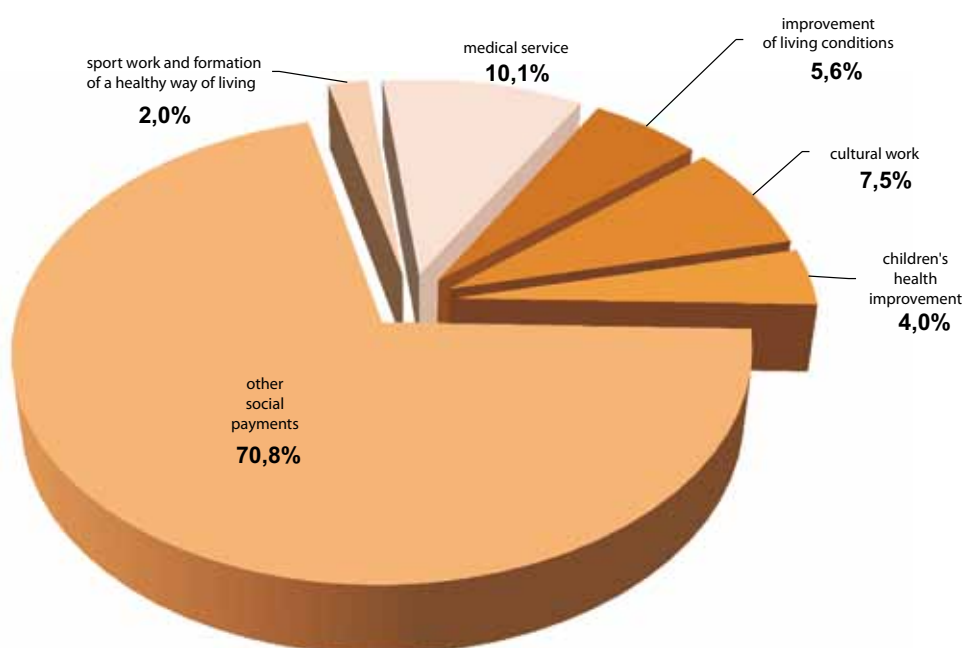


Diagramm.  
Social package  
RUE «BMZ»  
in 2011



## SOCIAL PACKAGE OF BENEFITS

### AND GUARANTEES FOR THE STAFF

RUE "BMZ" MAKES CONSIDERABLE INVESTMENTS INTO EDUCATION AND PERSONNEL QUALIFICATION ENHANCEMENT, LABOR CONDITIONS IMPROVEMENT, ENSURING EMPLOYEES SOCIAL SECURITY; IT PARTICIPATES IN SOLVING SOCIALLY SIGNIFICANT ISSUES IN THE REGION CONSIDERING THIS ACTIVITY A CONSTITUENT PART OF ITS BUSINESS AND SOCIAL INVESTMENTS INTO THE INHERENT ELEMENT OF CORPORATE RESPONSIBILITY. IN ORDER TO STIMULATE LABOR PRODUCTIVITY ENHANCEMENT AND PERSONNEL MANAGEMENT COST OPTIMIZATION, IN ADDITION TO SALARY THE WORKS USES A SOCIAL PACKAGE THAT MADE UP OVER USD 950 PER EACH EMPLOYEE IN 2011.

THE SOCIAL PACKAGE INCLUDES:

- - MEDICAL SERVICE \$1,18 MLN
- - IMPROVEMENT OF LIVING CONDITIONS – \$ 0,66 MLN
- - CULTURAL WORK – \$ 0,88 MLN
- - CHILDREN'S HEALTH IMPROVEMENT – \$ 0,48 MLN
- - SPORT WORK AND FORMATION OF A HEALTHY WAY OF LIVING – \$ 0,23 MLN
- - OTHER SOCIAL PAYMENTS (SUPPORTING OF 9 PRESCHOOL INSTITUTIONS, 8 WORKS CANTEENS, A RECREATION CENTER, ETC.) – \$ 8,3 MLN

THE WORKS IMPLEMENTS ITS SOCIAL POLICY IN THE FOLLOWING PRIORITY DIRECTIONS:

- LABOR SAFETY;
- REST AND HEALTH PROMOTION OF THE EMPLOYEES AND THEIR FAMILY MEMBERS;
- PHYSICAL CULTURE AND SPORT DEVELOPMENT;
- CULTURAL LIFE OF THE WORKS EMPLOYEES;
- SOLVING OF THE LIVING CONDITIONS ISSUES OF THE EMPLOYEES;
- SUPPORT OF LARGE FAMILIES;
- SOCIAL SUPPORT OF UNEMPLOYED PENSIONERS, INVALIDS AND OTHER CATEGORIES OF LOWER-INCOME CITIZENS;
- CHILD CARE.

## HEALTH PROTECTION

PROTECTION OF THE PLANT'S EMPLOYEES IS THE MOST IMPORTANT CONSTITUENT PART OF THE SOCIAL POLICY OF RUE "BMZ".

THE PLANT'S MEDIOPROPHYLACTIC ASSISTANCE RENDERED TO THE EMPLOYEES IS ORGANIZED IN ACCORDANCE WITH THE STATE PROGRAM OF AMBULATORY ASSISTANCE TO THE POPULATION AND FULFILLS THE TASKS RELATED WITH HEALTH PROTECTION, MEDICAL AND SANITARY SUPPORT OF THE PRODUCTION PROCESS, DISEASE PREVENTION, AND FOLLOW-UP CARE, AND ENSURES COOPERATION OF THE PLANT'S DIVISIONS IN SOLVING ISSUES OF LABOUR SAFETY AND PROTECTION OF THE EMPLOYEES HEALTH..

FORMATION OF STRATEGY AND TACTICS IN THE AREA OF HEALTH PROTECTION IS STATED IN THE COMPREHENSIVE PROGRAM "HEALTH-2011" WHICH COORDINATES THE INTERACTION OF THE ADMINISTRATION, MEDICAL STAFF, INDUSTRIAL SAFETY BOARD, PERSONNEL OF THE COMMUNITY AND CONSUMER FACILITIES, TRADE UNION IN THE AREA OF DISEASE AND TRAUMATISM PREVENTION, PROMOTION OF A HEALTHY LIFESTYLE.

THE MAJOR ITEMS OF THE WORKS SOCIAL POLICY AND THE "HEALTH -2011" ARE

- ENHANCING THE PREVENTIVE MEDICAL AID LEVEL;
- ORIENTATING THE MEDICAL AID SYSTEM AT INCREASING THE AMBULATORY SEGMENT EFFICIENCY;
- COORDINATING THE ON-SITE WORK PLACES WITH THE TECHNOLOGICAL AND SANITARY-HYGIENIC NORMS;
- IMPROVEMENT OF ECOLOGICAL EVENTS AND ENVIRONMENTAL PROTECTION NORMS;
- DEVELOPMENT OF THE WORKS PERSONNEL'S STRONG ORIENTATION AT HEALTHY LIFESTYLE.

THE PLANT DEVELOPS AND IMPROVES ITS OWN MEDICAL FACILITIES AIMED AT BRINGING MEDICAL ASSISTANCE CLOSE TO THE EMPLOYEES AND RENDERING MEDICAL ASSISTANCE TO THE CITIZENS OF THE TOWN AND INHABITANTS OF THE REGION.

THE PLANT SPENT USD 1,18 MLN FOR ITS MEDICAL CENTRE FINANCING IN 2011.

THE CLINIC OF RUE "BMZ" IS THE LARGEST AMONG THE TOWN



## Social activity

» ENTERPRISES AND INCLUDES A POLYCLINIC FOR 250 VISITS PER SHIFT, PLANT AID POSTS, PLANT RECREATION CENTERS AND IS THE MAIN MEDICAL CARE BASE.

SPECIALISTS QUALIFIED IN 12 MEDICAL SPECIALTIES RECEIVE PATIENTS. 80 % OF THE MEDICAL CENTRE SPECIALISTS ARE CERTIFIED FOR THE FIRST AND SECOND QUALIFICATION CATEGORY. 70 PER CENT ARE CERTIFIED FOR A CATEGORY.

THERE ARE 7 THERAPEUTIC DIVISIONS IN THE SHOPS, AVERAGE NUMBER OF THE PEOPLE SERVED BY EACH OF THEM EQUALS TO 1780.

OBSTETRICIAN-GYNECOLOGISTS RECEIVE WOMEN AT THE POLYCLINICS. WOMEN ARE SERVICED ON THE SHOP PRINCIPLE.

IN 2011 THE MEDICAL CENTRE WAS VISITED BY 190 532 PEOPLE WHICH IS 1983 LESS THAN IN 2010. 69,5 % OF THE TOTAL NUMBER OF VISITS ARE DUE TO ILLNESSES.. FREE AND VOLUNTARY VACCINATION AGAINST INFLUENZA IS A POSITIVE FEATURE IN PREVENTION OF SEASONAL DISEASES.

THE STRUCTURE OF THE MEDICAL CENTRE INCLUDES A CLINICAL AND BIOCHEMICAL LABORATORY, AN X-RAY ROOM, ULTRASONIC AND FUNCTIONAL DIAGNOSTICS ROOMS EQUIPPED WITH A STRESS-TEST SYSTEM FOR A DETAILED STUDY OF THE STATE OF THE RESPIRATORY AND CARDIOVASCULAR SYSTEM OF A MAN, PHYSIOTHERAPY DEPARTMENT, DAILY HOSPITAL, FOUR DENTAL ROOMS, AND TWO DRUG-STORES. AVAILABILITY OF AN UP-TO-DATE EQUIPMENT AND HIGHLY PROFESSIONAL STAFF ALLOW LABORATORY, FUNCTIONAL AND INSTRUMENTAL DIAGNOSTICS EXAMINATION. DOCTORS OF NARROW SPECIALIZATION RENDER A WIDE RANGE SERVICES.

CONTINUOUS ATTENTION IS PAID TO DISEASE PREVENTION, THEIR TIMELY DETECTION AND MEDICAL TREATMENT. PERIODIC MEDICAL EXAMINATIONS REMAIN THE BASIC MECHANISM OF WORKERS' HEALTH CONTROL. EXAMINATIONS GIVE A POSSIBILITY IMMEDIATELY TO DETECT PRESENCE OF HARMFUL AND DANGEROUS PRODUCTION FACTORS AND TAKE MEASURES FOR THEIR ELIMINATION THUS ALLOWING PREVENTION OF PROFESSIONAL DISEASE DEVELOPMENT AND HELPING TO PREVENT PRODUCTION TRAUMATISM. WORKERS WHO ARE INFLUENCED BY DANGEROUS AND HARMFUL FACTORS ON THEIR WORK PLACES ARE ADDITIONALLY THOROUGHLY EXAMINED INCLUDING INSTRUMENTAL LABORATORY STUDIES AND CONSULTATIONS GIVEN BY NARROW SPECIALISTS CONSIDERING INDUSTRY PECULIARITIES AND PROFESSION OF A WORKER. WITHIN THE FRAMEWORK OF THIS PROJECT MORE THAN 5824 EMPLOYEES INCLUDING 939 WOMEN WERE THOROUGHLY EXAMINED IN 2011. NOT A SINGLE PROFESSIONAL DISEASE WAS DETECTED IN 2011.

PRODUCTION-DETACHED TREATMENT PROCEDURES WERE GIVEN TO OVER 420 PEOPLE IN 2011. MEDICAL AND PHYSIOTHERAPEUTIC PROCEDURES ARE CARRIED OUT CLOSE TO PRODUCTION AND ARE BASED ON REHABILITATION CENTRES ARE LOCATED IN THE SHOPS.

SO AS TO MAKE TREATMENT OF PATIENTS AT THE MEDICAL AND SANITARY DEPARTMENT SIMPLER, PROVIDE OPERATION OF THE MEDICAL ROOMS AND SERVICES IN THE AUTOMATIC MODE, AN ELECTRONIC AMBULATORY CHART OF A PATIENT WAS FORMED.

DUE TO COUNTRYWIDE DISTRIBUTION OF CHRONIC DISEASES, DEMAND FOR MORE EFFECTIVE AND CONVENIENT METHODS OF TREATMENT GROWS. THIS PROBLEM CAN BE SOLVED ONLY SUBJECT TO THE PRINCIPAL EMPHASIS BEING PLACED ON PREVENTION OF DISEASES AND POPULARIZATION OF HEALTHY LIFESTYLE.

MEDICAL SERVICES ARE DEMANDED BY THE CITIZENS OF OUR REGION. IN 2011 PROCEEDS FROM MEDICAL SERVICES MADE UP \$ 22,5 THOU.

## EFFECTIVENESS OF MEDICAL AND SANITARY PROGRAMS

THE MEANS INVESTED IN THE WORKS EMPLOYEES HEALTH, MEDICAL SERVICE QUALITY ENHANCEMENT AND IMPLEMENTATION OF MODERN TREATMENT METHODS TOGETHER WITH SUCCESSFUL REALIZATION OF THE EMPLOYEES' HEALTH PROMOTION PROGRAM IN SANATORIUMS AND VACATION HOUSES ALLOWS TO SUSTAIN THE POSITIVE DYNAMICS OF LOWERING THE EMPLOYEES DISEASE IN.

IN THE RESULT OF PREVENTION AND EARLY DETECTION OF DISEASES INDICES OF THE EMPLOYEES' HEALTH IMPROVED AT RUE "BMZ" AS WELL AS QUALITY OF THEIR LIFE. DISEASES WITH TEMPORARY DISABILITY MADE UP 1021,3 DAYS PER 100 EMPLOYEES IN 2011 WHICH IS 2 DAYS LESS THAN IN 2010.

IN 2011 THE PLANT CONTINUED MEDICAL EXAMINATION TO PREVENT AND EARLY DETECT DISEASES OF THE EMPLOYEES. DURING 2011 502 PEOPLE WERE REGISTERED AND 990 WERE CROSSED OFF THE REGISTER INCLUDING 593 PEOPLE DUE TO RECOVERY. THE GROUP OF EMPLOYEES REGULARLY FOLLOWED-UP REDUCED BY 488 PEOPLE OR 10,6% AS COMPARED WITH 2010..



Medical-sanitary service of RUE «BSW» – is the biggest among town enterprises.

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RUE “BMZ” TAKE PART IN IMPLEMENTATION OF THE NATIONAL PROGRAM OF DEMOGRAPHIC SAFETY AIMED AT

Таблица:  
Количественные показатели заболеваемости.

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## Social activity

» RATING OF THE MEDICAL CENTRE WORK IS HIGHER THAN IN 2010, BUT IT IS STILL AT THE AVERAGE LEVEL (SATISFACTION INDEX WAS 0,67 AGAINST 0,66 IN 2010). STUDIES SHOWED THAT NUMBER OF EMPLOYEES INFORMED ABOUT THE "HEALTH" PROGRAM EXISTING AT THE PLANT GREW; THIS IS THE EVIDENCE OF A GROWING INTEREST OF THE EMPLOYEES TO THEIR HEALTH AND METHODS OF ITS PRESERVATION AS WELL AS IMPROVEMENT OF THE EMPLOYEES' INFORMATION ABOUT THE WORK OF THE MEDICAL CENTRE.

### SANITATION AND REST TIME OF THE EMPLOYEES AND THEIR FAMILIES

RUE "BMZ" STRIVES FOR IMPROVEMENT OF THE CONDITIONS FOR HEALTH PROMOTION AND REST OF ITS EMPLOYEES AS WELL AS ALL VOLUNTEERS IN ZHLOBIN AND REGION. AT PRESENT THE WORKS OFFERS THE HIGH-QUALITY SERVICES THAT CAN SATISFY ANY CLIENT. "DNEPROVSKIYE ZORI" RECREATION CENTER IS LOCATED ON A PICTURESQUE BANK OF THE DNIEPER RIVER, IN A PINE FOREST AND IS MEANT FOR ORGANIZING SPORT AND CULTURAL EVENTS. IN 2011 1328 HAD REST THERE. THE PLANT SPENT \$63,6 THOU. FOR ITS MAINTENANCE.

"BMZ is the only enterprise in the country where the program "Health @ work" is being implemented in corpore. The whole complex of the planned measure aimed at reduction of stigma and discrimination of people with HIV is embodied. Everything is done here from this viewpoint.

**T.V. Snitko,**  
**Manager of the Belarusian Red**  
**Cross project "Prevention of**  
**HIV in the labour sphere"**



EVERY YEAR MORE THAN 1 800 EMPLOYEES AND MEMBERS OF THEIR FAMILIES SPEND HOLIDAYS IN THE SANATORIUMS AND VACATION HOUSES OF THE REPUBLIC OF BELARUS. FINANCING OF HEALTH IMPROVEMENT PROGRAMS AND SANATORIUM-RESORT THERAPY IS FULFILLED ON THE PRINCIPLES OF A SOLIDARY PARTICIPATION AT THE EXPENSE OF THE WORKS BUDGET, STATE SOCIAL INSURANCE AND EMPLOYEES' MEANS. IN 2011 OVER \$ 0,48 MLN WERE USED TO COMPENSATE THE VOUCHER COSTS FOR THE EMPLOYEES AND THEIR FAMILY MEMBERS.

FOR ORGANIZING THE VACATIONS OF THE EMPLOYEES' CHILDREN RUE "BMZ" COMPENSATES THE MAJOR PART OF THE EXPENSES. IN 2011 ABOUT 1 450 CHILDREN SPENT THEIR VACATIONS IN THE CHILDREN'S HEALTH CENTERS OF THE REPUBLIC, HEALTH IMPROVEMENT OF MORE THAN 1500 CHILDREN IS SCHEDULED FOR 2012..

BESIDES, IN 2011 THE WORKS USED THE CHILDREN'S HEALTH IMPROVEMENT POSSIBILITIES UNDER THE PROGRAM OF CHILDREN'S VOUCHERS DISTRIBUTION BY THE SOCIAL INSURANCE FUND. THE HEALTH-IMPROVING SERVICES OF THE REPUBLICAN SANATORIUMS WERE USED BY 134 CHILDREN

### PHYSICAL CULTURE AND SPORT DEVELOPMENT

PHYSICAL CULTURE AND SPORT IS ONE OF THE CONSTITUENT PARTS OF HEALTHY LIFESTYLE, HENCE FORMING THE DEMAND IN REGULAR SPORT ACTIVITIES WITH WORKERS IS A PRIORITY DIRECTION OF RUE "BMZ" SOCIAL POLICY. THIS TYPE OF ACTIVITY IS SPECIFIED BY THE CORRESPONDING PROVISIONS AND CLAUSES OF THE COLLECTIVE AGREEMENT WITH DIRECT PARTICIPATION AND FINANCIAL SUPPORT BY THE RUE "BMZ" TRADE UNION COMMITTEE.

AT PRESENT, THE WORKS OFFERS ITS SPORT AND RECREATION CENTER FOR THE EMPLOYEES AND THE TOWN RESIDENTS TO DO SPORTS AND CONDUCT OUTDOOR ACTIVITIES. THE REALIZATION OF THE WORKS SOCIAL MANDATE REGARDING THE DEVELOPMENT OF THE MASS PHYSICAL CULTURE AND SPORT AND FOLLOWING HEALTHY LIFESTYLE ARE ASSIGNED TO THIS COMPLEX HAVING THREE GYMS: FOR EXERCISING, PLAYING GAMES AND TENNIS. THE PRIORITY WORK DIRECTIONS OF THE SPORT AND RECREATION CENTER ARE:

- ORGANIZATION OF SPORT AND HEALTH-IMPROVEMENT AS WELL AS SPORT-MASS WORK AT RUE "BMZ";
  - STRENGTHENING THE WORKS EMPLOYEES' HEALTH, ENHANCING THEIR WORKING EFFICIENCY, STRESS RESISTANCE, HEALTHY LIFESTYLE PROMOTION;
  - SATISFACTION OF THE WORKS EMPLOYEES' NEEDS FOR SYSTEMATIC SPORT AND PHYSICAL CULTURE ACTIVITIES, THE WORKS EMPLOYEES' HEALTH PROMOTION, FORMATION OF PHYSICALLY DEVELOPED AND HEALTHY CITIZENS;
  - ENGAGING CHILDREN AND TEENAGERS IN REGULAR SPORT ACTIVITIES.
- THE WORKS SPENT \$ 0,17 MLN FOR MAINTENANCE OF THE SPORT AND RECREATION CENTER IN 2011. THE ALLOCATED FUNDS WERE DIRECTED TO:
- CONDUCTING SPORT-MASS ACTIVITIES: UNDER THE ANNUAL ALL-THE-YEAR-AROUND OLYMPICS OF RUE "BMZ" EMPLOYEES THE COMPETITIONS WERE HELD IN 16 KINDS OF SPORT, 53 SPORT EVENTS WERE ORGANIZED WITH PARTICIPATION OF 35 TEAMS (2043 PEOPLE);
  - CLUBS AND 9 SPORTING SECTIONS FOR VARIED KINDS OF SPORT WERE CREATED AND SUCCESSFULLY FUNCTION, WHERE



OVER 1000 PEOPLE WERE ENGAGED IN REGULAR PHYSICAL CULTURE AND SPORT ACTIVITIES;

— SPORT-MASS ACTIVITIES ACCORDING TO THE SCHEDULE ESTABLISHED FOR 2011 IN COLLABORATION WITH RUE "BMZ" TRADE UNION: OVER 650 WORKERS AND THEIR FAMILY MEMBERS TOOK PART IN 12 TRADITIONAL SPORT ACTIVITIES.

57 SPORT ACTIVITIES VISITED BY OVER 41,9 THOUSAND PEOPLE INCLUDING 16 THOU. CHILDREN WERE HELD IN THE SPORT AND RECREATION CENTER IN 2011.

THEY INCLUDED A TRADITIONAL NEW YEAR CHILDREN'S TOURNAMENT IN MINI-FOOTBALL WHICH GATHERED 164 PARTICIPANTS, SPORTS CONTEST "DEFENDER OF THE FATHERLAND" IN 7 KINDS OF SPORT AMONG YOUTH TEAMS OF THE SHOPS AND SUBDIVISIONS OF THE PLANT WHERE 10 TEAMS (152 PEOPLE) TOOK PART, XXI INTERNATIONAL LIGHT ATHLETICS RACE DEDICATED TO THE METALLURGIST'S DAY WITH 223 PARTICIPANTS INCLUDING SPORTSMEN FROM RUSSIA, UKRAINE, BALTIC STATES.

РАБОТНИКИ ЗАВОДА ДОСТОЙНО ОТСТАИВАЮТ ЧЕСТЬ ПРЕДПРИЯТИЯ НА СОРЕВНОВАНИЯХ THE WORKS EMPLOYEES SUPPORT THE HONOR OF THE ENTERPRISE AT THE COMPETITIONS OF VARIOUS LEVELS; SOME OF THEM ARE ACTING PARTICIPANTS OF THE CHAMPIONSHIP OF THE REPUBLIC OF BELARUS IN MAJOR

LEAGUE IN MINI-FOOTBALL TEAM "MFK ZHLOBIN" AND ARE PARTICIPANTS OF GOMEL REGIONAL TEAMS.

EFFICIENCY OF HEALTHY LIFESTYLE POLICY IMPLEMENTATION AT THE WORKS IS CONFIRMED BY SPORT ACHIEVEMENTS OF THE ASSEMBLY TEAMS CONSISTING OF RUE "BMZ" EMPLOYEES:

— 1 TEAM PLACE IN THE IV SUMMER SPORTS CONTEST OF THE STEEL INDUSTRY;

— 1 PLACE IN THE DISTRICT ALL-YEAR-ROUND SPORTS CONTEST;

— 2 PLACE IN THE V REGIONAL INTER-BRANCH TRADE UNION SPORTS CONTEST.

VOLLEY-BALL PLAYERS OF THE PLANT-MEMBERS OF NATIONAL TEAM OF THE TRADE UNIONS OF BELARUS WON THE 3RD PLACE IN THE IX OPEN INTERNATIONAL WORKERS' FESTIVAL "THE BALKANS AND PIECE".

IN ORDER TO ORGANIZE THE WORKERS' LEISURE TIME AND PROMOTE HEALTHY LIFESTYLE THE WORKS IMPLEMENTED THE PROGRAM OF COLLECTIVE VISITS TO THE TOWN SPORT AND RECREATION CENTER, ICE PALACE, SWIMMING POOL AND »



Employees of the plant very often become leaders and winners at various competitions



## Social activity

» AQUA-PARK, SPORT COMPLEXES AND FACILITIES OF THE REPUBLIC: SILICHI, RAUBICHI, AND OTHERS.

ENGAGING THE WORKS EMPLOYEES INTO SPORT ACTIVITIES CONTRIBUTE TO BOTH THEIR HEALTH-IMPROVEMENT AND FORMING SPECIFIC CORPORATE SPIRIT OF THE ENTERPRISE THAT HELPS TO SOLVE THE MOST CHALLENGING PRODUCTION ISSUES.

THE SPORT AND RECREATION CENTER SERVICES ARE POPULAR WITH THE REGION POPULATION. PROCEEDS FROM PHYSICAL AND SPORT SERVICES MADE UP USD 13,3 THOU. IN 2011.

RUE "BMZ" TAKES ACTIVE PARTICIPATION IN SOLVING ISSUES ON THE TERRITORIES OF THE PRESENCE CARRYING-OUT THE FINANCIAL SUPPORT OF "METALLURG" VOLLEYBALL TEAM – BRONZE PRIZE WINNER OF THE CHAMPIONSHIP OF THE REPUBLIC OF BELARUS IN THE SEASON OF 2011–2012, "METALLURG-ZHLOBIN" HOCKEY-CLUB – VOLLEYBALL TEAM – HOLDER OF THE CUP OF THE REPUBLIC OF BELARUS AND WINNER OF THE CHAMPIONSHIP OF THE REPUBLIC OF BELARUS IN 2011-12, BRONZE PRIZE WINNER OF THE CHAMPIONSHIP OF THE REPUBLIC OF BELARUS IN 2009 AND 2011. THE PLANT ALSO SPONSORED THE FOOTBALL CLUB "ZHLOBIN", ASSOCIATION "HOCKEY FEDERATION OF THE REPUBLIC OF BELARUS", BELARUSIAN BIATHLON CLUB.

THE TOTAL AMOUNT OF USD 9,6 MLN WAS SPENT BY THE PLANT FOR FINANCING OF THE DEVELOPMENT OF PHYSICAL CULTURE AND SPORT IN THE REPUBLIC OF BELARUS IN 2011.

BY FINANCING THESE TEAMS THE PLANT SUPPORTS THE DEVELOPMENT OF THE SPORT OF HIGH ACHIEVEMENTS, SPORT POPULARIZATION IN PARTICULAR AMONG YOUNG PEOPLE.

IN 2011 THE ENTERPRISE SPENT USD 5,04 MLN FOR FINANCING OF THE ERECTION OF THE SPORT CENTRE AND A ROWING CANAL IN ZHLOBIN WHICH IS BEING CARRIED OUT BY THE PLANT SINCE.

### CULTURAL LIFE OF THE PLANT EMPLOYEES

ONE OF THE MAIN TASKS OF RUE "BMZ" SOCIAL POLICY IS CREATION OF CONDITIONS FOR PROMOTION AND DISTRIBUTION OF MODERN CULTURE, EFFECTIVE SOCIAL PRACTICE FOR THE DEVELOPMENT OF THE CREATIVE POTENTIAL OF ITS EMPLOYEES. DURING 20 YEARS THE KEY ROLE IN THE ORGANIZATION OF THE CULTURAL LIFE OF THE REGION

AND THE TOWN HAS BEEN PLAYED BY THE PALACE OF CULTURE OF METALLURGISTS. BY RIGHT THE PALACE OF CULTURE IS CONSIDERED THE CENTRE OF CULTURAL AND EDUCATIONAL WORK DIRECTED TOWARDS SATISFACTION OF CULTURAL AND INTELLECTUAL NEEDS OF ALL CATEGORIES OF THE POPULATION. 2011 WAS ANNOUNCED THE YEAR OF INITIATIVE IN THE REPUBLIC OF BELARUS. THE TEAM OF THE PALACE OF CULTURE OF METALLURGISTS SPENT IT UNDER THE MOTTO "INITIATIVE, CREATIVITY, SEARCH".

VARIOUS CULTURAL EVENTS OF EDUCATIONAL, AESTHETIC, ENTERTAINING CHARACTER FOR DIFFERENT AUDIENCES AND AGE GROUPS TAKE PLACE AT THE PALACE OF CULTURE. A LIST OF EVENTS IS VARIED: DIFFERENT PARTIES, DISCOTHEQUES, PERFORMANCES AND SHOWS, CONCERTS DEDICATED TO HOLIDAY AND JUBILEES, CONTESTS, AMATEUR ARTS FESTIVALS.

THE PALACE OF CULTURE DOES NOT ONLY CHEERS PEOPLE BUT DEVELOPS TALENTS, GIVES PEOPLE THE POSSIBILITY TO BE OCCUPIED WITH THEIR FAVOURITE HOBBY, MAKE THE LEISURE OF STEEL MAKERS AND THE INHABITANTS OF THE TOWN SPIRITUALLY RICH, AND INTERESTING. OVER 560 PEOPLE ARE MEMBERS OF HOBBY GROUPS AND CREATIVE TEAMS, 450 OF THEM ARE CHILDREN.

20 CREATIVE TEAMS AND AMATEUR ASSOCIATIONS WORK AT THE PALACE OF CULTURE: 9 FOR GROWN-UPS AND 11 FOR CHILDREN; 5 COLLECTIVES WERE GIVEN THE HONORABLE TITLE OF «PEOPLE'S» AND «CLASSIC» IN THE REPUBLIC OF BELARUS.

A GREAT EMPHASIS OF ITS ACTIVITY IS PLACED BY THE PALACE OF CULTURE ON THE PROFESSIONAL LEVEL ENHANCEMENT. GUEST PERFORMANCES, PARTICIPATION IN PRESTIGIOUS FESTIVALS AND CONTESTS SUPPORT PROFESSIONAL SKILLS GROWTH. THE FOLLOWING AWARDS RECEIVED IN 2011 ARE THE RESULT OF A LABORIOUS WORK OF THE CREATIVE TEAM OF THE PALACE OF CULTURE:

– DIPLOMA IN THE NOMINATION STAGE CULTURE" FOR THE FOLK CHOIR "KRYNITSA" AT THE VI REGIONAL FESTIVAL OF THE CHOIR ARTS "SINGING FIELD";

– SECOND PLACE OF THE FOR THE FOLK CHOIR "KRYNITSA" IN THE REGIONAL SINGING CONTEST NAMED AFTER T.K. LOPATINA.

FORMATION OF THE REPUTATION OF THE MOST ATTRACTIVE EMPLOYER IN THE REGION IS A PRECONDITION FOR ATTRACTING CREATIVELY ACTIVE AND EDUCATED PEOPLE TO THE PLANT. THE ENTERPRISE INVESTS FUNDS TO ARRANGE EVENTS FOR AESTHETIC UPBRINGING OF CHILDREN AND YOUNGER GENERATION AT THE PALACE OF CULTURE. THEMATIC DISCOTHEQUES, PARTIES, FESTIVALS, PERFORMANCES, CONTESTS



Palace of Culture of Metallurgist is an important component of corporate strategy of RUE «BSW».

FOR PEOPLE OF DIFFERENT AGES BECAME REGULAR: "HOW WONDERFUL THIS WORLD IS", "MEN'S SEASON", "CHOOSE ME", "MISS ZHLOBIN" AND MANY OTHERS. FOR THE CHILDREN OF ELEMENTARY SCHOOLS MUSIC LESSONS "JOURNEY TO THE COUNTRY OF MUSIC" WITH PARTICIPATION OF THE BRASS BAND WERE ORGANIZED IN 2011. MARRIAGE REGISTRATION AT THE PALACE OF CULTURE BECAME VERY POPULAR. IN 2011 THE PALACE OF CULTURE ARRANGED 361 EVENTS VISITED BY MORE THAN 32,8 THOU. PEOPLE. 6 770 PEOPLE INCLUDING 3 651 CHILDREN TOOK PART IN THE CULTURAL EVENTS.

ONE OF THE IMPORTANT ACTIVITIES OF THE PALACE OF CULTURE IS THE WORK DIRECTED TOWARDS PREVENTION OF THE YOUTH ASOCIAL BEHAVIOR, STRUGGLE AGAINST DRUGS, PROMOTING HEALTHY LIFESTYLE AND AIDS PREVENTION. DIFFERENT FORMS OF SUCH WORK ARE USED THE MAIN IDEA OF WHICH IS: "CREATIVITY AS THE ALTERNATIVE TO DRUGS AND ALCOHOL".

REALIZING SOCIAL PROGRAMS IN THE LOCAL COMMUNITY THE TEAM OF THE PALACE OF CULTURE CLOSELY COOPERATES WITH ZHLOBIN REGIONAL ORGANIZATION OF "BELARUSIAN BOARD OF OFFICERS" PUBLIC ASSOCIATION, "BELARUSIAN REPUBLICAN YOUTH ASSOCIATION", ETC. RUE "BMZ" VETERANS' BOARD, WOMEN'S COUNCIL AND OTHER PUBLIC ORGANIZATIONS OF THE WORK TEAMS HOLD THEIR ACTIVITIES UNDER THE ROOF OF RUE "BMZ" PALACE OF CULTURE. THESE ARE JOINT EVENTS – CONCERTS, MEETINGS, GALA NIGHTS AND CELEBRATIONS.

SUCH JOINT PROJECTS OF THE BELARUSIAN REPUBLICAN YOUTH UNION AND THE PALACE OF CULTURE AS "MISS ZHLOBIN", "BMZ SUPERMAN", "LADY PERFECTION", AND "BUSINESS LADY" ARE VERY POPULAR WITH THE YOUNG WORKERS OF THE PLANT. SUPPORTING THE STATE YOUTH POLICY THE PALACE OF CULTURE ARRANGES SUCH TRADITIONAL PROJECTS AS «SPORT! HEALTH! BEAUTY!», "FAMILY GIVES START TO EVERYTHING!", YOUTH FESTIVAL «DARE WHILE YOUNG!», ETC

THE PALACE OF CULTURE PROMOTES IMPLEMENTATION OF SOCIALLY-ORIENTED PROJECTS ON THE REGIONAL AND LOCAL LEVEL. ITS ACTIVITY IS AIMED AT IMPROVING SOCIAL CLIMATE AND HABITAT. CREATIVE TEAMS OF THE PALACE OF CULTURE CONSTANTLY PARTICIPATE IN TOWN AND REGION FESTIVE EVENTS, ANNUAL REPUBLICAN FESTIVAL-FAIR "DAZHYNKI", GALA CONCERTS DEDICATED TO THE VICTOR DAY, INDEPENDENCE DAY OF THE REPUBLIC OF BELARUS, LABOUR DAY, YOUTH DAY AND PROFESSIONAL FEASTS.





## Social activity

» THE CULTURE CENTER TEAMS ALSO PARTICIPATE IN REGIONAL AND REPUBLICAN EVENTS. THE BRASS BAND OF THE PALACE OF CULTURE IS THE ADORNMENT OF KEY FESTIVALS IN THE CULTURAL LIFE OF THE TOWN. CREATIVE WORK OF THE BRASS BAND IS VALUED AND LOVED BY THE CITIZENS: *"ONE EXPERIENCES WONDERFUL MINUTES WHEN CLEAR AND TENDER SOUNDS OF WIND INSTRUMENTS ARE HEARD IN THE PARK OR NEAR THE FOUNTAIN. JUST THESE SOUNDS ARE ABLE TO RAISE ONE'S MOOD, ENRICH A HOLIDAY AND WHAT IS MOST IMPORTANT TOUCH ONE'S SOLE"*, SAID OLGA MAKSIMTSOVA, A CITIZEN OF ZHLOBIN.

AN IMPORTANT DIRECTION OF THE ACTIVITY OF THE PALACE OF CULTURE IS ORGANIZATION OF EVENTS STRENGTHENING THE RELATIONS WITH THE PRODUCTION, CULTIVATE PRIDE FOR THE ENTERPRISE.

IN THE CENTER OF ALL THE ACTIVITIES IS THE MAN OF LABOR, DEMONSTRATION OF THE IMPORTANCE OF EVERY SINGLE TEAM MEMBER, ESTABLISHING AND SUPPORT OF THE CORPORATE SPIRIT FOR THE EFFICIENT ACTIVITY OF THE ENTIRE ENTERPRISE. ANNUAL CEREMONIAL PRESENTATION OF PROFESSIONAL PREMIUM *"PROFESSIONAL OLYMPUS"*, *"MISS BMZ"*, *"INITIATION INTO METALLURGISTS"*, *"CORPORATE CALENDAR"*, *"YOUTH BALL"*, CULTURAL-SPORT FEASTS, THE EVENTS DEDICATED TO THE METALLURGIST'S DAY, THE WORKS BIRTHDAY ARE THE FORMS USED BY THE PALACE OF CULTURE IN ITS WORK.

THE ACTIVITY OF THE PALACE OF CULTURE IS ORGANIZED IN SUCH A WAY THAT ALLOWS THE MAJORITY OF THE WORKERS TO DISCLOSE THEIR ABILITIES AND TALENTS, ENJOY THE BEAUTY AND HIGHLY SPIRITUAL. IT IS PROVED BY THE ANNUAL AMATEUR ARTS FESTIVAL. THIS CREATIVE WORK UNITES PEOPLE, RAISES THEIR SPIRITS, CREATES MOOD FOR SUCCESSFUL AND PRODUCTIVE WORK.

ALONG WITH THE EVENTS BASED ON MODERN GENRES, THE PALACE OF CULTURE CONTRIBUTES TO THE DEVELOPMENT OF NATIONAL FOLK ARTS, SPIRITUAL REVIVAL AND PRESERVATION OF THE BEST TRADITIONS OF BELARUSIAN NATIONAL CULTURE. ACTIVE WORK IN THIS DIRECTION IS CARRIED OUT BY KRYNITSA CHOIR, AND CREATIVE COLLECTIVE *"SKOMOROSHINA"*. EVENTS ORGANIZED BY THESE TEAMS ARE VERY POPULAR WITH THE PEOPLE OF DIFFERENT AGES.

THE METALLURGIST'S DAY IS THE MAIN FEAST OF RUE "BMZ" WORK TEAM AND THE ENTIRE TOWN. AS FAR AS IMPORTANCE, ATTENDANCE, IMPRESSIONS BRIGHTNESS IMPRESSION ARE CONCERNED, IT IS EQUAL TO FESTIVE EVENTS OF THE REPUBLICAN SCALE. BELARUSIAN AND RUSSIAN ENTERTAINMENT STARS CAN BE SEEN PERFORMING DURING THE FEAST.

WORK OF THE TEAM OF THE PALACE OF CULTURE COMPLETELY JUSTIFIES ITS HIGH MISSION. BEING THE CENTRE OF THE CULTURAL LIFE OF THE PLANT, TOWN AND REGION, THE PALACE OF CULTURE IS AN IMPORTANT CONSTITUENT PART OF THE CORPORATE STRATEGY OF RUE "BMZ". IN 2011 THE PLANT SPENT \$0,53 MLN FOR ORGANIZATION OF CULTURAL EVENTS.



## SOLVING OF EMPLOYEES' HOUSING PROBLEMS

**A**N IMPORTANT PART OF THE SOCIAL POLICY OF RUE "BMZ" IS ENGAGING AND PROMOTING YOUNG HIGHLY-PROFESSIONAL PRODUCTION STAFF. PROVISION WITH HOUSING IS ONE

OF THE KEY FACTORS OF THE WORKING TEAM STABILITY AND SOCIAL ATTRACTIVENESS OF THE ENTERPRISE.

ON THE BALANCE OF RUE "BMZ" THERE ARE SIX DORMITORIES FOR THE WORKERS' FAMILY MEMBERS, WHERE 1676 PEOPLE (574 FAMILIES) RESIDE, AND ONE DORMITORY WITH 340 BEDS PROVIDED FOR SINGLE EMPLOYEES (306 PEOPLE INCLUDING STUDENTS OF ZHLOBIN METALLURGICAL COLLEGE) RESIDE THERE. LIVING CONDITIONS IN THE DORMITORIES ARE CONSTANTLY IMPROVED DUE TO SCHEDULED CAPITAL REPAIRS: MODERNIZATION OF ENGINEERING NETWORK AND HEAT POINTS WHICH HELPED

TO DECREASE MUNICIPAL EXPENSES

IN 2011 THE PLANT SPENT \$0,64 MLN FOR THESE PURPOSES OUT OF WHICH \$183,6 THOUSAND WERE USED FOR IMPROVEMENT AND REPAIR OF THE HOUSING STOCK.

THE POLICY OF THE HOUSE BUILDING ADOPTED BY THE GOVERNMENT HELPED TO ELIMINATE THE DEFICIENCY OF PERMANENT AND TEMPORARY HOUSING FOR THE STAFF OF THE PLANT: IN AUGUST 2011 A 36-FLAT HOUSE NO. 35 IN MICRODISTRICT 18 WAS COMMISSIONED. IN DECEMBER 2011 THE 1ST BLOCK OF HOSTEL No. 3 IN MICRODISTRICT 16 WAS COMMISSIONED AFTER MODERNIZATION AND CAPITAL REPAIR CARRIED OUT FOR ACCOUNT OF THE PLANT.

IN 2011 240 PLANT'S EMPLOYEES IMPROVED THEIR LIVING CONDITIONS, 165 PEOPLE WERE REGISTERED AS THOSE WHO NEED THEIR LIVING CONDITIONS TO BE IMPROVED.

## Поддержка многодетных семей

**Р**ЕАЛИЗАЦИЯ ЦЕЛЕВОЙ СОЦИАЛЬНОЙ ПОДДЕРЖКИ РАБОТНИКОВ РУП «БМЗ» ОСУЩЕСТВЛЯЕТСЯ ПОСРЕДСТВОМ ГИБКОЙ СИСТЕМЫ ЛЬГОТ И КОМПЕНСАЦИЙ.

ОСНОВЫВАЯСЬ НА ПРИНЦИПАХ ГОСУДАРСТВЕННОЙ ПОЛИТИКИ, ПРОВОЗГЛАШАЮЩЕЙ, ЧТО ДЕТИ ИМЕЮТ ПРАВО НА ОСОБУЮ ЗАБОТУ И ПОМОЩЬ, ЧТО СЕМЬЯ КАК ОСНОВНАЯ ЯЧЕЙКА ОБЩЕСТВА И ЕСТЕСТВЕННАЯ СРЕДА ДЛЯ РОСТА И БЛАГОПОЛУЧИЯ ВСЕХ ЕЕ ЧЛЕНОВ ДОЛЖНА БЫТЬ ОБЕСПЕЧЕНА НЕОБХОДИМОЙ ЗАЩИТОЙ И СОДЕЙСТВИЕМ, РУП «БМЗ»

С ЦЕЛЬЮ ДАЛЬНЕЙШЕГО РАЗВИТИЯ НАПРАВЛЕНИЙ ПОДДЕРЖКИ МАТЕРИНСТВА И ДЕТСТВА НА ЗАВОДЕ ОСУЩЕСТВЛЯЕТ МЕРОПРИЯТИЯ ПО ПОДДЕРЖКЕ ПОЛНЫХ И НЕПОЛНЫХ СЕМЕЙ, А ТАКЖЕ СЕМЕЙ, ИМЕЮЩИХ ЧЕТЫРЕХ И БОЛЕЕ ДЕТЕЙ В ВОЗРАСТЕ ДО 18 ЛЕТ. ЦЕЛЬ МЕРОПРИЯТИЙ – ПОВЫШЕНИЕ СТАТУСА СЕМЕЙ И УЛУЧШЕНИЕ КАЧЕСТВА ИХ ЖИЗНИ. СОГЛАСНО ПОЛОЖЕНИЮ ПО ОЗДОРОВЛЕНИЮ И САНАТОРНО-КУРОРТНОМУ ЛЕЧЕНИЮ НА РУП «БМЗ», СЕМЬЯМ ПРЕДОСТАВЛЯЮТСЯ ЛЬГОТНЫЕ И ЧАСТИЧНО ОПЛАЧИВАЕМЫЕ ПУТЕВКИ В САНАТОРИИ И ДОМА ОТДЫХА.

ОДНИМ ИЗ МЕРОПРИЯТИЙ ПО СОЦИАЛЬНОЙ ПОДДЕРЖКЕ СЕМЕЙ РАБОТНИКОВ ЗАВОДА ЯВЛЯЮТСЯ ЕЖЕГОДНЫЕ ВЫПЛАТЫ НА ПРИОБРЕТЕНИЕ ШКОЛЬНОЙ ФОРМЫ, ЕЖЕМЕСЯЧНОЕ ПРЕДОСТАВЛЕНИЕ ОПЛАЧИВАЕМОГО СВОБОДНОГО ОТ РАБОТЫ ДНЯ МАТЕРЯМ, ИМЕЮЩИМ БОЛЕЕ ТРЕХ ДЕТЕЙ.

DESCRIPTION	2008	2009	2010	2011
PAYMENTS FOR BIRTH OF A CHILD (LUMP SUM ALLOWANCE)	177 WOMEN \$ 106,2 THOU	160 WOMEN \$ 84,3 THOU	132 WOMEN \$ 72,8 THOU.	400 WOMEN \$ 84,2 THOU
PAYMENT FOR NURSING A CHILD UNDER 3	562 WOMEN \$ 472,9 THOU	546 WOMEN \$ 411,1 THOU	509 WOMEN \$ 490,6 THOU	441 WOMEN \$ 419,2 THOU
PAYMENTS FOR PURCHASING SCHOOL UNIFORM	\$ 14,8 THOU	\$ 10,9 THOU	\$ 11,9 THOU	\$ 23,2 THOU
PROVIDING ONE DAY-OFF	\$ 24,2 THOU	\$ 22,6 THOU	\$ 20,3 THOU.	\$ 5,4 THOU
THE MEANS FOR CHILDREN'S HEALTH IMPROVEMENT	\$ 385,9 THOU	\$ 326,7 THOU.	\$ 341,2 THOU.	\$ 474,8 THOU.
PAYMENTS FOR THE FAMILIES RAISING THE DISABLED CHILDREN UNDER 18	100 CHILDREN \$ 4,7 THOU.	100 CHILDREN \$ 3,6 THOU.	97 CHILDREN \$ 5,1 THOU.	96 CHILDREN \$ 8,6 THOU.

Table.  
**Arrangements  
for the workers'  
families support**



## Social activity

### SOCIAL SUPPORT OF UNEMPLOYED PENSIONERS, INVALIDS AND OTHER CATEGORIES OF PEOPLE NOT SUFFICIENTLY PROVIDED FOR

**B**USINESS INITIATIVES HAVE GREAT IMPACT ON THE PROCESSES OF SOCIAL DEVELOPMENT IN THE COUNTRY AND THEIR RESULTS CHANGE THE PUBLIC IDEAS OF THE LIVING QUALITY NORMS. A PENSIONER, WHO RECEIVES A CORPORATE PENSION IN ADDITION TO THE STATE ONE, IS BETTER PROTECTED WHEN HE/SHE GETS OLD. WORK WITH VETERANS, INVALIDS AND OTHER CATEGORIES OF THE NEEDY IS CARRIED OUT AT RUE "BMZ" BASED ON "RECIPIENT-ORIENTED" SOCIAL SUPPORT BOTH IN THE FORM OF FINANCIAL PAYMENTS AND USING A WIDE RANGE OF SOCIAL FACILITIES: THE CLINIC, THE PALACE OF CULTURE OF METALLURGISTS, SPORT AND RECREATION CENTER OF RUE "BMZ".

IN 2011 THE SUM OF THIS SUPPORT MADE UP OVER USD 578,3 THOUSAND

THERE ARE MORE THAN FIVE FORMS AND DIRECTIONS OF RENDERING SOCIAL SUPPORT WHICH WERE USED BY OVER 1400 PEOPLE.

AN IMPORTANT LINE IN THE SOCIAL SUPPORT POLICY IS A MONTHLY MATERIAL AID FOR UNEMPLOYED PENSIONERS. SINCE 01.11.2011 CHANGES AND AMENDMENTS WERE INTRODUCED IN THE COLLECTIVE AGREEMENT ANTICIPATING GROWTH OF ADDITIONAL PAYMENTS TO SOME CATEGORIES OF FORMER EMPLOYEES. AT PRESENT THE AMOUNT OF THE MONTHLY PENSION SUPPLEMENTS VARIES FROM \$21 TO \$162 DEPENDING ON THE RECORD OF SERVICE AND AWARDS. IN 2011 THESE SUPPLEMENTS MADE UP \$335,2 THOUSAND.

THE FINANCIAL AID IS PROVIDED IN CONNECTION WITH RETIREMENT. IN 2011 THE AMOUNT OF THIS AID WAS OVER \$19,46 THOUSAND. BESIDES, THERE IS AN ANNUAL FINANCIAL AID DEDICATED TO THE INTERNATIONAL DAY FOR THE ELDERLY. ITS AMOUNT MADE UP \$159, 4 THOUSAND IN 2011. THOSE PENSIONERS WHO DO NOT WORK GET MATERIAL ASSISTANCE ON HOLIDAYS, JUBILEES, BECAUSE OF HARD ECONOMIC CONDITION, FOR MEDICAL TREATMENT AND PURCHASING OF EXPENSIVE MEDICINE; OTHER SOCIAL PAYMENTS ARE EFFECTED. THE AMOUNT OF THESE EXPENSES EQUALED TO \$ 49, 5 THOUSAND.

A SPECIAL PLACE IN THE SOCIAL PROGRAM IS OCCUPIED BY PROVIDING THE UNEMPLOYED PENSIONERS WITH TREATMENT IN THE PLANT'S CLINIC, THE SPORT AND RECREATION CENTER SERVICES, THE SERVICES RENDERED BY THE PALACE OF CULTURE AT A REDUCED CHARGE. EVERY YEAR THE VETERANS ARE SUBSCRIBED TO THE PLANT'S NEWSPAPER "METALLURG" FREE OF CHARGE.

### CONCERN FOR CHILDREN

**B**EING A SOCIALLY-ORIENTATED ENTERPRISE, RUE "BMZ" RENDERS FREE PRESCHOOL SERVICES SATISFYING A SOCIAL ORDER OF THE SOCIETY AND THE STATE. IT PUTS GREAT EMPHASIS ON RETAINING AND IMPROVING HEALTH OF THE YOUNGER GENERATION OF METALLURGISTS, CREATING SAFE LIVING ENVIRONMENT AND PERSONAL DEVELOPMENT OF A CHILD. THE REALIZATION OF THIS OBJECTIVES IS ASSIGNED TO 9 PRE-SCHOOL ESTABLISHMENTS UNDER THE AUSPICES OF THE ENTERPRISE ATTENDED BY 1 871 CHILDREN (72% ARE CHILDREN OF THE PLANT'S EMPLOYEES, OTHERS — OF THE CITIZENS OF THE AREA OF THE PLANT'S ACTIVITY). IN 8 2011 FINANCIAL INVESTMENT IN THE KINDERGARTENS AMOUNTED TO \$2,61 MLN.

MODERN MATERIAL FACILITIES OF THE PRE-SCHOOL ESTABLISHMENTS ALLOWS PROVISION OF SANITARY AND HYGIENIC CONDITIONS FOR THE CHILDREN PROVIDING A POSITIVE EMOTIONAL STATE OF CHILDREN, SATISFYING NEED OF EVERY CHILD IN PSYCHOLOGICAL COMFORT THROUGH A FLEXIBLE SYSTEM OF THE EDUCATIONAL PROCESS. IN KINDERGARTENS CHILDREN HAVE EQUAL STARTING POSSIBILITIES FOR THE TRANSITION TO THE NEXT, HIGHER LEVEL OF EDUCATION.

FOR MANY YEARS OF THE WORK OF THESE ESTABLISHMENTS LOVING AND TENDER CARE OF EACH CHILD, ENTHUSIASM AND CONSCIENTIOUSNESS, INITIATIVE AND SINCERE INTEREST OF THE EMPLOYEES IN THE WELL-BEING AND HEALTH OF EVERY SINGLE CHILD REMAIN THE UNCHANGING VALUES OF THEIR WORKING TEAMS.

IN DECEMBER THE GENERAL DIRECTOR OF BYELORUSSIAN STEEL WORKS RECEIVED A NOTE OF THANKS FROM THE DEPUTY MINISTER OF EDUCATION OF THE REPUBLIC OF BELARUS FOR MAINTAINING THE NETWORK OF PRE-SCHOOL EDUCATIONAL ESTABLISHMENTS AND DEVELOPMENT OF IMPROVED CONDITIONS FOR WORK OF TEACHERS AND STAY OF CHILDREN IN THEM.

FOR EFFICIENCY OF THE EDUCATIONAL PROCESS IN THE KINDERGARTENS, UP-TO-DATE EDUCATIONAL AND HEALTH-SAVING METHODS AND INTEGRATED CLASSES AND SCENARIO-PAYING COMPLEXES ARE USED AND COUNSELORS AND PHYSIOLOGISTS ARE INVOLVED. A SIGNIFICANT ATTENTION IS PAID TO PROTECTION OF A CHILD'S RIGHTS. IN ADDITION TO SPORT ACTIVITIES THEMATIC MATINEES AND ECOLOGICAL EDUCATION IS ORGANIZED FOR THE CHILDREN.

IN THE KINDERGARTENS THERE ARE COLORFUL STANDS, CREATIVE PLAYGROUNDS, PETS' CORNERS, SCULPTURAL COMPOSITIONS, ECOLOGIC ROOMS; BIRDFEEDERS ARE SUSPENDED IN THE PLAYGROUND AREAS. IN A WORD, EVERYTHING IS ARRANGED FOR THE CHILDREN TO GROW IN UNITY WITH NATURE AND TRY TO ADORN THE EARTH, PRESERVE ITS BEAUTY.



ECOLOGICAL EDUCATION PRESUPPOSES BOTH CARING ATTITUDE TO NATURE AND BEING RESPONSIBLE FOR OWN HEALTH, CONFORMITY WITH CERTAIN MORAL STANDARDS AND RULES OF CONDUCT IN A FOREST, IN A MEADOW, SMALL WOOD AND GARDEN. THIS ATTITUDE TO THE WORLD TO BE PROTECTED IS RAISED IN THE CHILDREN FROM EARLY AGE.

SINCE 2008 ALL KINDERGARTENS ARRANGE CREATIVE SITES FOR THE CHILDREN IN SUMMER TIME: PLAYGROUNDS, CREATIVE, ECOLOGICAL, AND ETHNOGRAPHIC SITES; 60 SECTIONS AND STUDIOS WORK WHICH ARE VISITED BY OVER 650 CHILDREN; IN SOME KINDERGARTENS ADAPTATION SITES ARE ARRANGED FOR THE NEWCOMERS. "MOTHERS' SCHOOL" IS OPENED IN ONE OF THE PRE-SCHOOL ESTABLISHMENTS TO WORK WITH THE FAMILIES BRINGING UP CHILDREN OF LESS THAN THREE YEARS OLD. EDUCATIONAL PROJECT "WORLD OF PROFESSIONS" WAS WORKED OUT AND IS ACTIVELY INTRODUCED IN PRACTICE TO AROUSE A COGNITIVE INTEREST OF CHILDREN FOR STEEL MAKER WORK.

LEGAL EDUCATION WORK IS CARRIED-OUT AMONG CHILDREN AND THEIR PARENTS.

THE PRE-SCHOOL INSTITUTIONS IMPLEMENTED A SYSTEM OF THERAPEUTIC AND EDUCATIONAL EVENTS FOR CHILDREN'S HEALTH IMPROVEMENT WHICH IS DIRECTED TOWARDS CREATING OPTIMAL ECOLOGICAL, SANITARY-HYGIENIC CONDITIONS IN ORDER TO ENSURE CREATION OF POSITIVE EMOTIONAL CONDITION OF CHILDREN, SATISFACTION OF EVERY CHILD'S NEED IN PSYCHOLOGICAL COMFORT VIA THE FLEXIBLE EDUCATIONAL PROCESS SYSTEM.

PROFESSIONAL ACHIEVEMENTS OF THE PLANT'S PRE-SCHOOL ESTABLISHMENTS ARE AWARDED IN VARIOUS CONTESTS:

— "BEST PRE-SCHOOL ESTABLISHMENT" AND "PROFESSIONAL OLYMPUS" ARRANGED BY RUE "BMZ";

— REGIONAL AND DISTRICT STAGE OF THE CONTEST «BEST PRE-SCHOOL ESTABLISHMENT» — 1ST PLACE (KINDERGARTEN No.34);

— REGIONAL CONTEST FOR THE BEST SPORT WORK "OLYMPIA LAND"» THREE KINDERGARTENS OF BMZ ONE THE PRIZE-WINNING PLACES. BASED ON THE RESULTS OF THE CONTEST KINDERGARTEN No.32 WAS RECOGNIZED THE BEST IN ZHLOBIN DISTRICT;

IN THE NATIONAL CONTEST "BEST PRE-SCHOOL ESTABLISHMENT" KINDERGARTEN "OGONYOK" WAS GIVEN THE 5TH PLACE AMONG 200 PARTICIPANTS FOR ADEQUATE PRESENTATION OF ITS PROGRAM.

ONE OF BRIGHT EVENTS IN THE LIFE OF PRE-SCHOOL ESTABLISHMENTS IS A GALA-CONCERT ORGANIZED AT THE PALACE

OF CULTURE OF METALLURGISTS WITHIN THE FRAMEWORK OF THE FESTIVAL OF CHILDREN'S CREATIVE WORK "HOW WONDERFUL THIS WORLD IS". CHILDREN AND ADULTS HAVE A NICE OPPORTUNITY TO DEMONSTRATE THEIR CREATIVE ABILITIES AND TALENTS IN THE VISUAL ARTS, DRAMATIC ART, AND MUSIC. THIS EVENT IS HIGHLY APPRECIATED BY THE EDUCATIONAL BOARD OF GOMEL REGIONAL EXECUTIVE COMMITTEE AND GENERAL PUBLIC. RUE "BMZ" TRADE UNION AND ADMINISTRATION RENDERED ITS ASSISTANCE IN ARRANGING THIS EVENT. THEY SUPPORT PRE-SCHOOL ESTABLISHMENTS IN EVERY POSSIBLE WAY.

«Задача, поставленная перед дошкольным образованием Президентом Республики Беларусь в дошкольных учреждениях БМЗ уже сегодня реализована»

НАЧАЛЬНИК ОТДЕЛА ОБРАЗОВАНИЯ  
ЖЛОБИНСКОГО РАЙИСПОЛКОМА  
Л.И. АРТОМОНОВА

ITS VERY URGENT FOR THE SYSTEM OF PRE-SCHOOL EDUCATION TO IMPROVE PROFESSIONAL COMPETENCE OF THE PRE-SCHOOL TEACHERS. THE SYSTEM OF PRE-SCHOOL EDUCATION UNITES OVER 496 INCLUDING 229 TEACHERS. IMPROVEMENT OF PRESCHOOL EDUCATION QUALITY IS PROVIDED FOR BY ORGANIZING CONDITIONS FOR SELF-REALIZATION AND IMPROVEMENT OF PROFESSIONAL LEVEL OF THE TEACHING STAFF, ORGANIZATION OF WORK OF METHODOLOGICAL ASSOCIATIONS. SPECIALISTS SUMMARIZE AND SHARE TEACHING EXPERIENCE AT THE REPUBLICAN AND REGIONAL SEMINARS. TEACHERS TOOK PART IN THE INTERNATIONAL SCIENTIFIC AND PRACTICAL CONFERENCE «MANAGEMENT OF PRESCHOOL EDUCATION QUALITY: STATE, PROBLEMS, OUTLOOKS». WORK OF K.V. RZHAEV, PHYSICAL TRAINING TEACHER, «SWIMMING: DIAGNOSTICS AND REALIZATION OF SKILLS OF THE CHILDREN OF PRE-SCHOOL AGE» WAS PUBLISHED IN THE REPUBLICAN SCIENTIFIC — METHODOLOGICAL MAGAZINE "PRALESKA".

BMZ KINDERGARTENS ARE ACTIVE PARTICIPANTS OF EVENTS DEDICATED TO DIFFERENT HOLIDAYS AND REMARKABLE DATES: DAY OF UNITY OF RUSSIA AND BELARUS—AN EXHIBITION OF CREATIVE WORKS OF CHILDREN AND PARENTS WAS ARRANGED; BIRTHDAY OF THE PLANT AND METALLURGISTS' DAY: FOR THE SECOND TIME SCHOOLCHILDREN PARTICIPATE IN THE CONTEST OF CHILDREN'S DRAWINGS "I WANT TO BE A STEEL MAKER"

EFFICIENCY OF THE EDUCATIONAL PROCESS AT PRE-SCHOOL ESTABLISHMENTS IS DETERMINED BY THE GROWTH OF THE LEVEL OF THE ALL-ROUND DEVELOPMENT OF THE PERSONALITY



## Social activity

OF A CHILD TOGETHER WITH THE DECREASE OF THE LEVEL OF THE CHILDREN'S MORBIDITY RATE. IN 2011 THE FIGURE OF TOTAL MORBIDITY RATE PER 1000 CHILDREN DROPPED BY MORE THAN 13,5% RELATIVE TO 2010, NUMBER OF DAYS WHEN CHILDREN STAYED AT HOME DUE TO DISEASE DECREASED BY OVER 11%. HEALTH INDEX REACHED 32% AGAINST 30% IN 2010.

### Monitoring of public opinion concerning social programs effectiveness

THE RESULTS OF THE INTEGRATED STUDY OF SOCIAL-PSYCHOLOGICAL CLIMATE IN THE STRUCTURAL SUBDIVISIONS WORK TEAMS HELD IN 2011 SPEAK OF THE POSITIVE ASSESSMENT OF **BMZ** ACTIVITY IN SOCIAL RESPONSIBILITY SPHERE. OVER 12% OF THE EMPLOYEES, WHO TOOK PART IN THE STUDY, EXPRESSED THEIR OPINION OF THE QUALITY AND LEVEL OF THE WORKS CANTEENS, SOCIAL SECURITY AND PROTECTION, MEDICAL SERVICES AT THE ENTERPRISE, LEISURE-SPENDING CONDITIONS, CONDITIONS FOR DOING SPORT AND CONDUCTING THE 0,67 TO 0,75 VS 0,66 - 0,80 IN 2010.

### EMPLOYEES' RIGHTS

CARRYING-OUT ITS PRACTICAL ACTIVITY, RUE "BMZ" ACKNOWLEDGES THE IMMUNITY OF HUMAN RIGHTS AND TAKES ALL THE REQUIRED MEASURES FOR THEIR PROVISION AND PROTECTION.

BEING A SOCIALLY RESPONSIBLE ENTERPRISE, THE WORKS RESPECTS THE INTERESTS AND RIGHTS OF THE WORKERS BASED ON THE SOCIAL PARTNERSHIP PRINCIPLES. THESE PRINCIPLES ARE LAID IN THE SOCIAL PARTNERSHIP PARAMOUNT AGREEMENT – THE COLLECTIVE AGREEMENT. IN APRIL 2011 A COLLECTIVE AGREEMENT FOR 2011-2014 REFLECTING THE INTERESTS OF RUE "BMZ" EMPLOYEES AND CONSIDERABLY IMPROVING THE PREVIOUS COLLECTIVE AGREEMENT WAS ADOPTED BY THE EMPLOYEES' CONFERENCE.

AIMS OF THE COLLECTIVE AGREEMENT ARE:

- DEVELOPMENT OF CONTRACT RELATIONS BETWEEN THE ENTERPRISE AND ITS EMPLOYEES BEING THE SOCIAL PARTNERSHIP PARTIES;
- COORDINATION OF THE WORKS AND EMPLOYEES INTERESTS DURING ELABORATION OF COMMON PRINCIPLES OF REGULATING SOCIAL-LABOR RELATIONSHIPS;

– PROVIDING THE WORKERS WITH WORKING PLACES AND SALARIES IN CONFORMITY WITH THE SIGNED LABOR CONTRACTS, SOCIAL AND ECONOMIC RIGHTS ESTABLISHED BY THE EXISTING LEGISLATION OF THE REPUBLIC OF BELARUS;

– FOLLOWING LABOR AND TECHNOLOGICAL DISCIPLINE, LABOR PROTECTION REQUIREMENTS, INDUSTRIAL SAFETY AND PRODUCTION SANITARY;

– STRENGTHENING SOCIAL-LEGAL SECURITY OF THE ENTERPRISE WORKERS;

– STABILIZATION OF THE SOCIAL-ECONOMIC SITUATION IN THE WORKING TEAMS AND SUBDIVISIONS OF THE ENTERPRISE.

BEING GUIDED BY THE UN GLOBAL COMPACT PRINCIPLES THE WORKS SEES ENSURING AND PROTECTION OF HUMAN RIGHTS AS A PRIORITY AS COMPARED TO THE ECONOMIC RESULTS OF THE PRODUCTION ACTIVITY AND GUARANTEES THEIR IMPLEMENTATION.

RUE "BMZ" OPPOSES ALL THE FORMS OF DISCRIMINATION AND BUILDS ITS ACTIVITY ON THE BASIS OF GENERALLY RECOGNIZED PRINCIPLES AND NORMS OF THE INTERNATIONAL LAW, STANDARDS AND CONVENTIONS OF THE INTERNATIONAL LABOR ORGANIZATION, LEGISLATION OF THE REPUBLIC OF BELARUS. 2011 NOT A SINGLE CASE OF GENDER, NATIONAL, RELIGIOUS AND POLITICAL DISCRIMINATION AS WELL AS CASES OF USING FORCED AND CHILD LABOR WAS REGISTERED AT THE ENTERPRISE.

HAVING PRODUCTIONS WITH ENHANCED DANGER LEVEL IN ITS STRUCTURE **BMZ** IS RESPONSIBLE FOR ENSURING THE PRODUCTION FACILITIES SAFETY FOR THE EMPLOYEES AND THE POPULATION. THE WORKS CREATES HEALTHY AND SAFE WORK CONDITIONS BY REPLACING OUT-DATED EQUIPMENT AND TECHNOLOGIES AND COMPLIES WITH THE LABOR PROTECTION LEGISLATION, INTERNATIONAL INDUSTRIAL SAFETY AND PROFESSIONAL ILLNESSES PREVENTION STANDARDS AS WELL AS INTERNAL REGULATIONS. THE ISSUES OF THE EMPLOYEES' HEALTH AND SAFETY ARE SET FORTH IN THE COLLECTIVE AGREEMENT.

THE WORKS RECOGNIZES THAT ITS PRODUCTION ACTIVITY IS CONNECTED WITH NEGATIVE ENVIRONMENTAL IMPACT AND TAKES ALL POSSIBLE MEASURES FOR MINIMIZATION OF SUCH IMPACT ON THE POPULATION'S LIFE ACTIVITY.

RUE "BMZ" GUARANTEES THE RIGHT OF TRADE UNIONS TO CARRY OUT THEIR ACTIVITY WITHOUT ENCUMBRANCE AND ANY RESTRICTIONS AS STIPULATED BY THE LEGISLATION. THE RIGHT OF THE EMPLOYEES AND TRADE UNIONS TO PARTICIPATE IN CONTRACT REGULATION OF LABOR RELATIONS IS REALIZED IN THE PROCEDURES OF PREPARING AND SIGNING THE COLLECTIVE AGREEMENT, IN THE EMPLOYEES' RIGHT



TO PARTICIPATE IN CREATION AND IMPROVEMENT OF LABOR CONDITIONS AND OCCUPATIONAL ENVIRONMENT.

LEGAL REGULATION OF LABOR RELATIONSHIPS AT RUE "BMZ" IS PERFORMED IN CONFORMITY WITH THE LABOR CODE OF THE REPUBLIC OF BELARUS AND THE COLLECTIVE AGREEMENT OF THE ENTERPRISE:

— CONCLUSION OF COLLECTIVE AGREEMENTS, WORKING CONTRACTS IS FULFILLED TAKING INTO ACCOUNT THE SUBSTANTIATIONS OF PRODUCTION, ORGANIZATIONAL AND ECONOMIC REASONS;

— AN EMPLOYEE SHOULD BE INFORMED ABOUT CHANGES IN THE LABOR CONDITIONS NOT LATER THAN ONE MONTH PRIOR TO CONTRACT EXTENSION;

— AN EMPLOYEE SHOULD BE INFORMED ABOUT THE CONTRACT EXPIRATION, OR THE INTENT TO PROLONG/TERMINATE THE CONTRACT FOR A NEW TERM NOT LATER THAN ONE MONTH PRIOR. THE NOTIFICATION PERIOD WAS INCREASED TWO TIMES SINCE 2009.

THE WORKS STRIVES FOR PREVENTION OF LABOR DISPUTES AND CONTRACTS, AND IF THERE ARE ANY, IT PARTICIPATES IN OPEN NEGOTIATIONS WITH THE EMPLOYEES RECOGNIZING MUTUAL RESPONSIBILITY OF THE SOCIAL PARTNERSHIP PARTIES. IN ORDER TO ENSURE EQUAL RIGHTS OF THE WORKS EMPLOYEES, CONFORMITY WITH THE LEGISLATION OF THE REPUBLIC OF BELARUS, AND SOLVING DISPUTES, A LABOR DISPUTES COMMISSION WAS ESTABLISHED. IT INCLUDES AN EQUAL NUMBER OF REPRESENTATIVES OF THE MANAGEMENT AND WORK TEAMS. THE COMMISSION OBJECTIVE IS COMPETENT CONSIDERATION OF INDIVIDUAL DISPUTES THAT ARISE BETWEEN ANY EMPLOYEE AND THE MANAGEMENT REGARDING THE ISSUES CONNECTED TO LABOR RELATIONS. DURING THE YEAR THE COMMISSION PERFORMED CONTINUOUS WORK ACTING AS AN ARBITRATOR. IN 2011 8 APPLICATIONS OF THE WORKS EMPLOYEES WERE CONSIDERED. IN THE RESULT OF CONSIDERING THE APPLICATIONS BY THE COMMISSION 6 OF THEM WERE REJECTED DUE TO INCONSISTENCY OF THE SUBMITTED CLAIMS, WITH REFERENCE TO ANOTHER TWO WERE WITHDRAWN BECAUSE THE ARISEN ISSUE WAS SOLVED BY THE MANAGEMENT.

FOR THE PURPOSE OF FOLLOWING AND ENSURING HUMAN RIGHTS AT THE ENTERPRISE IN CONFORMITY WITH THE EXISTING SYSTEM OF THE EMPLOYEES' CONTINUOUS TRAINING AND PERSONAL DEVELOPMENT A GREAT EMPHASIS IS PLACED ON INCREASING THE AWARENESS LEVEL AND LEGAL LITERACY OF ALL THE EMPLOYEES. OVER 90% OF THE EMPLOYEES, WHO UNDERTOOK PROFESSIONAL TRAINING IN 2011 STUDIED THE FUNDAMENTAL PRINCIPLES OF THE LEGISLATION REFERRING TO ECONOMIC, ECOLOGICAL OR SOCIAL RESPONSIBILITY.

STRICT AND RIGOROUS OBSERVANCE OF HUMAN RIGHTS AND FREEDOMS IS THE FOUNDATION OF MODERN SOCIALLY RESPONSIBLE BUSINESS AIMED BOTH AT PROFIT-MAKING AND STABLE DEVELOPMENT OF THE PLANT AND THE ENTIRE REGION. RUE "BMZ" INTENDS TO COMPLY WITH THE LEGISLATION REQUIREMENTS AND INTERNATIONAL SOCIAL RESPONSIBILITY PRINCIPLES IN THE FUTURE.

## SOCIAL PARTNERSHIP

IN ORDER TO IMPROVE MORAL AND PHYSIOLOGICAL CLIMATE OF THE WORK TEAM, SOLVING THE ISSUES REGARDING THE COLLABORATION COORDINATION OF THE MANAGEMENT AND ORGANIZATIONS REPRESENTING THE INTERESTS OF VARIOUS CATEGORIES OF THE EMPLOYEES, THE WORKS IMPLEMENTED «BE AWARE OF A HUMAN!» SYSTEM SINCE APRIL 2005.

«YOUR COLLECTIVE AGREEMENT IS COMPLETE AND PROTECTS THE EMPLOYEES TO A CONSIDERABLE EXTENT. BYELORUSSIAN STEEL WORKS IS THE ONLY ORGANIZATION WHICH COLLECTIVE AGREEMENT STIPULATES ADDITIONAL PAYMENT TO PENSIONS OF THE RETIRED EMPLOYEES. NOT ANY OTHER MEMBER OF THE ENTREPRENEUR'S UNION PROVIDES FOR THE SAME. IN GENERAL, THIS COLLECTIVE AGREEMENT IS MORE SOCIALLY-ORIENTED THAN ANY OTHER».

**L.I. KHOVANSKY,**  
**DEPUTY CHAIRMAN**  
**OF BELARUSIN TRADE UNION OF INDUSTRIAL WORKERS**

IN COLLABORATION WITH THE TRADE UNION ORGANIZATION AND OTHER SOCIAL ORGANIZATIONS THE WORKS CREATES THE SOCIAL PARTNERSHIP SYSTEM THAT IS A FOUNDATION FOR MUTUALLY BENEFICIAL COOPERATION.

SUSTAINING CLOSE RELATIONSHIPS WITH THE MANAGEMENT, THE PUBLIC ORGANIZATIONS COUNCIL CONDUCTS ITS ACTIVITY AT THE ENTERPRISE. IT ACTS IN THE INTERESTS OF THE EMPLOYEES FORMING AN ACTIVE PUBLIC POSITION OF EACH WORK TEAM MEMBER.

THE COUNCIL INCLUDES THE REPRESENTATIVES OF:

- TRADE UNION ORGANIZATION;
- PRIMARY ORGANIZATION OF "BELARUSIAN REPUBLICAN YOUTH UNION" PUBLIC ASSOCIATION;
- VETERAN'S UNION;

## Social activity

- PRIMARY PUBLIC ORGANIZATION "BELARUSIAN WOMEN' UNION";
- INTERNATIONAL SOLDIERS' ORGANIZATION;
- YOUNG SPECIALISTS' UNION;
- FOREMEN UNION;
- PHYSICAL CULTURE TEAM'S UNION

IN ORDER TO ENSURE THE EFFICIENT REALIZATION OF THE EMPLOYEES' RIGHTS AND ESTABLISHING CONFIDENTIAL RELATIONS WITH ALL PARTIES CONCERNED, THE PUBLIC ORGANIZATIONS COUNCIL KEEPS AN ACTIVE COLLABORATION WITH THE REPRESENTATIVES OF THE REGIONAL SOCIAL SERVICE CENTRE; REGION AND DISTRICT LAW ENFORCEMENT AGENCIES; CENTRAL REGIONAL; HOSPITAL AND RUE "BMZ" CLINIC; LEGAL SERVICES OF THE WORKS, REGION AND DEPUTY OF THE HOUSE OF REPRESENTATIVES OF THE NATIONAL ASSEMBLY OF THE REPUBLIC OF BELARUS ELECTED TO THE PARLIAMENT FROM AMONG THE PLANT'S EMPLOYEES.

«YOU FEEL AT ONCE GOOD SPIRIT AND MOOD AND FREE COMMUNICATION OF YOUR TEAM. THIS EVIDENCES THAT YOU FEEL THE PULSE IN THE PRODUCTION, ECONOMY AND SOCIAL LIFE. BMZ IS A FLAGSHIP IN THE REGION AND IN THE COUNTRY».

**B.K. Pirштuk,**  
Deputy chairman of Gomel  
regional executive committee



### RUE "BMZ" TRADE UNION ORGANIZATION

THE WORKS ESTABLISHES MUTUALLY BENEFICIAL RELATIONSHIPS AND DEVELOPS A COLLECTIVE AGREEMENT WITH THE TRADE UNION ORGANIZATION BASED ON THE NORMS AND PRINCIPLES OF THE TARIFF AGREEMENT CONCLUDED BETWEEN BELARUSIAN PROFESSIONAL UNION OF INDUSTRIAL WORKERS, BELARUSIAN PROFESSIONAL UNION OF METALWORKERS, THE MINISTRY OF INDUSTRY OF THE REPUBLIC OF BELARUS, REPUBLICAN ASSOCIATION OF INDUSTRIAL ENTERPRISES. THE AGREEMENT SETS

THE PRINCIPLES OF REGULATING TRADE AND SOCIAL-ECONOMIC RELATIONSHIPS AS WELL AS GUARANTEES AND PRIVILEGES FOR THE EMPLOYEES, MUTUAL RESPONSIBILITIES AND LIABILITIES OF THE PARTIES. THE AIM OF THE AGREEMENT IS JOINING TOGETHER THE EFFORTS OF THE PARTIES FOR ATTAINING SOCIAL-ECONOMIC STABILITY AND COMPETITIVE ABILITY OF THE INDUSTRY ORGANIZATIONS, INCREASING THE EMPLOYEES' LIVING STANDARD, OBSERVANCE OF THEIR LEGAL RIGHTS AND INTERESTS AND CREATING THE SYSTEM OF THE EMPLOYEES' COMPREHENSIVE SOCIAL PROTECTION.

THE PLANT RECOGNIZES THAT THE OBJECTIVE OF THE TRADE UNION IS NOT LIMITED TO PROTECTING THE EMPLOYEES' RIGHTS AND INFLUENCING LABOR RELATIONSHIPS. IT IS ALSO A CERTAIN INDICATOR OF THE PUBLIC MOOD. THE TRADE UNION EXPRESSES THE WORKING TEAMS' REACTION TO THE SOCIAL AND ECONOMIC POLICY IMPLEMENTED BY THE ENTERPRISE AND CONTRIBUTES TO ITS TIMELY ADJUSTMENT. THE DIALOGUE OF THE MANAGEMENT AND REPRESENTATIVES OF THE WORKING TEAMS IS ESPECIALLY IMPORTANT TO BE ESTABLISHED IN THE SITUATION WHEN THE WORKS, AS A PART OF THE WORLD FINANCIAL AND ECONOMIC SYSTEM, EXPERIENCES DIFFICULT TIMES AND SEEKS FOR THE OPPORTUNITIES TO ENHANCE THEIR EFFICIENCY.

IN THEIR PRACTICAL ACTIVITY THE PARTIES ARE GUIDED BY THE PRINCIPLES OF SOCIAL PARTNERSHIP, SUCH AS LEGAL EQUALITY OF THE PARTIES, COMPLIANCE WITH THE LEGISLATION NORMS, CONSIDERING REAL OPPORTUNITIES FOR PERFORMANCE OF THE ASSUMED OBLIGATIONS, OBLIGATORY FULFILLMENT OF THE ARRANGEMENTS AND RESPONSIBILITY FOR THE OBLIGATIONS ASSUMED.

### RUE "BMZ" TRADE UNION ORGANIZATION

UNITES 12 029 PEOPLE OR 97,2% OF THE TOTAL NUMBER OF EMPLOYEES. IN ORDER TO OBSERVE THE RIGHTS AND LEGAL INTERESTS OF THE WORKERS THE EMPLOYEES REPRESENT RUE "BMZ" IN THE REGIONAL ASSOCIATION AND IN THE REPUBLICAN TRADE UNION COMMITTEE BEING MEMBERS OF THE REGIONAL TRADE UNION ASSOCIATION COUNCIL, MEMBERS OF THE BELARUSIAN TRADE UNION FEDERAL COUNCIL.

THE SOCIAL PARTNERSHIP DOCUMENT WHICH ALLOWS STRENGTHENING OF SOCIAL-LEGAL SECURITY OF THE ENTERPRISE EMPLOYEES IS THE COLLECTIVE AGREEMENT. THE AGREEMENT REGULATES SOCIAL BENEFITS AND LUMP-SUM BENEFIT PAYMENTS, ADDITIONAL PAYMENTS AND FINANCIAL AWARDS, THE SIZE OF WHICH DIRECTLY DEPENDS ON THE RESULTS OF PRODUCTION-FINANCIAL ACTIVITY OF THE ENTIRE ENTERPRISE WORK TEAM.

THIS DOCUMENT ESTABLISHES SUPPLEMENTARY, AS COMPARED TO THE ACTIVE LEGISLATION, PROVISIONS REGARDING LABOR CONDITIONS AND PAYMENT, SOCIAL AND RESIDENTIAL PROVISION

OF THE WORKERS, COMPENSATIONS AND OTHER PRIVILEGES. HEALTHY AND  
THE COLLECTIVE AGREEMENT STIPULATES VARIOUS FORMS  
OF FINANCIAL PAYMENTS, BONUSES, AWARDS FOLLOWING  
THE RESULTS OF THE WORK DURING THE YEAR, FOR THE SERVICE  
RECORD, SUMS OF THE BONUSES FOR HIGH QUALIFICATION,  
PROFESSIONAL SKILL AND OTHERS, SETS GUARANTEES  
AND PRIVILEGES FOR THE FAMILIES WITH CHILDREN. BESIDES,  
A PERSON IS NOT LEFT ALONE IN A CHALLENGING LIFE  
SITUATION; THIS AID IS ALSO STIPULATED BY THE MAIN  
DOCUMENT.

IN ORDER TO COMPLY WITH THE COLLECTIVE AGREEMENT,  
IN 2010 THE TRADE UNION COMMITTEE FINANCED  
THE FOLLOWING:

- ALLOWANCES TO PARENTS FOR THE BIRTH OF A CHILD  
\$13,41 THOU;
- - NEW YEAR'S PRESENTS FOR CHILDREN  
\$128,52 THOU;
- - CULTURAL EVENTS \$57,32 THOU;
- - SPORT EVENTS \$90,30 THOU;
- - PRESENTS FOR THE EMPLOYEES' JUBILEES \$14,49 THOU;
- - PRESENTS FOR THE RETIRING EMPLOYEES \$13,02 THOU;
- - SUPPORTING VETERANS (4 658 PEOPLE)  
\$15,14 THOU;
- - MATERIAL SUPPORT \$162,16 THOU.

BMZ TRADE UNION ORGANIZATION BECAME THE WINNER  
OF THE REPUBLICAN CONTEST FOR THE RIGHT TO BE CALLED  
THE BEST PRIMARY TRADE UNION ORGANIZATION OF BELARUSIAN  
UNION OF INDUSTRIAL WORKERS IN 2010-2011.

A CONTINUOUSLY OPERATING BODY OF SOCIAL PARTNERSHIP  
IS THE COLLECTIVE AGREEMENT COMMISSION THAT CONTROLS  
FULFILLMENT OF THE OBLIGATIONS ASSUMED. IT CONSISTS  
OF REPRESENTATIVES OF THE MANAGEMENT AND THE TRADE  
UNION COMMITTEE. THE CONSTANT DIALOGUE RESULTS  
IN REACHING THE AGREEMENTS REGARDING SALARY ISSUES,  
OPTIMIZATION OF THE MANAGEMENT STRUCTURE, ENSURING

## Social activity

«В первую очередь работа библиотеки сводится к тому, чтобы человек развивался не только интеллектуально, но и духовно, и эстетически»

**Заведующая профсоюзной библиотекой  
М.В. Ивченкова**



UNDER THE AUSPICES OF THE TRADE UNION COMMITTEE A COMMISSION FOR FAMILY AND SCHOOL ASSISTANCE HAS BEEN WORKING SINCE 2005.

UNDER THE AUSPICES OF RUE "BMZ" TRADE UNION COMMITTEE THE TRADE UNION LIBRARY OPERATES WITH THE FUND OF 41 640 BOOKS. THE LIBRARY IS A UNIQUE ONE BECAUSE THE PLANT'S EMPLOYEES, THEIR CHILDREN, AND CITIZENS OF ZHLOBIN CAN ALWAYS FIND THE REQUIRED LITERATURE, OR THEIR REQUEST FOR A CERTAIN BOOK CAN BE ACCEPTED, AND THEY MAY GET A PROFESSIONAL ADVICE. USD3,7 THOU. FROM THE TRADE UNION BUDGET WERE SPENT FOR PURCHASING NEW LITERATURE AND DECORATION OF THE LIBRARY AND FOR SUBSCRIPTION OF 1200 VETERANS TO PERIODICALS. THE LIBRARY NUMBERS OVER 3600 REGULAR READERS. LAST YEAR 38 400 PEOPLE VISITED THE LIBRARY AND 131 578 BOOKS WERE GIVEN OUT. APRIL 6 THE LIBRARY CELEBRATED ITS 25TH ANNIVERSARY. DURING THIS PERIOD A NEW GENERATION OF READERS GREW WHO VISIT THE LIBRARY SINCE CHILDHOOD AND ARE NOW BMZ EMPLOYEES.

EVERY YEAR THE ROLE AND INFLUENCE OF THE TRADE UNION GROWS. THIS IS EVIDENCED BY A POSITIVE ASSESSMENT OF ITS ACTIVITY IN 2011 MADE BY THE PLANT'S EMPLOYEES DURING A COMPREHENSIVE STUDY OF THE SOCIAL AND PSYCHOLOGICAL CLIMATE IN THE SUBDIVISION TEAMS. INDEX OF SATISFACTION WITH THE ACTIVITY OF THE TRADE UNION ORGANIZATION IS GROWING FROM YEAR TO YEAR AND IN 2011 IT EQUALED TO 0,68 (0,59 IN 2010).

BMZ TRADE UNION ORGANIZATION BECAME THE WINNER OF THE REPUBLICAN CONTEST FOR THE RIGHT TO BE CALLED THE BEST PRIMARY TRADE UNION ORGANIZATION OF BELARUSIAN UNION OF INDUSTRIAL WORKERS IN 2010-2011.

### PRIMARY ORGANIZATION OF BRYU

REALIZATION OF THE STATE YOUTH POLICY BY THE WORKS IS BUILT ON THE PRINCIPLE OF MUTUAL COOPERATION WITH THE PRIMARY ORGANIZATION OF "BELARUSIAN REPUBLICAN YOUTH UNION" YOUNG SPECIALISTS' UNION, TRADE UNION COMMITTEE AND OTHER PUBLIC ORGANIZATIONS ACTING AT THE ENTERPRISE. THE WORKS CORPORATE PROGRAM "YOUTH" IS CARRIED OUT BY CONDUCTING AN OPEN CONSTRUCTIVE DIALOGUE WITH THE PARTIES CONCERNED AND CONTINUOUS IMPROVEMENT OF THE METHODS OF INFORMING, FEEDBACK AND COOPERATION.

IN CONFORMITY WITH THE STATE STRATEGY IN YOUTH POLICY THE PROGRAM IMPLEMENTED AT RUE "BMZ" SETS THE PRIORITIES AND COOPERATION DIRECTIONS FOR THE PARTIES CONCERNED WITH REGARD TO CREATING FAVORABLE CONDITIONS FOR THE DEVELOPMENT AND REALIZATION OF THE YOUTH'S POTENTIAL IN VARIOUS SPHERES OF THE ACTIVITY VIA:

- INFORMATION SUPPORT OF THE STATE IN YOUTH POLICY;
- CIVIL FORMATION, SPIRITUAL AND ECOLOGICAL EDUCATION OF THE YOUTH;
- SUPPORT OF RESEARCH AND TECHNOLOGY CREATIVITY;
- YOUTH COOPERATION AND CREATIVE POTENTIAL DEVELOPMENT;
- HEALTHY LIFESTYLE AND TOURISM DEVELOPMENT;
- IMPROVEMENT OF THE YOUTH SOCIAL SECURITY PROTECTION.

TRADITIONAL MEETINGS OF YOUNG SPECIALISTS TO EXCHANGE WORK EXPERIENCE WITH THE WITH THE YOUTH AND REPRESENTATIVES OF:

- STATE AGENCIES;
- REGIONAL, TOWN VETERANS' UNIONS OF GOMEL REGION;
- YOUNG EMPLOYEES OF THE ENTERPRISES INCLUDED THE PRODUCTION ASSOCIATION "BYELORUSSIAN STEEL WORKS";
- PRIMARY ORGANIZATIONS OF BELARUSIAN REPUBLICAN YOUTH UNION, ESTABLISHMENTS, ORGANIZATIONS AND ENTERPRISES OF THE REGION;
- YOUTH OF THE INDUSTRIAL ENTERPRISES OF THE REPUBLIC



OF BELARUS AND CIS COUNTRIES AS PART OF SCIENTIFIC AND TECHNICAL CONFERENCES.

INFORMING AND ENGAGING YOUNG EMPLOYEES OF THE PLANT IN REALIZATION OF THE STATE YOUTH POLICY OF THE REPUBLIC OF BELARUS IS CARRIED OUT USING ALL AVAILABLE MEANS OF MASS MEDIA: CORPORATE, REPUBLICAN, REGIONAL NEWSPAPERS AND OTHER SOURCES OF INFORMATION.

HAVING THE PRIORITY RIGHT REGARDING THE REALIZATION OF THE "YOUTH" PROGRAM, THE WORKS PRIMARY ORGANIZATION OF BELARUSIAN REPUBLICAN YOUTH UNION PREPARES THE PHOTO-REPORTS, POSTERS, INFORMATION MATERIALS REFLECTING THE ISSUES OF REALIZING STATE YOUTH POLICY.

AT PRESENT THE ORGANIZATION HAS 1450 MEMBERS OR 49,86% OF THE YOUTH AGED UNDER 31 WHO WORK AT THE PLANT.

NUMBER OF THE MEMBERS BRYU						
2005	2006	2007	2008	2009	2010	2011
561	1132	1308	1336	1313	1368	1450

THE MOST SIGNIFICANT ACTIVITIES CONDUCTED BY RUE "BMZ" YOUTH ORGANIZATION IN 2011 WERE CHARITABLE CAMPAIGNS FOR:

– CHILDREN'S HOME IN BOBRUISK;

– ZHLOBIN DISTRICT VETERANS' ORGANIZATION;

– GOMEL REGIONAL BOARD OF PUBLIC ASSOCIATION "BELARUSIAN REPUBLICAN PIONEER ORGANIZATION";

– MINSK SEMINARY.

THE FOLLOWING ACTIONS BECAME TRADITIONAL:

– "BMZ YOUTH – TO VETERANS". THE VETERANS RECEIVED CONGRATULATIONS AND PRESENTS, THEY ARE ASSISTED IN IMPROVING OF LIVING CONDITIONS.

– "ALL CHILDREN ARE OURS". CLOTHES WERE COLLECTED FOR THE PUPILS OF THE BOARDING SCHOOL OF ZHLOBIN.

– "WE – TO CHILDREN" – AID TO THE SOCIAL – PEDAGOGICAL CENTRE OF ASSISTANCE FOR FAMILIES AND CHILDREN IN PURCHASING STATIONERIES, DETERGENTS, EQUIPMENT FOR THE CHILDREN'S ROOM AT THE DISTRICT HOSPITAL.

– "PURE NATURE". CLEANING OF THE TERRITORY ADJOINING THE VIRSKY ARTIFICIAL POND.

EFFECTIVENESS OF THE ORGANIZATION ACTIVITY IS EVIDENCED BY ITS ACHIEVEMENTS AND AWARDS WON IN 2011:

– AT THE V<sup>TH</sup> REPUBLICAN SPORT RALLY OF THE TRADE UNION ORGANIZATIONS RUE "BMZ" TEAM WON THE SECOND TEAM PLACE.

– 2<sup>ND</sup> AND 3<sup>RD</sup> PLACE IN THE REGIONAL CONTEST OF CRAFTSMANSHIP AMONG YOUNG MILLING MACHINE OPERATORS;

– 3<sup>RD</sup> PLACE IN THE REGIONAL CONTEST OF CRAFTSMANSHIP AMONG YOUNG LATHE OPERATORS;

– 1<sup>ST</sup> PLACE IN THE SERIES OF DISTRICT INTELLECTUAL GAMES "WHAT? WHERE? WHEN?";

– 1<sup>ST</sup> PLACE IN A DANCE CONTEST "YOUTH WAVE" AMONG AMATEUR COLLECTIVES OF THE TOWN AND DISTRICT ENTERPRISES;

– 2<sup>ND</sup> PLACE IN THE DISTRICT CONTEST "BEST YOUNG FAMILY OF ZHLOBIN AREA";

– 9<sup>TH</sup> PLACE IN THE REPUBLICAN CONTEST OF WELDERS AMONG 63 PARTICIPATING TEAMS.

ACCORDING TO THE RESULTS OF 2011 BRYU PRIMARY ORGANIZATION OF RUE "BMZ" RECEIVED COMMENDATION OF GOMEL REGIONAL BRYU ORGANIZATION FOR MANY YEARS OF COOPERATION AND SUPPORT OF THE SOCIAL ASSOCIATION BELARUSIAN REPUBLICAN YOUTH UNION AND A DEED OF DISTRICT BRYU FOR ACTIVE PARTICIPATION IN THE IMPLEMENTATION OF PROJECTS AND PROGRAMS OF ZHLOBIN BRYU ORGANIZATION.

### **VETERANS' UNION**

THE ORGANIZATION UNITES 1448 EX-EMPLOYEES AND PRESENT-TIME PENSIONERS, WHO MADE THEIR CONTRIBUTION INTO ESTABLISHMENT AND DEVELOPMENT OF THE BELARUSIAN METALLURGY INDUSTRY.

ALL THE ORGANIZATION ACTIVITY WAS DIRECTED TOWARDS ENHANCING THE STATUS OF THE ELDERLY, SOCIAL RECOGNITION OF THEIR DESTINIES AND LIFE EXPERIENCE, PARTICIPATION IN SOCIAL LIFE, OVERCOMING THEIR ISOLATION, CHANGING THE IDEA OF AGEING, UNDERSTANDING THE STORY OF THEIR LIFE OWING TO THE DIALOGUE OF GENERATIONS. THE VETERANS' UNION COOPERATES WITH THE YOUTH ORGANIZ



FOR TREATMENT OF THE DISEASED CHILD OF F/ SIKOV, PLANT EMPLOYEE, "A HELPING HAND" – TO COLLECT MONEY FOR THE ASSOCIATION OF ASSISTANCE TO INVALID CHILDREN AND YOUNG PEOPLE, "THEY SHOULD NOT CRY" AND "A SCHOOL BAG" – TO COLLECT CLOTHES AND SCHOOL ACCESSORIES FOR CHILDREN FROM LOW-INCOME FAMILIES. THE WOMEN' UNION TELL THE STORIES ABOUT THE WOMEN WITH ACTIVE LIFE STAND, WHO UNSPARINGLY DEVOTE A LOT OF TIME TO SOCIAL LIFE, ON THE PAGES OF NEWSPAPER "METALLURGIST" AND TV CHANNEL "NUANCE". THE UNION CONTINUOUSLY ENCOURAGES THE WORKS WOMEN'S INITIATIVE IN THE SOCIAL LIFE SPHERE, MAKE REGULAR PROPOSALS REGARDING THE ISSUES OF HEALTH, LABOR SECURITY AND CONDITIONS, PROMOTING HEALTH OF WOMEN AND THEIR CHILDREN, PRODUCTION AND WELFARE CULTURE; TAKES CARE OF THE FAMILY STRENGTHENING, PROTECTION OF MATERNITY AND CHILDHOOD, LOW-INCOME FAMILIES OR FAMILIES WITH MANY CHILDREN, RAISING HANDICAPPED CHILDREN. IN ITS ACTIVITY THE WOMEN' UNION APPLIES MODERN TECHNOLOGIES. REGULAR SOCIOLOGICAL STUDIES ON DIVERSE SUBJECTS ARE HELD. THE SITE OF THE WOMEN' UNION WAS CREATED IN THE WORK-WISE COMPUTER NETWORK "INFO BMZ".

#### UNION OF SOLDIERS-INTERNATIONALISTS

130 SOLDIERS-INTERNATIONALISTS WORK IN BMZ STRUCTURAL SUBDIVISIONS. ISSUES OF THEIR LABOR, WELFARE, HEALTH IMPROVEMENT ARE REVIEWED AT UNION MEETINGS INVOLVING THE PARTICIPATION OF THE MANAGEMENT AND TRADE UNION COMMITTEE REPRESENTATIVES. THE UNION WORKS IN CLOSE COLLABORATION WITH INTERNATIONAL ORGANIZATIONS GIVING ASSISTANCE IN PATRIOTIC EDUCATION. THE WORKS SOLDIERS-INTERNATIONALISTS ANNUALLY TAKE ACTIVE PARTICIPATION IN REGIONAL FESTIVAL OF AFGHAN SONGS, INTERNATIONAL CONFERENCE OF LOCAL WARS PARTICIPANTS OF BALTIC STATES AND THE CITY OF KALININGRAD, IN THE EVENTS DEDICATED TO THE MEMORY DAY OF SOLDIERS-INTERNATIONALISTS.

#### UNION OF YOUNG SPECIALISTS

OVER 300 YOUNG SPECIALISTS WORK AT THE ENTERPRISE. THE UNION CONSIDERS ALL THE ISSUES RELATED WITH YOUNG EMPLOYEES: THEIR ADAPTATION AT THE PRODUCTION, PROFESSIONAL GROWTH, RESEARCH AND TECHNOLOGY ACTIVITY, LABOR-SAVING WORK. THE IMPORTANT PART OF THE WORK IS ENHANCING BUSINESS AND CREATIVE ACTIVITY OF THE YOUTH, ORGANIZING SCIENTIFIC AND TECHNICAL CONFERENCES, YOUNG EMPLOYEES' PARTICIPATION IN SUCH FORUMS HELD AT OTHER ENTERPRISES, EXCHANGE OF EXPERIENCE.



«I WOULD LIKE TO THANK THE SOLDIERS-INTERNATIONALISTS FOR THEIR COURAGE AND FIRMLINESS, THE WORK THEY DO TO IMMORTALIZE THEIR FELLOW-SOLDIERS, INVALUABLE CONTRIBUTION INTO PATRIOTIC UPBRINGING OF THE YOUNG GENERATION».

**L.N. APANASYUK,**  
CHAIRMAN OF ZHLOBIN  
DISTRICT EXECUTIVE COMMITTEE

IN 2011 OVER 120 REPRESENTATIVES OF RUSSIA, UKRAINE, BELARUS, LATVIA, AND GREAT BRITAIN TOOK PART IN THE SCIENTIFIC AND TECHNICAL CONFERENCES "METAL-2011". YOUNG SPECIALISTS OF THE PLANT PARTICIPATED IN SCIENTIFIC AND TECHNICAL CONFERENCES ARRANGED BY THE ENTERPRISES OF METALLURGICAL INDUSTRY OF RUSSIA AND THE UKRAINE YOUNG EMPLOYEES DEMONSTRATED THEIR DEVELOPMENTS WHICH WERE AWARDED AT THESE EVENTS.

ONE OF THE WAYS OF REALIZATION OF THE LONG-TERM STRATEGY OF THE STAFF POTENTIAL DEVELOPMENT IS SELECTION AND DIRECTION OF YOUNG SPECIALISTS TO ESTABLISHMENTS TO GET POST-GRADUATE EDUCATION SO AS TO TRAIN ITS OWN HIGH-GRADE SCIENTIFIC STAFF ABLE TO SUCCESSFULLY IMPLEMENT THE PROMISING PROGRAM OF TECHNICAL REVAMPING OF THE ENTERPRISE.



«INTERNATIONAL SCIENTIFIC AND TECHNICAL CONFERENCE "METAL" HELD DURING MANY YEARS HAS BECOME A DISTINCTIVE SYMBOL OF BMZ, ITS BUSINESS-CARD, A UNITY OF EXPERIENCE AND YOUTH».

**S.M. BORSCHCHOV,**  
DEPUTY GENERAL DIRECTOR FOR TECHNICAL  
DEVELOPMENT-CHIEF ENGINEER OF RUE "BMZ"

#### UNION OF FOREMEN

THE UNION ORGANIZES ITS WORK IN CLOSE CONTACT WITH THE PERSONNEL SERVICES AND SOLVES URGENT ISSUES OF 563 FOREMEN OF THE WORKS. THE UNION HOLDS PUBLIC DISCUSSION AND DEVELOPMENT OF RECOMMENDATIONS REGARDING THE ENHANCEMENT OF THE FOREMEN ROLE; PARTICIPATION IN THE ACTIVITIES FOR ORGANIZING PROFESSIONAL, IDEOLOGICAL AND ECONOMIC TRAINING OF FIREMEN; CONSIDERS



THE ISSUES OF LABOR AND MORAL EDUCATION OF THE WORKERS, STRENGTHENING LABOR AND PERFORMANCE DISCIPLINE, PROMOTING THE YOUNG WORKERS RESERVE.

IN 2011, IMPLEMENTING THE PROGRAM OF THE DEVELOPMENT OF HUMAN RESOURCES AND TRAINING OF THE MANAGER RESERVE THE UNION OF FOREMEN PARTICIPATED IN THE ORGANIZATION AND CONDUCTING OF THE MEETING AT OJSC «LEGMAŠH» PLANT IN ORSHA, IN TRAINING OF YOUNG SPECIALISTS GRADUATED IN 2011, AWARDING THE TITLE OF "MASTER OF I, II GRADES" (88 EMPLOYEES HAVE THIS TITLE: 61 AND 27 ACCORDINGLY), ORGANIZATION OF THE 2ND CONFERENCE OF BMZ FOREMEN, SUMMARY AND POPULARIZATION OF THE BEST EXPERIENCE OF THE FOREMEN – NOMINEES AND WINNERS OF THE PROFESSIONAL OLYMPUS CONTEST.

SUPPORTING THE PRINCIPLES OF SOCIAL RESPONSIBILITY AND DEVELOPING CHARITY INITIATIVES OF THE PLANT FOREMEN TOOK AN ACTIVE PART IN ALL CHARITY CAMPAIGNS HELD AT THE PLANT.



#### UNION OF PHYSICAL TRAINING AND SPORTS

THE UNION SOLVES THE ISSUES OF PLANNING, ORGANIZATION AND CONDUCT OF SPORT-MASS WORK IN THE ENTERPRISE WORK TEAM. THE UNION CONFIRMS THE SCHEDULE OF CONDUCTING SPORTS CONTESTS, TOURNAMENTS, COMPETITIONS AND SPORTIVE HEALTH-IMPROVEMENT PROGRAMS; CONSIDERS THE ISSUES OF THEIR MATERIAL AND FINANCIAL PROVISION.



#### MONITORING OF PUBLIC OPINION

##### OF THE SOCIAL PARTNERS

**A**SSessment of the work of the public organizations acting at the enterprise, their influence on the working team life was given by the employees during the annual study of the social and psychological climate (the satisfaction index according to the criteria made up 0,66 against 0,61 in 2010).





## Responsibility for the goods produced

RUE "BMZ" PRESUMES THAT AN EFFICIENT BUSINESS OF STEEL AND STEEL STRUCTURES PRODUCTION SHOULD BE FORMED ON THE BASIS OF CONTINUOUS ENHANCEMENT OF QUALITY MANAGEMENT, THEREAT PROVIDING FOR PRODUCTION WITH THE QUALITY MEETING CUSTOMERS' REQUIREMENTS AND EXPECTATIONS. SUPPORTING AND IMPLEMENTING THE PRINCIPLES OF SOCIAL RESPONSIBILITY FOR THE GOODS PRODUCED, BYELORUSSIAN STEEL WORKS BECAME AN ACTIVE MEMBER OF THE CENTRAL AND WEST EUROPE QUALITY LEADERS CLUB SINCE 2008. THE CLUB UNITES WINNERS, LAUREATES, AND FINALISTS OF THE INTERNATIONAL QUALITY TOURNAMENT.

IN ORDER TO MEET THE REQUIREMENTS OF ITS CUSTOMERS BOTH ON THE DOMESTIC AND INTERNATIONAL MARKETS, THE PLANT PROCESSES VARIOUS GRADES OF STEEL AND PRODUCES THE FOLLOWING MATERIAL: CONCAST BILLET, SECTIONS AND STRUCTURAL SHAPES, PIPES, STEEL CORD, WIRE AND STEEL FIBER. THE FEEDSTOCK FOR THE PRODUCTION IS SECONDARY RAW MATERIALS IS STEEL SCRAP.

THE PLANT'S PRODUCTION IS IN DEMAND WITH THE CONSUMERS, AND COMPETITIVE; AND OVER 80% OF THE PLANT'S PRODUCTION IS EXPORTED TO ALL CONTINENTS OF THE WORLD.

- PRIVACY OF THE CUSTOMER EMPLOYEES;
- COMPLIANCE WITH THE ESTABLISHED REQUIREMENTS.

DURING PRODUCTION AND SALES, THE PLANT'S MANAGEMENT IMPLICITLY FOLLOWS PRINCIPLE 1 OF THE EN GLOBAL COMPACT. IN COMPLIANCE WITH PRINCIPLE 8 OF THE UN GLOBAL COMPACT THE PLANT'S MANAGEMENT UNDERTAKES INITIATIVES AND HOLDS ACTIVITIES AIMING AT REDUCTION OF THE PRODUCTION IMPACT ON THE ENVIRONMENT WHICH IS COVERED IN THE SECTION "ENVIRONMENTAL PROTECTION".

THE PLANT'S MANAGEMENT'S STANDPOINTS AS PER LIABILITY ASPECTS ARE OUTLINED IN:

- CORPORATE POLICY;
- DOCUMENTATION OF THE CORPORATE MANAGEMENT SYSTEM LISTED IN THIS SECTION;
- CODE OF ETHICS.

«BMZ is one of the few steel plants which has 48 certificates for different types of products. This is one of the weighty advantages which gives us the possibility to reorient our deliveries quickly to those markets where our products will be most demanded».

**A.A. Peratsaihinina,**  
**Deputy General Director**  
**for technology and quality**



## PRODUCT LIFE CYCLE

STRUCTURALLY, RUE "BMZ" IS COMPOSED OF THREE BASIC PRODUCTION LINES (STEELMAKING, PRODUCTION OF ROLLED MATERIAL AND STEEL CORD AND WIRE MANUFACTURING), INFRASTRUCTURE SHOPS AND SUBDIVISIONS OF THE ENTERPRISE'S ACTIVITY MANAGEMENT. THE STEELMAKING PRODUCTION INCLUDES A SCRAP YARD AND TWO ELECTRIC MELT SHOPS. ACCEPTANCE, STORAGE, CLASSIFICATION AND PROCESSING OF SCRAP ARE PERFORMED IN THE SCRAP YARD. THE SCRAP YARD IS EQUIPPED WITH OVERHEAD CRANES AND RACKS USED FOR LOADING MATERIAL INTO CHARGING BASKETS WHICH ARE DELIVERED TO THE MELT SHOPS BY SCRAP TRUCKS. THE STEELMAKING PRODUCTION IS REPRESENTED BY THREE POWERFUL ELECTRIC-ARC FURNACES WITH THE CAPACITY OF 100 TONS EACH..

THE STEELMAKING PROCESS IS INTENSIFIED BY THE APPLICATION OF GAS AND OXYGEN TECHNOLOGIES. DEOXIDIZATION AND ALLOYING OF STEEL IS PERFORMED IN A LADLE. FINISHING OF STEEL CHEMICAL COMPOSITION IS PERFORMED IN SPECIAL LADLE FURNACES AND VACUUM DEGASSERS. STEEL IS CAST BY THREE CONTINUOUS CASTING MACHINES; TWO OF THEM BEING SIX-STRAND UNITS PRODUCING BILLET CROSS-SECTION 125X125 MM, 140X140 MM AND ONE – A FOUR-STRAND MACHINE WITH 250X300, 300X400 MM BILLET CROSS-SECTIONS AND ROUND DIAMETER 200 MM.

THE HIGH TECH ROLLING PRODUCTION IS REPRESENTED BY A MODERNIZED SMALL-SECTION ROLLING MILL 320, WIRE

## GENERAL PROVISIONS

THE PRODUCTS MANUFACTURING AND PACKAGING ARE SAFE FOR HUMAN HEALTH AND ENVIRONMENT.

THE PLANT'S DIRECTOR GENERAL AND ITS DEPUTIES ENSURE THAT THE LIABILITY ASPECTS, AS REGARDS THE PRODUCTION, ARE AS FOLLOWS:

- ENSURING OF SECURITY AND HEALTH OF CUSTOMERS WHEN IN CONTRACT WITH THE PRODUCTS;
- RELEVANT PRODUCTION LABELING AND MARKING;
- MARKETING COMMUNICATION WITH CUSTOMERS AND SUPPLIERS;



ROD MILL 150, DUO REVERSE ROLLING MILL 850 WITH A SET OF EQUIPMENT FOR PRODUCTION OF ROLLED SECTIONS, STRUCTURAL SHAPES, WIRE ROD FOR VARIOUS APPLICATIONS, AND REINFORCING STEEL. IN MILL 320 METHODS OF PRODUCTION OF REINFORCING STEEL AGAINST STANDARDS OF GERMANY, HOLLAND, GREAT BRITAIN, FINLAND, SWEDEN, NORWAY, AUSTRIA, POLAND AND RUSSIA HAS BEEN MASTERED AND CERTIFICATION OF THESE TYPES OF PRODUCTS BY THE NATIONAL AUTHORITIES OF THESE COUNTRIES HAS BEEN CARRIED OUT; SLITTING PROCESS HAS BEEN MASTERED WITH DIVIDING OF A BAR INTO SEVERAL STRANDS HAS BEEN DEVELOPED AND THIS IS A NEW AND PERSPECTIVE DIRECTION IN THE ROLLING TECHNIQUE.

JUNE 2007 WITNESSED COMMISSIONING OF A PIPE MILL THE EQUIPMENT FOR WHICH WAS SUPPLIED BY SMS MEER, A GERMAN COMPANY. THE PIPE MILL USES THREE TYPES OF BILLET DIAMETERS: 140, 160 AND 200 MM.

THE DESIGNED CAPACITY OF THE PIPE MILL EQUALS TO 252 THOU. TONS PER YEAR; THE FINISHED PIPE SIZE RANGE VARIES FROM 21.3 TO 168.3 MM. THE AMOUNT OF \$270 MLN. WAS SPENT FOR THIS PROJECT IMPLEMENTATION. FIRST PIERCING OF A HOT-ROLLED SEAMLESS PIPE TOOK PLACE ON JUNE 29, 2007, AND AT THE END OF 2008 THE MILL APPROACHED ITS DESIGNED CAPACITY.

SINCE THE COMMISSIONING OF THE PIPE MILL PRODUCTION OF MORE THAN 250 TYPES OF PIPE PRODUCTS OF VARIOUS RANGE HAS BEEN MASTERED.

PIPE QUALITY MEETS THE REQUIREMENTS OF RUSSIAN AND FOREIGN STANDARDS: GOST, DIN, ASTM, API 5L, EN. PRODUCTS MEETING COMPLEX REQUIREMENTS OF THESE STANDARDS AT THE CUSTOMER'S REQUEST

OVER 80% OF THE PIPE PRODUCTS ARE SOLD OUTSIDE THE REPUBLIC OF BELARUS. OUR CUSTOMERS REPRESENT SUCH COUNTRIES AS AUSTRIA, CZECH REPUBLIC, ESTONIA, FRANCE, GERMANY, GREAT BRITAIN, HUNGARY, ITALY, LATVIA, LITHUANIA, NORWAY, POLAND, SLOVAKIA, SPAIN, TURKEY, THE USA, RUSSIA, CHINA, SERBIA AND UKRAINE.

HARDWARE PRODUCTION IS COMPOSED OF THREE STEEL WIRE SHOPS, POWDER METALLURGY AND DIE SHOP, AND A CONTAINER AND PACKAGE SHOP.

STEEL CORD PRODUCTION IS A MOST COMPLICATED SCIENCE-INTENSIVE PROCESS WHICH PRESUPPOSES PRODUCTION OF BRASS-COATED STEEL WIRE DIAMETER 0.15 MM OUT OF CAST BILLET SIZE 250X300 MM, CAPABLE OF SUSTAINING HIGH MECHANICAL LOADS. THE PLANT IS THE MAIN SUPPLIER OF SUCH WORLD-RECOGNIZED TIRE MANUFACTURES AS CONTINENTAL, MICHELIN, GOODYEAR, ETC.



«YOU ALREADY PRODUCE 2,6 MN T OF STEEL PER YEAR AND WE HAVE TO POINT OUT THAT YOU ACHIEVED THE HIGHEST LEVEL OF QUALITY OF THE PRODUCT MANUFACTURED, IF WE COMPARE YOUR PRODUCTION WITH SIMILAR PLANTS IN ASIA OR EUROPE».

**HORST WISINGER,**  
REPRESENTATIVE  
OF HW CONSULTING GMBH, AUSTRIA

ANOTHER IMPORTANT HARDWARE PRODUCT ENJOYING KEEN DEMAND IS THE WIRE FOR HIGH-PRESSURE HOSES (HOSE WIRE). WITH RESPECT TO AUTOMATION AND EQUIPMENT LEVEL, WIRE PRODUCTION IS ONE OF THE HIGHLY DEVELOPED IN THE WORLD. THE PLANT'S SPECIALISTS ARE SUCCESSFULLY DEVELOPING AND IMPLEMENTING NEW STEEL CORD CONSTRUCTIONS TAKING INTO CONSIDERATION GLOBAL DEVELOPMENT TENDENCIES AND TIRE REQUIREMENTS OF THE AUTOMOTIVE MARKET. MORE THAN 60% OF THE PRODUCED STEEL CORD IS DISPATCHED INTO 18 FAR-ABROAD COUNTRIES. THE EXPORT SHARE OF THE HOSE WIRE DELIVERED TO THE FAR-ABROAD COUNTRIES HAS ALWAYS REMAINED HIGH AND TODAY IT MAKES UP ABOUT 90%. IN ORDER TO SATISFY THE REQUIREMENTS OF THE CONSUMER COMPANIES, RUE "BMZ" SPECIALISTS HAVE DEVELOPED A WIDE RANGE OF HOSE WIRE TYPES BEYOND THE PROJECT SCOPE, INCLUDING HIGH-TENSILE AND ULTRA HIGH-TENSILE TYPES. THE RANGE OF WIRE PRODUCTION OUTPUT IS NOT LIMITED BY THE ABOVEMENTIONED ASSORTMENT. THE PLANT PRODUCES BEAD WIRE, WELDING COPPER-COATED AND NON-COPPER-COATED WIRE, DIE-ROLLED COLD-DEFORMED REINFORCING WIRE FOR CONCRETE REINFORCEMENT, SPRING, SPOKE, NAIL, GENERAL PURPOSE WIRE AND STEEL FIBER (ANCHOR, WAVY, MICRO-FIBER).

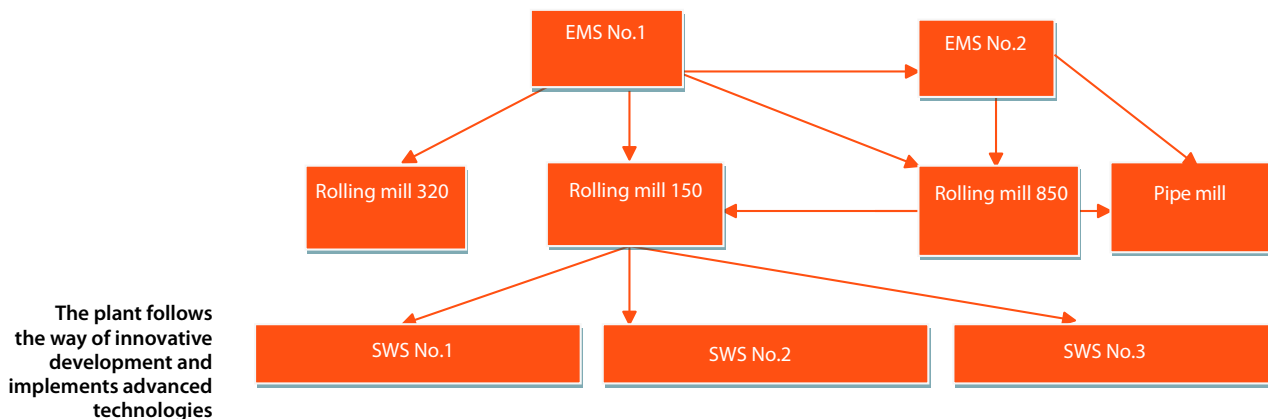
THE PLANT'S INFRASTRUCTURE IS REPRESENTED BY REPAIR SHOPS FOR POWER, ELECTRICAL AND MECHANICAL EQUIPMENT, PRODUCTION PROVISION WITH FLUIDS AND ELECTRIC POWER, RAILWAY AND TRANSPORT SHOPS, AND SUCH OTHER AUXILIARY DEPARTMENTS.

## CUSTOMER'S HEALTH AND SAFETY

**M**AIN CUSTOMERS OF RUE "BMZ" ARE MACHINE-BUILDING AND MOTOR-CAR CONSTRUCTION ENTERPRISES, HARDWARE, TIRE, PIPE AND REINFORCED CONCRETE STRUCTURE PLANTS OF THE NEIGHBORING AND FAR-AWAY COUNTRIES AND THOSE OF THE RB.

RUE "BMZ" IS AIMING AT PRODUCTION OF QUALITY GOODS AND SERVICES, ADVANTAGEOUS AND SAFE FOR THE CONSUMERS' HEALTH. THE BEST QUALITY ASSESSMENT

## Responsibility for the goods produced



OF THE PLANT PRODUCTION IS ITS HIGH COMPETITIVE ABILITY AND CONTINUOUSLY INCREASING SALES TURNOVER.

IN ORDER TO PROVIDE THE INNER MARKET SECURITY, SAFETY OF THE CITIZENS AND ENVIRONMENTAL PROTECTION, THE REPUBLIC OF BELARUS, RUSSIA, EC COUNTRIES AND SOME OTHER STATES DO NOT ALLOW TO IMPORT PRODUCTS WHICH ARE NOT CERTIFIED FOR THE COMPLIANCE WITH THE REQUIREMENTS OF THEIR NATIONAL STANDARDS.

«В области качества можно достичь хороших результатов, только если работать в одной команде. Это понятие не существует виртуально, оно неразрывно связано с производством, всеми службами завода».

**Заместитель генерального директора по технологии и качеству РУП «БМЗ»  
Е.А. Перетягина**



PRODUCTION CERTIFICATION IN COMPLIANCE WITH THE REQUIREMENTS OF NATIONAL AND INTERNATIONAL STANDARDS WAS COMMENCED AT RUE "BMZ" IN 1991, AND HAS BEEN SUCCESSFULLY PERFORMED THEREAFTER. QUALITY AND SECURITY OF THE RUE "BMZ" PRODUCTS COMPLYING WITH THE REQUIREMENTS OF THE NATIONAL STANDARDS OF ITS CUSTOMERS IS CERTIFIED BY CONFORMITY CERTIFICATES ISSUED IN RUSSIA, BELARUS, USA AND MOST OF THE EU COUNTRIES. FOLLOWING THE RESULTS OF 2011 RUE "BMZ" HOLDS 48 COMPLIANCE CERTIFICATES FOR VARIOUS TYPES OF PRODUCTS. QUALITY AND SECURITY OF THE RUE "BMZ" PRODUCTS AND THEIR COMPLIANCE WITH NORMATIVE DOCUMENTS IS SYSTEMATICALLY CHECKED IN THE COURSE OF SUPERVISORY AUDITS WITH THE FREQUENCY ESTABLISHED BY THE CERTIFICATION RULES OF EVERY CERTAIN COUNTRY (1, 2, 3 TIMES A YEAR).

CONFIDENCE IN THE STABLE QUALITY OF WIRE PRODUCTION IS ENSURED BY THE QUALITY SYSTEM EXISTING AT THE ENTERPRISE AND CERTIFIED FOR THE COMPLIANCE WITH STANDARD ISO/TS 16949:2009.

PRODUCTION IS APPROVED BY THE REPRESENTATIVES OF WIRE CONSUMING COMPANIES: MICHELIN (FRANCE), CONTINENTAL (GERMANY), GOODYEAR (LUXEMBOURG), EATON (USA, GERMANY), MANULI (ITALY), PARKER (ITALY), DIESSE (ITALY), ALFAGOMMA (ITALY), KNAPHEIDE (GERMANY) AND OTHERS, WHICH PERFORM THE COUNTERPARTY AUDITS.

THE CENTRAL PLANT LABORATORY IS ACCREDITED FOR THE COMPLIANCE WITH ISO/MEK 17025 REQUIREMENTS SINCE 2009.

IN 2011 REPUBLICAN UNITARY ENTERPRISE «BYELORUSSIAN STEEL WORKS» TOGETHER WITH BELMET HANDELGESELLSCHAFT M.B.H. (LINZ, AUSTRIA), ITS REPRESENTATIVE IN EC COUNTRIES, AND IN ACCORDANCE WITH REACH REGULATION No. EC 1907/2006 ARRANGED REGISTRATION OF THE CHEMICALS (MANGANESE, IRON, COPPER AND SILICON) CONTAINED IN CONCAST BILLET AND BLOOM AS PRODUCTS WHICH FURTHER USE IS ACCOMPANIED WITH THE CHEMICAL COMPOSITION CHANGE.

ALL OTHER PRODUCTS OF OUR ENTERPRISE BELONG TO GOODS WHICH DO NOT SUFFER THEIR CHEMICAL COMPOSITION CHANGE AND NOT EMITTING SUBSTANCE IN THE COURSE OF FURTHER STANDARD USE AND ARE NOT SUBJECT TO REGISTRATION.

ALL BMZ PRODUCTS DO NOT CONTAIN SUBSTANCES OF INCREASED HAZARD (SVHC).

THE MAIN GOAL OF THE REACH SYSTEM IS TO PROVIDE HIGH LEVEL OF HUMAN HEALTH AND ENVIRONMENT PROTECTION, INCLUDING PROMOTION OF ALTERNATIVE METHODS OF SUBSTANCE HAZARD ASSESSMENT, AND FREE TURNOVER OF



SUBSTANCES WITHIN THE DOMESTIC MARKET OF THE EUROPEAN UNION, THEREBY ENHANCING THE COMPETITIVE ABILITY OF CHEMICAL INDUSTRY OF THE MEMBER STATES AND FACILITATING INNOVATIVE TECHNOLOGIES INTRODUCTION.

IN ORDER TO INFORM PRODUCT CONSUMERS ON SAFE APPLICATION DURING FURTHER PROCESSING, SAFETY DATA SHEET FOR SERIAL PRODUCTION ARE EXECUTED IN COMPLIANCE WITH GOST 30333 AND SUCH OTHER TECHNICAL-REGULATORY LEGAL ACTS AS ESTABLISHED BY THE ORGANIZATION'S STANDARD STP 840-KSM-7.5.1.2 "MANAGEMENT FACILITIES OF PRODUCTION PROCESS. SPECIAL PROCESSES. SPECIAL CHARACTERISTICS OF THE PRODUCTION AND SPECIAL PARAMETERS OF THE PROCESS". IN COMPLIANCE WITH THE CUSTOMER REQUIREMENTS, THE PRODUCTION INSPECTION WITH RESPECT TO RADIOACTIVE SAFETY IS PERFORMED AT THE PLANT WITH THE SUBSEQUENT DELIVERY OF THE RELEVANT CERTIFICATES TO CUSTOMERS.

PACKING, STORING, HANDLING OPERATIONS AND DELIVERY OF PRODUCTS IS PERFORMED BY THE PERSONNEL IN COMPLIANCE WITH THE REQUIREMENTS OF THE ENTERPRISE'S STANDARD STP 840-KSM-7.5.5 "PRODUCTION AND MAINTENANCE. ENSURING THE PRODUCTION COMPLIANCE. PROCEDURE OF THE FINISHED PRODUCT DISPATCHING". MATERIALS ECOLOGICALLY SOUND AND HARMLESS FOR HUMAN HEALTH AND ENVIRONMENT ARE USED FOR PACKAGING.

IN THE REPORTING PERIOD WE RECEIVED SEVERAL REMARKS REGARDING STEEL CORD DAMAGE DURING RAILWAY TRANSPORTATION, PIPE DAMAGE DUE TO BREAKAGE OF THE PACKING STRIP, DEFORMATION OF COILS BECAUSE OF STEEL STRAP SHIFT. FOR ELIMINATION OF THE REMARKS WE ANALYZED THEM AND INTRODUCED SOME CHANGES IN THE LOADING SCHEME, REVISED AND IMPROVED PACKING AND FIXTURE OF PRODUCTS DURING TRANSPORTATION.

## PRODUCT MARKING

### WITH APPROPRIATE INFORMATION

ALL PRODUCTS SUPPLIED TO THE CUSTOMERS ARE MARKED AND ACCOMPANIED BY A QUALITY CERTIFICATE. THE PRODUCT MARKING IS PERFORMED IN COMPLIANCE WITH THE PLANT REGULATIONS ON THE MARKING REQUIREMENTS, AND INCLUDES INFORMATION ON THE MANUFACTURING COUNTRY, TRADE MARK OF THE PLANT, SUPPLY CONTRACT NUMBER, CONSIGNMENT NUMBER, COUNTRY OF DESTINATION, WEIGHT AND OTHER QUALITY INFORMATION. QUALITY CERTIFICATES CONTAIN QUALITY INFORMATION OF THE PRODUCT.

PACKING AND SHIPMENT ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE EXISTING PROCESS DOCUMENTATION WITH CONSIDERATION OF THE REQUESTS AND REQUIREMENTS OF THE CUSTOMERS STIPULATED IN THE CONTRACT.

IN AUGUST 2006 A PERMIT TO USE THE "CE" MARK ON STRUCTURAL STEEL ROLLED SECTION UNDER THE REQUIREMENTS OF DIRECTIVE 89/106/CE AND BS EN 10025-2:2004 WAS FOR THE FIRST TIME RECEIVED FROM CARES. IN FEBRUARY 2008 TÜV NORD SYSTEMS (GERMANY) ISSUED A NEW COMPLIANCE CERTIFICATE FOR THE RIGHT TO ATTACH THE "CE" MARKING TO:

– HOT-ROLLED SEAMLESS HOLLOW PROFILES OF STRUCTURAL STEEL GRADES WITH STRENGTH GROUPS RANGING FROM S235 TO S355 IN COMPLIANCE WITH THE REQUIREMENTS OF ANNEXES A AND B OF DIN EN 10210-1:2006 AND DIRECTIVE 89/106/EEC OF THE EC COUNCIL FOR CONSTRUCTION PRODUCTION AMENDED BY DIRECTIVE 93/68/EEC OF THE EUROPEAN COUNCIL (SINCE 2008);

– SEAMLESS PIPES S 195T SERIES H AND M, AS WELL AS L, L1 AND L2 TYPE Ø 21,3MM TO 165,1MM OF UNALLOYED STEEL FOR WELDING AND THREADING IN ACCORDANCE WITH THE REQUIREMENTS OF DIN EN 10255:2004+A1:2007 AND DIRECTIVE 89/106/EC OF THE EC COUNCIL FOR BUILDING PRODUCTS AMENDED ACCORDING TO DIRECTIVE 93/68/EC OF THE EC COUNCIL (SINCE 2010);

– HOT-ROLLED STEEL BARS FROM STRUCTURAL STEEL WITH THE STRENGTH GROUPS RANGING FROM S235 AND S355 IN COMPLIANCE WITH THE REQUIREMENTS OF THE EUROPEAN STANDARD DIN EN 10025-2:2005 AND DIRECTIVE 89/106/EEC OF THE EUROPEAN COUNCIL FOR CONSTRUCTION PRODUCTION AMENDED BY DIRECTIVE 93/68/EEC EUROPEAN COUNCIL.

– ANCHOR, WAVY AND STRAIGHT FIBER (MICROFIBER) IN ACCORDANCE WITH THE REQUIREMENTS OF DIN EN 14889-1:2006 AND DIRECTIVE 89/106/EC OF THE EC COUNCIL FOR BUILDING PRODUCTS AMENDED ACCORDING TO DIRECTIVE 93/68/EC OF THE EC COUNCIL (SINCE 2010).

PERCENTAGE OF THE GOODS WITH THE CE MARK IN THE PRODUCTION OUTPUT IN 2011 WAS 3,45 PER CENT.

IN THE REPORTING PERIOD WE RECEIVED ONE MESSAGE FROM OUR CUSTOMER REGARDING INCORRECT CLASS OF REINFORCING STEEL INDICATED IN THE MARKING TAG AND ONE REMARK ABOUT WRONG INFORMATION INDICATED IN THE PACKING LIST: DOUBLE IDENTIFICATION OF STEEL CORD BOXES. RUE "BMZ" SCRUTINIZED REGULATIONS FROM THE POINT

## Responsibility for the goods produced

OF VIEW OF PROTECTION AGAINST OPERATOR'S MISTAKES. THE REMARK WAS DISCUSSED WITH THE RESPONSIBLE PERSONNEL. AFTER THE NON-CONFORMITY WAS ELIMINATED, THERE WERE NO TROUBLES IN FUTURE.

Diagram:  
Number of QMS  
and product  
external audits .

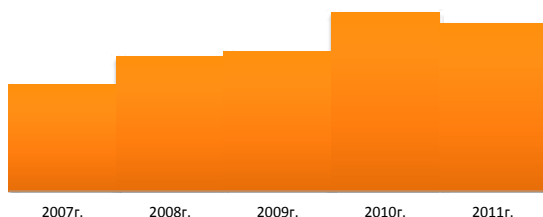
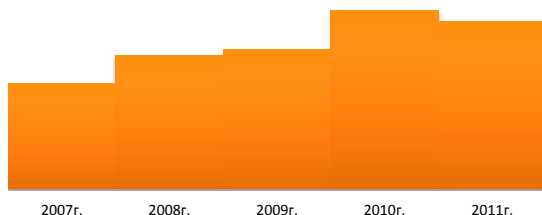


Diagram:  
Percentage of  
products  
with CEmark



TRADE POLICY, USING THE EXISTING COMMERCIAL AND TRADING RELATIONS, EXPANDING OUR PRESENCE ON THE TRADITIONAL OUTLETS WITH ABSOLUTELY NEW TYPES OF PRODUCTS.

APPROACHES USED IN MARKETING STRATEGY:

1. IMPROVEMENT OF EXPORT INFRASTRUCTURE AND DIVERSIFICATION OF EXPORT DISTRIBUTION STRUCTURE.
2. DEVELOPMENT OF NEW PRODUCTION.
3. PARTICIPATION IN EXHIBITIONS AND FAIRS.
4. INTERACTION WITH INTERNATIONAL; MARKETING NETWORKS, IMPROVEMENT OF QUALIFICATION OF RUE "BMZ" SPECIALISTS INVOLVED IN FOREIGN ECONOMIC ACTIVITY.
5. DIVERSIFICATION OF THE PRICE POLICY.

### MUTUALLY BENEFICIAL COOPERATION WITH CONSUMERS OF THE PLANT'S PRODUCTS

OUR CONSUMERS ARE THE MOST INTERESTED PARTIES FOR US BECAUSE SUCH COOPERATION IS PROFITABLE FOR THE PLANT. RUE "BMZ" IS GUIDED BY NEEDS AND EXPECTATIONS OF ITS CUSTOMERS, STRIVES FOR THE FULLEST SATISFACTION OF THE PARTNERS' REQUIREMENTS IN ITS ACTIVITY.

IN ORDER TO STUDY AND SPECIFY CUSTOMER REQUIREMENTS, THE PLANT CONSTANTLY ARRANGES MEETINGS WITH ITS CUSTOMERS, STUDIES DOMESTIC AND FOREIGN DEVELOPMENTS IN THE FIELD OF PRODUCTION QUALITY IMPROVEMENT AND WORK QUALITY OPTIMIZATION, PERFORMS ANALYSIS OF MARKET DEVELOPMENT TENDENCIES.

ORGANIZATION OF PERIODIC MEETINGS AND DISCUSSION OF PROBLEMS WITH ITS PARTNERS ALLOW THE ENTERPRISE TO FIND EFFICIENT SOLUTIONS OF THE EXISTING AND POTENTIAL PROBLEMS, REALIZE POSSIBLE PRODUCT DEVELOPMENT AND OPTIMIZATION DIRECTIONS.

WORK WITH CUSTOMERS IS ORGANIZED IN COMPLIANCE WITH THE CODE OF BUSINESS ETHICS AND ENTERPRISE STANDARD STP 840-SMK-7.2 "PROCESSES ASSOCIATED WITH CUSTOMERS. PROCEDURE OF THE PLANT'S PRODUCT SALES".

### MARKETING COMMUNICATIONS

**M**ARKETING COMMUNICATIONS ARE ORIENTED TOWARDS SOLVING OF CERTAIN TASKS WHICH IN THEIR TURN SHOULD CORRESPOND THE MAIN GOALS OF THE COMMUNICATION PROGRAM:

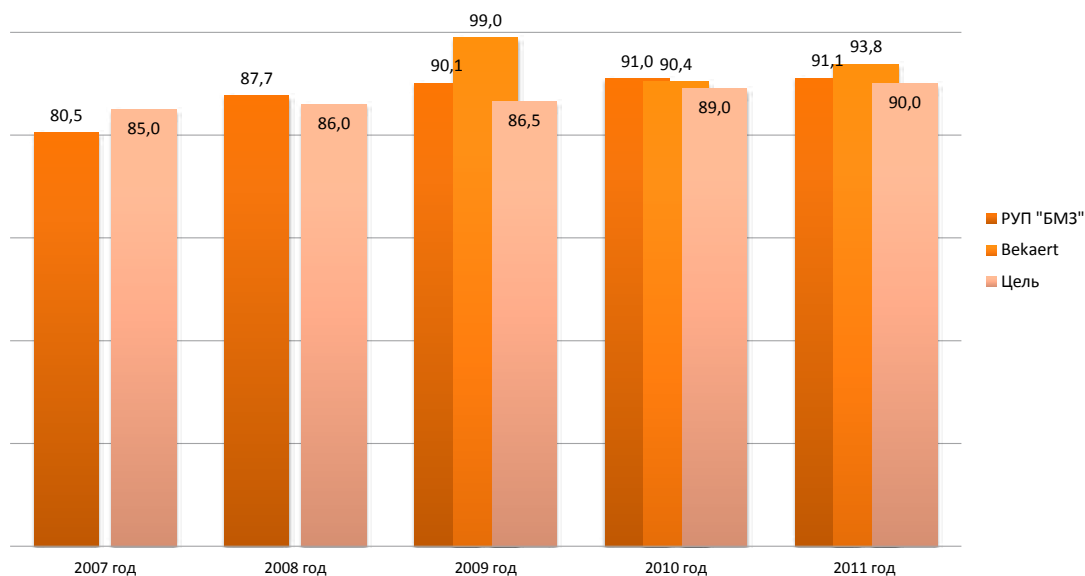
- AWARENESS OF USERS OF THE TRADE MARK;
- DISSEMINATION OF INFORMATION ABOUT RUE "BMZ";
- FAIR BUSINESS;
- FORMATION OF A POSITIVE IMAGE OF THE PLANT AND ITS TRADE MARK.

THE FINAL GOAL OF MARKETING COMMUNICATIONS OF THE ENTERPRISE IS A SEARCH OF MARKETS WITH STABLE CONSUMPTION AND PRODUCT SALE AT MAXIMUM POSSIBLE PRICE.

MARKETING STRATEGY FOR 2010-2015 IS AIMED AT MAXIMUM ENHANCEMENT OF EXPORT IN ALL DIRECTIONS BY GROUPS OF PRODUCTS, RETAINING THE TRADITIONAL PRODUCT MARKETS AND DEVELOPING NEW ONES, LEADING A MAXIMUM OPEN FOREIGN

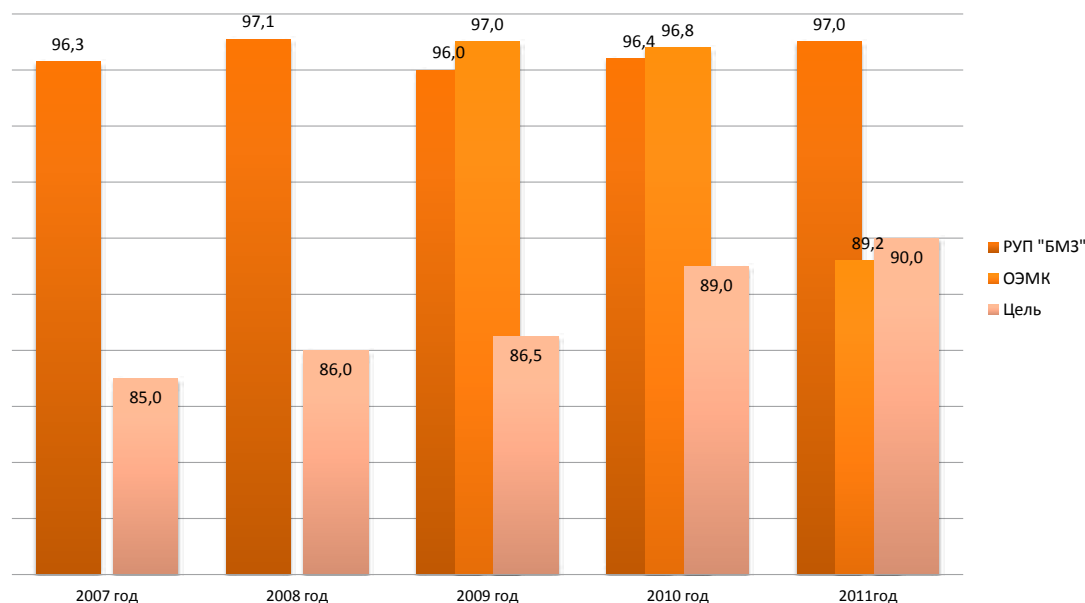


## БЕЛОРУССКИЙ МЕТАЛЛУРГИЧЕСКИЙ ЗАВОД BYELORUSSIAN STEEL WORKS



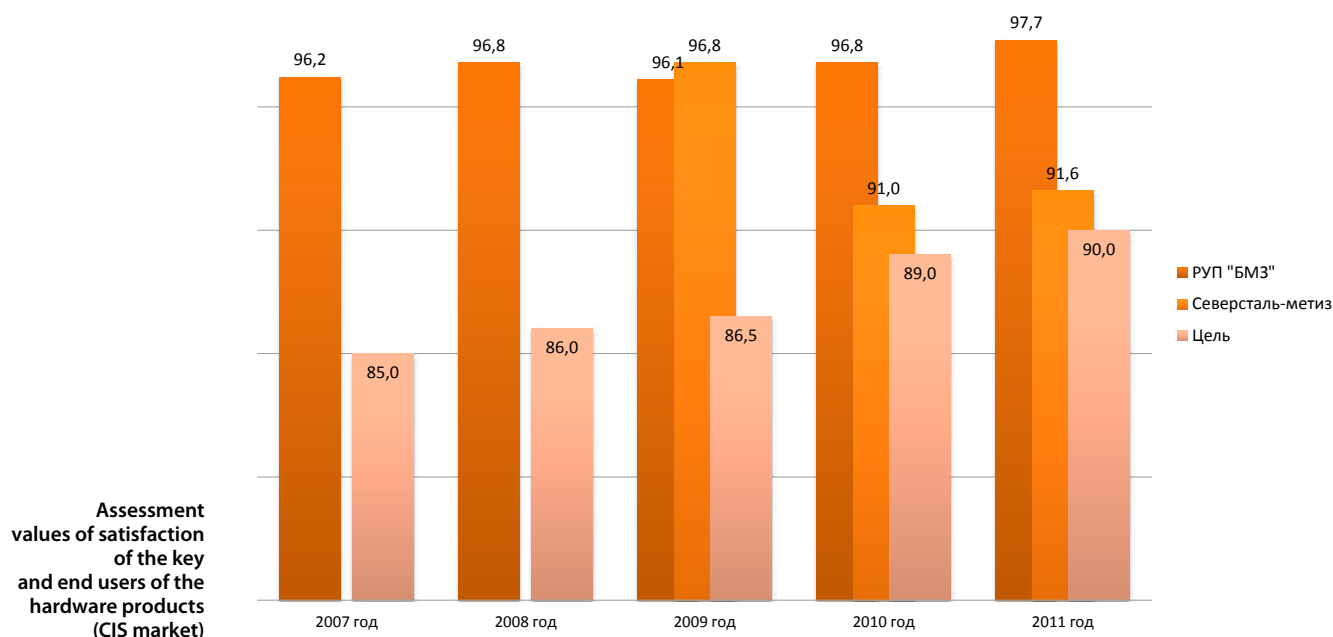
Assessment values of satisfaction of the key users of the hardware products (far foreign countries)

EVERY YEAR FOLLOWING THE ANNUAL WORK RESULTS, THE PLANT UNDERTAKES AN ASSESSMENT OF ITS CUSTOMERS' SATISFACTION WITH THE HELP OF FEEDBACK. CUSTOMER SATISFACTION ASSESSMENT IS A PART OF RUE "BMZ" BUSINESS AND IS AIMED AT BASIC PROBLEMS DETECTION CONCERNING COOPERATION WITH CUSTOMERS, DETERMINATION OF PRIORITY DIRECTIONS OF ITS ACTIVITY AND PRODUCTION OPTIMIZATION OF FURTHER DEVELOPMENT. IT IS CARRIED OUT IN ACCORDANCE WITH GOAL-ORIENTED ORDER No.2 «MEASURES OF IMPROVEMENT OF QUALITY AND COMPETITIVENESS OF THE MARKETABLE PRODUCTS» AND METHODS OF PROCESSING THE ASSESSMENT RESULTS UM 840-SMK-04-2005 DEVELOPED ON THE BASIS OF TK RB 4.2-P-07-2002. SO AS TO GET HIGH RELIABILITY OF THE RESULTS, THE ASSESSMENT IS PERFORMED WITH CONSIDERATION OF THE LEVEL OF OUR CUSTOMER SATISFACTION WITH SIMILAR GOODS PRODUCED BY OUR COMPETITORS ON THE MARKET CONCERNED.



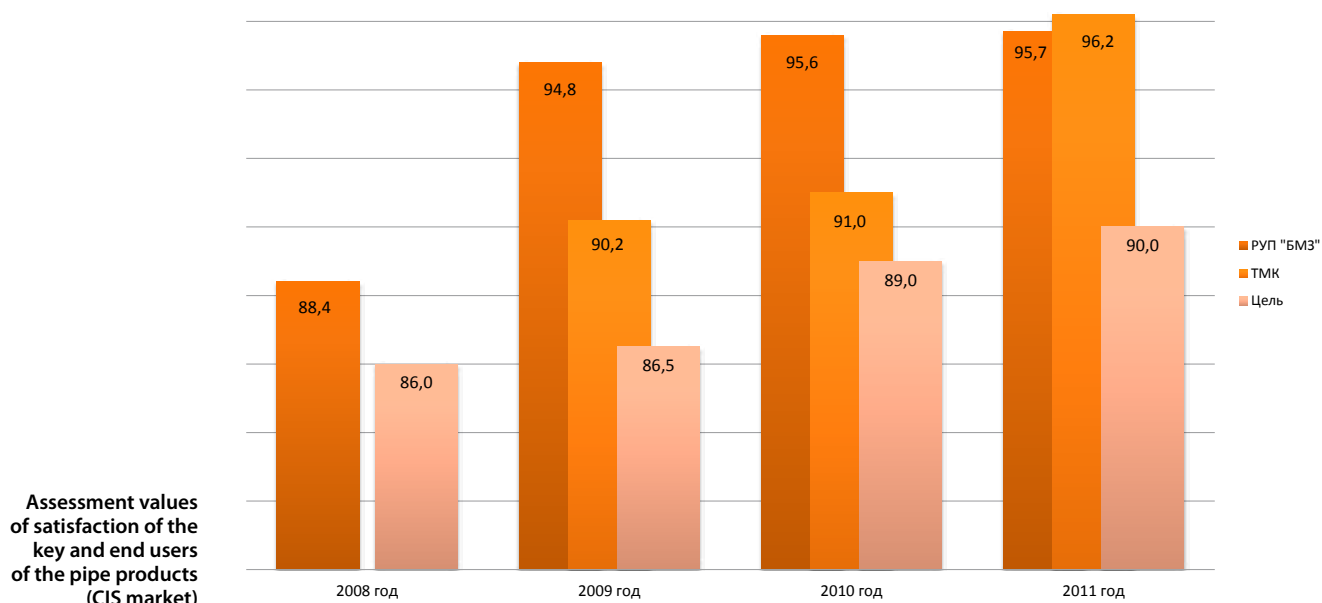
Assessment values of satisfaction of the end users of the metallurgical products (CIS market)

## Responsibility for the goods produced



STABLE WORK OF THE STAFF AIMED AT PRODUCTION OUTPUT INCREASE, QUALITY IMPROVEMENT, PRODUCT RANGE EXTENSION, AND NEW PIPE MARKET DEVELOPMENT IS ADEQUATELY APPRAISED BY OUR CUSTOMERS. SINCE THE TIME OUR PLANT CAME INTO THIS MARKET A POSITIVE TENDENCY IS OBSERVED IN ASSESSMENT OF THE CUSTOMER SATISFACTION WITH OUR PRODUCTS.

COOPERATING WITH ITS CUSTOMERS IN ACCORDANCE WITH THE PRINCIPLES OF THE UN GLOBAL COMPACT THE PLANT DOES NOT COLLECT ANY INFORMATION ABOUT PRIVATE LIFE AND PERSONAL DATA OF THE CUSTOMER STAFF. THERE HAVEN'T BEEN ANY CLAIMS RELATED TO PRIVACY INFRINGEMENT SINCE THE PLANT ERECTION.





## MUTUALLY BENEFICIAL COOPERATION WITH THE SUPPLIERS

ANOTHER EQUALLY IMPORTANT PARTY CONCERNED IS OUR SUPPLIERS PROVIDING THE PLANT WITH STOCK AND RAW MATERIALS FOR OUR PRODUCTION.

THE PROCUREMENT PROCEDURE IS REGULATED BY THE FOLLOWING ACTS OF LAW: «PROCEDURE OF SELECTING A SUPPLIER (CONTRACTOR, EXECUTOR) TO PERFORM STATE PURCHASES IN THE RB» APPROVED BY DECREE No. 618 OF THE PRESIDENT OF THE RB DD. 17.11.2008; BY THE DECISION OF CM OF THE RB No. 1987 «SOME ISSUES OF THE STATE PURCHASES» DD. 20.12.2008, BY GENERAL DIRECTOR'S ORDER No. 85 «FORMATION OF A COMMISSION FOR PURCHASES ARRANGEMENT» DD. 30.01.2009.

RUE "BMZ" ESTABLISHES HONEST AND UNBIASED RELATIONS WITH SUPPLIERS BASED ON REASONABLE PRICING, RECOGNIZING LICENSE AND TRADE RIGHTS. COOPERATION WITH SUPPLIERS IS ORGANIZED IN COMPLIANCE WITH THE CODE OF ETHICS AND ENTERPRISE STANDARD STP 840-KSM-7.4

"PROCUREMENT. PROCEDURE OF COOPERATION WITH SUPPLIERS", AND SUPPLIER MANUAL.

SELECTION OF SUPPLIERS IS PERFORMED BASED ON:

- STUDY OF MARKET AND SUPPLIER QUESTIONING.
  - RATING ON THE COMMODITY AND SERVICES MARKET.
  - QUALITY OF THE ACQUIRED RESOURCES (SERVICES)
- WITH CONSIDERATION OF DATA ON CONSUMER'S QUALITY MANAGEMENT SYSTEM FUNCTIONING AND ITS EFFICIENCY

IN THE FORM OF:

- RESULTS OF MASS REGULAR SUPPLIES WITHOUT RECLAMATIONS OR CLAIMS;
- COMPLIANCE CERTIFICATES FOR THE MANAGEMENT SYSTEM AND PRODUCTS OF THE SUPPLIER;
- SUPPLIER OBLIGATIONS TO RESPECT THE RIGHTS AND FREEDOMS OF THE CITIZENS IN COMPLIANCE WITH THE PRINCIPLES OF THE UN GLOBAL COMPACT;
- SUPPLIER CONSENT TO FOLLOW THE CONSUMER

QUALITY MANUAL OF RUE "BMZ".

THE ACTIVITY OF CUSTOMERS IS ASSESSED ACCORDING TO THE FOLLOWING CRITERIA:

- OBSERVATION OF THE VOLUME AND TERMS OF PRODUCT DELIVERY (LOGISTICS);
- COMPLIANCE OF THE DELIVERED PRODUCT WITH THE ESTABLISHED REQUIREMENTS AND CALCULATION OF THE DELIVERED GOODS QUALITY INDEX (IQL) CONSIDERING THE EXISTENCE OF THE SUPPLIER QUALITY SYSTEM, SHARE OF SUPPLIES WITH DEVIATIONS IN THE TOTAL NUMBER OF DELIVERIES AND CONSIDERATION OF DEVIATION SIGNIFICANCE COEFFICIENT (LOYALTY);
- DEGREE OF THE CONSUMER LOYALTY TO THE PLANT AND CORRECTIVE ACTIONS EXECUTION.

SUPPLIER QUALITY ASSESSMENT IS REVIEWED AT THE PLANT QUALITY MEETINGS.

AT THE END OF 2011 BYELORUSSIAN STEEL WORKS INTRODUCED SOME CHANGES IN THE SUPPLIER CONTRACT REQUIREMENTS. ONE OF THEM IS USE OF 8D PROCESS IN SOLVING QUALITY ISSUES.

THIS PROCESS SHOWED ITSELF TO ADVANTAGE IN THE WORLD PRACTICE AS ONE OF THE MOST EFFECTIVE TOOLS FOR SOLVING PRODUCT QUALITY PROBLEMS OF SUPPLIERS. IT GIVES THE POSSIBILITY TO ELIMINATE THE REASONS OF THE PROBLEM OCCURRENCE AND EXCLUDE THEIR REITERATION.

INTRODUCTION OF THE PROCESS OF PROBLEM SOLVING DEVELOPED ON THE BASIS OF 8D METHOD (SYSTEM EXCLUSION OF PROBLEMS) ALLOWED US TO INCREASE THE LEVEL OF CO-OPERATION OF THE PLANT WITH ITS SUPPLIERS IN THE AREA OF INFORMATION EXCHANGE AND CORRECTIVE AND PREVENTIVE ACTION MANAGEMENT.

SO AS TO DEVELOP PARTNERSHIP RELATIONS AND IMPROVE QUALITY OF THE DELIVERED PRODUCT BY DEVELOPMENT

«We have cooperated with BMZ for almost 20 years, during which our cooperation has constantly developed. We trust your plant, you trust us. The prize we were awarded as the best supplier is very brilliant. And we do our best to maintain brilliancy in our mutual work».

**Serbo Zalavitsa,**  
**Alfecol Limited (Great Britain) Moscow office director**

OF THE MANAGEMENT SYSTEM WITH THE ACCEPTABLE SUPPLIERS ACCORDING TO THE BULLETIN OF SUPPLIERS ASSESSMENT FOR THE PREVIOUS PERIOD SPECIALISTS OF THE PLANT PERFORM SUPPLIER AUDITS.

FOLLOWING THE COOPERATION RESULTS AND ASSESSMENTS, A "LIST OF APPROVED SUPPLIERS" IS DRAWN UP AND AGENTS PERFORMING DELIVERIES ARE SPECIFIED.

THE RESULTS OF THE SUPPLIER ASSESSMENT ARE GIVEN IN THE TABLE BELOW.

## Responsibility for the goods produced

SUPPLIER	DELIVERY QUALITY INDEX, %	LOGISTICS, %	LOYALTY TO THE PLANT %	ACTUAL DATA, %		
				2009	2010	2011
EXCELLENT	IQL=95,1-100	100	100	28,5	37,20	32,05
RELIABLE	IQL=75,1-95	100	100	64,09	50,24	57,84
ACCEPTABLE	IQL=30,1-75,0	85-100	80-100	4,26	4,45	3,14
UNSATISFACTORY	IQL ≤ 30*	<85	<80	3,14*	8,11*	6,97*

\*PURCHASES FROM THIS SUPPLIER SHOULD BE CANCELLED

Table:  
The results  
of the supplier  
assessment

CRITERION	2009	2010	2011
PERCENTAGE OF CERTIFIED SUPPLIERS (SUPPLIER ASSESSMENT BULLETIN DATA ), %	58,2	44,2	49,4

CONSTRUCTION OF AN EFFECTIVE MODEL OF SUPPLIER COOPERATION AND INTERACTION ALLOWS THE PLANT TO IMPLEMENT PLANS AND STRATEGIES, AND ACHIEVE THE TARGETS SET FORTH.

SO AS TO PERFUME ITS ACTIVITY SUCCESSFULLY, SPECIAL ATTENTION IS PAID TO FEEDBACK. BEING AN ESSENTIAL COMPONENT OF THE PLANT'S POLICY, ARRANGEMENT OF FEEDBACK STRENGTHENS MUTUAL TRUST, JOINS AND UNITES THE PARTIES CONCERNED FROM THE POINT OF VIEW OF UNIFIED PUBLIC AIMS, VALUES, AND INTERESTS.

RUE "BMZ" IMPLEMENTS THE PRINCIPLES OF OPENNESS, INVOLVEMENT AND BALANCING OF INTERESTS RUE "BMZ" HELD THE 2ND INTERNATIONAL CONFERENCE OF THE PLANT'S SUPPLIERS WHICH EVOKED A WARM RESPONSE OF THE INTERESTED PARTIES. REPRESENTATIVES OF BELARUSIAN, RUSSIAN, GERMAN, ITALIAN, CHINESE, BRITISH, POLISH, LATVIAN, SERBIAN, SLOVAKIAN AND FINNISH ENTERPRISES SUPPLYING MATERIALS, RAW MATERIALS AND DIFFERENT EQUIPMENT TO THE PLANT TOOK PART IN THE CONFERENCE

GENERAL DIRECTOR OF BMZ ADDRESSED TO THE PARTICIPANTS. HE POINTED OUT THAT SUCCESSFUL WORK OF THE ENTERPRISE IS ENSURED BY OVER 500 SUPPLIERS HAVING ESTABLISHED STABLE AND TRUSTFUL RELATIONS WITH THE ENTERPRISE. SUCH EVENTS HELP US TO DISCUSS ACTUAL QUESTIONS, DETERMINE OUTLOOKS AND BETTER KNOW EACH OTHER. SPECIAL ATTENTION WAS PAID TO THE PROCEDURE OF MATERIAL AND PRODUCTS APPROVAL EXISTING AT THE PLANT.

WITHIN THE FRAMEWORK OF THE CONFERENCE RUE "BMZ" MANAGERS MADE REPORTS ON DIRECTIONS OF FURTHER INTERACTION WITH THE PARTIES CONCERNED AND RUE "BMZ" DEVELOPMENT.

BEST SUPPLIERS OF 2011 WERE AWARDED DIPLOMAS AND SPECIAL PRIZES.



Муниципальное бюджетное учреждение  
«Центр культуры и спорта»  
Муниципального района «Самарский район»  
Самарской области  
Адрес: 446000, Самарская область, Самарский район, с/пос. Самарское, д. 1



## Interaction of the parties

**T**HE PLANT COOPERATES WITH AN EXTENSIVE NUMBER OF THE PARTIES CONCERNED, WHICH GOES BEYOND THE FRAMEWORKS OF ITS PRODUCTION ACTIVITY. RUE "BMZ" SETS FORTH A UNIFIED APPROACH TO THE SOCIAL ACTIVITY MANAGEMENT, INCLUDING A GREAT MAJORITY OF VARIOUS INSTRUMENTS; THEREAT, THE PRINCIPLE OF TARGETED AND INDIVIDUAL APPROACH IS ALWAYS PRESERVED WITH RESPECT TO EVERY GROUP OF THE PARTIES CONCERNED. SUCCESSFUL BUSINESS IS IMPOSSIBLE WITHOUT FAVORABLE SOCIO-ECONOMIC ENVIRONMENT BOTH INTERNAL AND EXTERNAL. INVESTING INTO THE DEVELOPMENT OF THE REGION OF OUR PRESENCE NOW, WE ARE CURRENTLY CREATING POTENTIAL FOR ECONOMICAL, SOCIAL, MATERIAL AND SPIRITUAL GROWTH OF THOUSANDS OF PEOPLE. IT ALSO MEANS THAT WE FORM A STABLE AND FREE SOCIETY CONFIDENT IN TOMORROW.

BEING A SOCIALLY RESPONSIBLE ENTERPRISE, RUE "BMZ" COOPERATES WITH THE PARTIES CONCERNED ADHERING TO THE FOLLOWING APPROACHES:

- OBSERVANCE OF THE LEGISLATION AND LEGAL NORMS OF THE REPUBLIC OF BELARUS AS WELL AS PRINCIPLES OF THE UN GLOBAL COMPACT;
- INVOLVEMENT OF ALL ELEMENTS AND PARTICIPANTS OF COOPERATION;
- DISCLOSURE OF A COMPLETE AND RELIABLE INFORMATION ON THE RESULTS IN THE FIELD OF ECONOMIC, ECOLOGICAL AND SOCIAL ACTIVITY;
- PROMOTION OF RESPONSIBILITY FOR THE ASSUMED OBLIGATIONS AND THEIR EXECUTION;
- OBSERVANCE OF UNIVERSAL NORMS AND VALUES;
- FORMATION OF FAVORABLE INTERNAL AND EXTERNAL ENVIRONMENT;
- MAINTAINING OF REASONABLE BALANCE OF INTERESTS OF THE PLANT AND SOCIETY.

RUE "BMZ" IS A PART OF THE SOCIETY AND IT SUPPORTS CIVIL INITIATIVES IN THE FIELD OF ECONOMIC, SOCIAL AND CULTURAL DEVELOPMENT OF THE REGION OF PRESENCE, PRESERVING CULTURAL HERITAGE, NATIONAL ORIGINALITY, ENVIRONMENTAL PROTECTION, HEALTHCARE AND WELFARE OF THE POPULATION AND EMPLOYEES.

## INTERACTION WITH THE CIVIL SOCIETY

**B**YELORUSSIAN STEEL WORKS IS A TOWNSHIP-FORMING ENTERPRISE DEFINING NOT ONLY THE APPEARANCE BUT ALSO THE CHARACTER OF ZHLOBIN. THROUGHOUT ITS HISTORY THE PLANT WAS INVOLVED INTO CONSTRUCTION CREATING INDUSTRIAL AND SOCIAL INFRASTRUCTURE OF THE TOWN. THE FIRST FACILITY BUILT BY "BMZ" WAS THE BOILER HOUSE "SEVERNAYA" COMMISSIONED IN 1983.

DUE TO "BMZ", ZHLOBIN TAKES ADVANTAGE OF 5 EDUCATIONAL SCHOOLS, 9 NURSERY SCHOOLS, 7 STORES, A RESTAURANT, A HOTEL, CHILDREN'S DEPARTMENT FOR 120 PEOPLE AND SURGICAL BUILDING FOR 240 PATIENTS OF THE REGIONAL HOSPITAL. FOR A CONVENIENT HIGHROAD SERVICE, A VIADUCT OVER THE RAIL TRACK WAS BUILT CONNECTING TWO PARTS OF THE TOWN.

THERE WAS TIME WHEN WE HAD NO STABLE RECEPTION OF THE REPUBLICANS AND REGIONAL TV PROGRAMS. THIS PROBLEM WAS SOLVED WITH THE HELP OF A RELAY STATION INSTALLED BY THE PLANT. LIBERATORS' SQUARE BECAME A REAL ADORNMENT OF THE TOWN. A NEW BUILDING OF SCHOOL NO.1 WAS BUILT BY THE PLANT AS WELL AS SPORT CENTRE WITH A SKATING RINK AND AN AQUA-PARK.

THE TOWN STREETS WERE RENEWED, CONVENIENT TRANSPORT COMMUNICATION OF THE DEVELOPING "METALLURGIC CAPITAL" IS ASSURED BY 3 VIADUCTS. TODAY ZHLOBIN IS A RAPIDLY DEVELOPING TOWN WITH MODERN DISTRICTS, VARIOUS SPORT AND CULTURAL FACILITIES.

THE PLANT'S MANAGEMENT REALIZES THAT SOCIAL AND ECONOMIC STABILITY IN THE REGION OF ITS PRESENCE AFFECTS THE LONG-TERM STABILITY OF BUSINESS. THAT IS WHY IT IS STRATEGICALLY EXPEDIENT TO ABIDE BY THE CORPORATE RESPONSIBILITY POLICY BOTH WITH RESPECT TO THE EMPLOYEES AND WITH RESPECT TO THE LOCAL COMMUNITIES. INVESTIGATING THE PECULIARITIES OF THE SOCIAL AND ECONOMIC DEVELOPMENT OF THE REGION OF ITS PRESENCE, THE PLANT DEFINES THE PRIORITY DIRECTIONS AND FORMS OF SOCIAL ACTIVITY. BESIDES FULFILLING TAX OBLIGATIONS, RUE "BMZ" INITIATES COOPERATION WITH REGIONAL PARTNERS AND SUPPORTS PROGRAMS AND PROJECTS AIMED AT SOCIAL INFRASTRUCTURE DEVELOPMENT.

HELPING THE REGION, THE PLANT THEREBY ESTABLISHES EFFECTIVE RELATIONS WITH THE LOCAL AUTHORITIES AND COMMUNITY OPENING OPPORTUNITIES TO DEVELOP ITS BUSINESS OVER THE CERTAIN TERRITORY, TO IMPLEMENT NEW PROJECTS AND ENGAGE QUALIFIED PERSONNEL.

RUE "BMZ" IS SEARCHING FOR OPTIMAL CORRELATION OF ITS SOCIAL OBLIGATIONS AND ACTUAL POTENTIAL, MAINTAINING BALANCE BETWEEN THE NEEDS OF THE REGION AND BUSINESS CONCERNS. WHAT FOR ITS PRACTICAL ACTIVITY, THE PLANT CREATES



RELATIONSHIP WITH THE CIVIL SOCIETY WITH DUE CONSIDERATION OF THE RESULTS OF THE COMPREHENSIVE RESEARCH "PLANT AND ITS EMPLOYEES AS VIEWED BY THE TOWNSPEOPLE". ANNUAL MULTIDIMENSIONAL RESEARCH IS CARRIED OUT WITH THE PURPOSE TO STUDY THE OPINION OF THE TOWNSPEOPLE WITHIN THE REGION OF THE PLANT'S PRESENCE AS CONCERNS THE DEGREE OF BMZ INFLUENCE ON THE VITAL ACTIVITY OF THE REGION.

STEADY DEVELOPMENT OF THE REGION OF PRESENCE IS AN IMPORTANT COMPONENT OF THE PLANT DEVELOPMENT STRATEGY AIMED AT SOLVING OF PRIORITY TASKS WITHIN THE FIELD:

- ASSISTANCE TO THE STEADY DEVELOPMENT OF THE TERRITORY OF PRESENCE;
- MAINTAINING STABLE SOCIAL AND ECONOMIC ENVIRONMENT IN THE LOCAL COMMUNITIES;
- DEVELOPMENT OF PARTNERSHIP RELATIONS WITH THE REGIONAL AUTHORITIES AND LOCAL ADMINISTRATION;
- CREATION OF COMFORTABLE LIVING CONDITIONS FOR THE PLANT EMPLOYEES AND POPULATION OF THE REGION;
- ESTABLISHMENT AND MAINTAINING THE IMAGE OF CONSCIENTIOUS AND ATTRACTIVE EMPLOYER.

## CHARITY AND SPONSORSHIP

BMZ POLICY IN THE FIELD OF CHARITY AND SPONSORSHIP IS AIMED AT FACILITATION OF THE FORMATION OF THE SOCIALLY ACCEPTED IMAGE OF THE EFFICIENTLY OPERATING AND SOCIALLY RESPONSIBLE ENTERPRISE, TO AFFECT THE PUBLIC RECOGNITION OF THE SOCIAL IMPORTANCE OF METALLURGY, TO CONSOLIDATE ITS STANDING AND ENHANCE THE LOYALTY TO RUE "BMZ" ON THE PART OF ALL INTERACTIVE GROUPS AND THE CIVIL SOCIETY.

CHARITY AND SPONSORSHIP PERFORMED BY THE PLANT NOT ONLY FACILITATE THE FORMATION OF ITS IMAGE BUT ACTUALLY HELPS THOSE IN NEED TO RAISE THEIR LEVEL OF LIVING AND SOLVE MAJOR PROBLEMS.

RUE "BMZ" ACTIVELY PARTICIPATES IN THE PROCESS OF RESOLVING OF THE SOCIALLY IMPORTANT TASKS ON THE REGIONAL AND NATIONWIDE LEVEL. THE PRIORITY DIRECTIONS OF THE CORPORATE CHARITY AND SPONSORSHIP ACTIVITY ARE DEFINED AS FOLLOWS: ECOLOGY, SUPPORT OF EDUCATION, SPORTS AND SOCIAL OBJECTS ON THE TERRITORY OF THE PLANT'S PRESENCE. THE DISTRIBUTION OF FUNDS ALLOCATED BY THE PLANT FOR THIS PURPOSE IS GIVEN IN THE TABLE.

CATEGORY	2010	2011
<b>SPONSORSHIP, TOTAL (\$ THOU.), INCLUDING:</b>	<b>9485,9</b>	<b>15 723,9</b>
FINANCIAL AID TO THE DEVELOPMENT OF PHYSICAL CULTURE AND SPORTS IN THE RB, TOTAL:	7168,0	9 589,4
AID TO THE "HOCKEY CLUB CJSC" "METALLURG-ZHLOBIN"	3978,0	7922,6
AID TO THE SE "GOMEL VOLLEYBALL CLUB, LTD"	839,5	1189,6
AID TO FOOTBALL CLUB "ZHLOBIN"		42,6
AID TO UE "BELARUSIAN BIATHLON CLUB"		311,4
AID TO THE WRESTLING FEDERATION		10,8
AID TO THE ASSOCIATION "HOCKEY FEDERATION OF RB"		108,1
AID TO THE ESTABLISHMENT "SCHOOL OF HIGH SPORT SKILL"		4,3
FINANCING OF ERECTION OF A SPORT FACILITY IN ZHLOBIN	2350,5	4325,7
<b>AID TO THIRD-PARTY ORGANIZATIONS, TOTAL:</b>	<b>2317,9</b>	<b>1808,8</b>
CONSTRUCTION OF THE NATIONAL PARK "PRYPIATSKY"	1 936,2	
TO ORGNAIZATIONS OF ZHLOBIN AND ZHLOBIN DISTRICTS		
Ремонт автодорог г. Жлобина		677,0
Помощь Белорусскому союзу ветеранов войны в Афганистане	4,7	4,4
РДУСП «ПАПОРОТНОЕ»	377,0	1058,7
РДУТП "МЕТАЛЛУРГСТРОЙ"		46,7
		0,5
<b>Учреждениям образования, в т.ч.</b>		
БНТУ		19,0
Академия управления при Президенте Республики Беларусь		0,8
ГУО "Академия последипломного образования" г.Минск		1,7

Table.  
The distribution  
of funds allocated  
by the plant  
for the corporate  
charity and  
sponsorship activity.

## Interaction of the parties

A NEW DIRECTION IS DEVELOPED AT RUE "BMZ": PERSONAL PARTICIPATION OF THE PERSONNEL IN CHARITY ACTIVITY. THE MAIN RESULT OF THIS WORK IS MASTERING OF THE MECHANISM OF OPERATIVE ASSISTANCE TO PEOPLE. IN 2011 PLANT'S WORKERS ACTIVELY PARTICIPATED IN THE FOLLOWING CHARITY ACTIONS: «ALL CHILDREN ARE OURS», «DO GOOD», «WE TO CHILDREN», ETC. ARE GIVEN IN THE TABLE BELOW.

NAME OF THE ACTION	AMOUNT COLLECTED, USD	
	2010	2011
BELARUSIAN PEACE FUND	3533,8	437,8
RED CROSS SOCIETY	1519,1	1452,6
OSVOD	409,7	173
REPUBLICAN PUBLIC CULTURAL ACTION «BELARUS IS US!»	1007,4	0
«WE TO CHILDREN» (FOR THE CHILDREN OF ZHLOBIN COMPREHENSIVE BOARDING SCHOOL, CHILDREN'S HOSPITAL, BOBRUISK ORPHAN HOME)	671,6	1369,0
«DO GOOD» (DEDICATED TO DISABLED PEOPLE DAY)	396,9	1412,3
«ALL CHILDREN ARE OURS» (FUNDS FOR PURCHASING SCHOOL ACCESSORIES COLLECTED TOGETHER WITH THE SOCIAL SERVICE CENTRE)		674,1
FOR MEDICAL TREATMENT AND OPERATIONS:		
– OF ALEKSANDR SIKOV		640,6
– OF VLADISLAV JUPRIYANOV		1178,9
– OF ALEKSANDR FURS		358
DONATION TO THE VICTIMS OF THE ACT OF TERRORISM IN MINSK UNDERGROUND		1010
MINSK RELIGIOUS SCHOOL		64,9
BMZ YOUTH TO VETERANS		115,6
FOR RECONSTRUCTION OF THE BUILDING OF THE HISTORICAL MUSEUM OF THE TOWN OF ZHLOBIN	1800,0	0
<b>TOTAL:</b>	<b>9338,5</b>	<b>8 886,8</b>

Table.  
Results  
of personal participation  
of the employees in  
charity activity.

REALIZATION OF THE SCHEDULED ACTIVITIES HAD A FAVORABLE IMPACT ON THE PLANT COOPERATION WITH THE MAIN GROUPS OF STAKEHOLDERS: AUTHORITIES, CIVIL SOCIETY, ECOLOGY COMMUNITY EMPLOYEES. IT HELPED TO STRENGTHEN BMZ REPUTATION AS A SOCIALLY RESPONSIBLE ENTERPRISE AND ACHIEVE THE HIGHEST SOCIAL AND ECONOMIC EFFICIENCY FROM THE MONEY SPENT ON CHARITY AND SPONSORSHIP PURPOSES.

IN MAY GOMEL REGIONAL BRANCH OF PUBLIC ASSOCIATION "BELARUSIAN PEACE FUND" AWARDED THE STAFF OF BYELORUSSIAN STEEL WORKS AND ITS GENERAL DIRECTOR ANATOLY SAVIANOK WITH AN HONOURARY DIPLOMA FOR ACTIVE PARTICIPATION IN THE FUND'S ACTIVITY AND PROMOTION PEACE AND FRIENDSHIP AMONG PEOPLES.

## INTERACTION WITH MASS MEDIA

THE PLANT CLOSELY COOPERATES WITH THE REGIONAL MASS MEDIA INFORMING THE PUBLIC OF THE RESULTS OF ITS PRODUCTION ACTIVITY, MAJOR ACTIONS AND EVENTS PROVIDING RELEVANT AND TRUTHFUL INFORMATION INCLUDING THE CORPORATE WEB-SITE. INTERVIEWS WITH THE PLANT'S MANAGEMENT ARE PUBLISHED IN NEWSPAPERS AND MAGAZINES OF THE REPUBLIC OF BELARUS. THE MOST IMPORTANT EVENTS OF THE ENTERPRISE'S ACTIVITY ARE ALL THE TIME COVERED BY TELEVISION. RUE "BMZ" IS STRIVING FOR INFORMATIONAL OPENNESS AND TRANSPARENCY OF ITS ACTIVITY REALIZING THE EXCEPTIONAL IMPORTANCE OF THE INTERACTION WITH MASS MEDIA.

IN 2011 THE ENTERPRISE'S ACTIVITY WAS COVERED IN 95 PUBLICATIONS OF PRINTED EDITIONS (IN 2010 – 88 PUBLICATIONS) AND IN 36 VIDEO REPORTS (IN 2010 – 42).



INFORMATION OF THE PLANT WAS GIVEN IN THE FOLLOWING NEWSPAPERS AND MAGAZINES: «SOVETSKAYA BELARUSSIA», «RESPUBLIKA», «7 DNEI», «ZVYAZDA», «NARODNAYA GAZETA», «GOMELSKAYA PRAVDA», «ZNAMYA YUNOSTI», «NOVY DZEN», «EKONOMICHESKAYA GAZETA» AND MAGAZINES: «NAVINY TYDNYA», «METALL-COURIER», «CASTING AND METALLURGY»; AS WELL AS ON THE CHANNELS OF STATE TELEVISION AND RADIO COMPANIES: BELARUSIAN 1, BELARUS 2, PUBLIC NATIONAL TELEVISION, CAPITAL TELEVISION, MIR», AND GOMEL RADIO.

TWO TIMES A MONTH INFORMATION ABOUT THE PLANT PERFORMANCE IS PUBLISHED ON THE REPUBLICAN WEB-SITES.

6 PRESS CONFERENCES WERE HELD WITH REPRESENTATIVES OF MASS MEDIA DEDICATED TO:

- FIRST INTERNATIONAL RUE "BMZ" SUPPLIER CONFERENCE;
- MAIN DIRECTIONS OF INNOVATION AND TECHNICAL DEVELOPMENT OF RUE "BMZ";
- "BMZ" – A NATIONAL HERITAGE OF THE REPUBLIC;
- «ERECTION OF A SMALL-SECTION WIRE ROD MILL BY DANIELI;
- BELARUS TODAY: VIEW FROM OUTSIDE (WITH PARTICIPATION OF REPRESENTATIVES OF RUSSIAN FEDERAL AND REGIONAL MASS-MEDIA);
- GOMEL AND GOMEL REGION – CULTURAL CAPITAL OF BELARUS AND CIS (WITH PARTICIPATION OF RUSSIAN INFORMATION AGENCY ITAR-TASS AND BELARUSIAN BELTA).

RUE "BMZ" STRIVES FOR INFORMATIONAL OPENNESS AND TRANSPARENCY OF ITS ACTIVITY AS IT UNDERSTANDS THE IMPORTANCE OF INTERACTION AND EXCHANGE OF EXPERIENCE WITH ALL PARTIES CONCERNED.

IN 2011 THE FOLLOWING ARRANGEMENTS WERE ORGANIZED AND TOOK PLACE ON THE BASIS OF RUE "BMZ":

- TRAINING OF THE VOLUNTEERS – CONSULTANTS IN PROPHYLAXIS OF HIV IN LABOUR;
- PRACTICAL LESSON OF THE IDEOLOGICAL ACTIVISTS OF GOMEL REGION;



«BELARUSIAN BIATHLON CLUB PAYS MUCH ATTENTION TO THE DEVELOPMENT OF THIS KIND OF SPORT IN OUR COUNTRY. WE RENDER ASSISTANCE NOT ONLY TO THE MEMBERS OF THE NATIONAL TEAM, BUT TO SPORT SCHOOLS TRAINING SPORTSMEN. BYELORUSSIAN STEEL WORKS MAKES A CONSIDERABLE CONTRIBUTION IN THIS ACTIVITY».

**O.B. ABYZOV,**  
**DIRECTOR OF BELARUSIAN BIATHLON CLUB**

- 9TH MEETING OF THE COUNCIL OF QUALITY LEADERS CLUB OF CENTRAL AND EAST EUROPE;
- DISCUSSION OF THE REPORT ON ASSESSMENT OF ENVIRONMENTAL IMPACT OF THE PLANNED ERECTION OF LIME KILN No.3 (OF THE SCRAP YARD);
- SITTING OF THE BOARD OF GOMEL REGIONAL COMMITTEE OF NATURAL RESOURCES AND ENVIRONMENT PROTECTION DEDICATED TO WORK AIMED AT REDUCTION OF HARMFUL EMISSIONS IN THE AIR AND OBSERVATION OF THE REQUIREMENTS OF THE ENVIRONMENTAL LAW BY RUE "BMZ";
- REGIONAL SEMINAR WITH THE CHAIRMEN OF COORDINATION BOARDS OF THE TRADE UNION COMMITTEES OF GOMEL REGION AND A SITTING OF THE PRESIDUM;
- SCIENTIFIC AND PRACTICAL SEMINAR "MAIN DIRECTIONS OF INNOVATIVE DEVELOPMENT OF PA "BMZ";
- SEMINAR DEDICATED TO NEW POWER- AND ENERGY- SAVING TECHNOLOGIES OF SIEMENS VAI;

IN ACCORDANCE WITH THE PRINCIPLES OF THE UN GLOBAL COMPACT RUE "BMZ" ENSURES FREE ACCESS TO THE INFORMATION, DEVELOPS EXTERNAL COMMUNICATION, AND ACKNOWLEDGES ITS READINESS FOR OPEN DIALOGUE WITH THE PARTIES CONCERNED. IN DECEMBER 2011 BMZ EMPLOYEES PARTICIPATED IN THE REPUBLICAN FORUM "GLOBAL



«WE MAY CALL ANATOLY SAVIANOK, BMZ GENERAL DIRECTOR A PROMINENT CITIZEN OF ZHLOBIN AREA: IN SPITE OF THE DIFFICULT TIME AND COMPLICATED ECONOMIC SITUATION THE EMPLOYEES WORK STABLY UNDER HIS LEADERSHIP, PRODUCTION CAPACITY GROWS AND NEW MARKETS ARE DEVELOPED».

**L.N. APASANYUK,**  
**CHAIRMAN OF ZHLOBIN DISTRICT EXECUTIVE COMMITTEE**

## Interaction of the parties

COMPACT IN BELARUS: BEST METHODS OF A SOCIALLY RESPONSIBLE BUSINESS – 2011” HELD ON THE BASIS OF THE REPRESENTATIVE OFFICE OF THE LOCAL NETWORK OF THE UN GLOBAL COMPACT IN BELARUS WHERE THEY EXCHANGE THEIR EXPERIENCE AND INFORMED THE REPRESENTATIVES OF THE BUSINESS-COMMUNITY ABOUT ARRANGEMENT AND FUNCTIONING OF SYSTEM OF CORPORATE SOCIAL RESPONSIBILITY AT RUE “BMZ.

### INTERACTION WITH AUTHORITIES

RUE “BMZ” BUILDS UP COOPERATION WITH ALL THE PARTIES CONCERNED ON THE BASIS OF THE FOLLOWING BASIC PRINCIPLES: RESPECT AND CONSIDERATION OF INTERESTS, OPINIONS AND PREFERENCES, OPENNESS AND TRANSPARENCY, TRUST AND SINCERITY, IMPLICIT ABIDANCE BY THE LEGISLATION, INTERNATIONAL AND BELARUSIAN STANDARDS, RESPONSIBLE FULFILLMENT OF THE ASSUMED OBLIGATIONS, RESPECT OF THE HISTORY, CULTURE, TRADITIONS, WAY OF LIVING AND HERITAGE OF THE PEOPLE RESIDING WITHIN THE BUSINESS TERRITORY.

ENSURING COMPLIANCE OF THE ACTIVITY AND STRATEGY OF THE PLANT DEVELOPMENT WITH THE GENERAL SOCIAL AND ECONOMIC DIRECTION AND INTERESTS OF THE COUNTRY AND REGION OF THE BUSINESS ACTIVITY IS A HIGHLY IMPORTANT TASK FACING THE PLANT EMPLOYEES. CONSTRUCTIVE INTERACTION WITH THE GOVERNMENTAL BODIES HELPS RUE “BMZ” TO FIND SOLUTION OF THIS RATHER COMPLICATED TASK.

DECISIONS ON BURNING ISSUES OF THE SOCIAL AND ECONOMIC DEVELOPMENT OF THE REGION, WORK WITH THE YOUTH, HOLDING JOINT EVENTS, AND OPTIMIZATION OF MEDICAL CARE FOR THE POPULATION ARE TAKEN BY THE PLANT’S MANAGEMENT AND LOCAL AUTHORITIES IN THE COURSE OF MONTHLY BUSINESS MEETINGS.

PROSPECTS OF GOMEL REGION DEVELOPMENT, PROGRESS OF THE SOCIALLY IMPORTANT PROGRAMS, EXTENSION OF THE PLANT’S EXPORT POLICY, PLANS FOR DESIGNING AND CONSTRUCTION OF SHEET PRODUCTION ARE REGULARLY DISCUSSED BY THE DIRECTOR GENERAL WITH THE DEPUTY PRIME-MINISTER OF RB V.I SEMASHKO, MINISTER OF INDUSTRY OF RB D.S. KATERINICH, CHAIRMAN OF THE STATE CONTROL COMMITTEE OF RB A.S. YAKOBSON. DURING THEIR MULTIPLE VISITS TO RUE “BMZ”.

THE PLANT’S MANAGEMENT BELIEVES THAT PARTICIPATION OF ITS REPRESENTATIVES IN THE WORK OF ELECTED AUTHORITIES WOULD BE IMPORTANT FOR THE FORMATION OF PARITY RELATIONSHIPS WITH THE GOVERNMENTAL BODIES

AND FORMATION OF THE STATE POLICY. THE LOYALTY OF THE REGION POPULATION TO THE PLANT AND ITS EMPLOYEES IS PROVED BY THE OUTCOMES OF THE ELECTION CAMPAIGNS RESULTED IN 12 PLANT EMPLOYEES BEING ELECTED TO LOCAL, REGIONAL AND REPUBLICAN REGULATORY BODIES:

- ZHLOBIN REGIONAL DEPUTY COUNCIL – 10 PERSONS;
- GOMEL REGIONAL DEPUTY COUNCIL – 1 PERSON;
- HOUSE OF REPRESENTATIVES – 1 PERSON.

ALONGSIDE WITH THAT, RUE “BMZ” DID NOT PROVIDE DONATIONS IN FAVOUR OF ANY POLITICAL PARTIES OR INDIVIDUAL POLITICIANS.

### INTERACTION WITH SCIENCE

INNOVATIVE DEVELOPMENT OF INDUSTRY IS A GUARANTEE OF ECONOMIC SECURITY OF BELARUS. THE PLANT FOLLOWS THE ROUTE OF INNOVATIVE DEVELOPMENT COURAGEOUSLY IMPLEMENTING NEW PROJECTS. THE BY THE DECISION OF THE STATE COMMITTEE ON SCIENCE AND TECHNOLOGIES OF THE REPUBLIC OF BELARUS ADOPTED IN 2008 BMZ WAS INCLUDED INTO THE REGISTER OF HIGH-TECH ENTERPRISES OF OUR COUNTRY.

BYELORUSSIAN STEEL WORKS ESTABLISHED STRONG RELATIONS WITH THE NATIONAL ACADEMY OF SCIENCES OF THE REPUBLIC OF BELARUS. THE ENTERPRISE COOPERATES WITH THE INSTITUTES OF POWDER METALLURGY, HOT-ROLLED METALS, METAL TECHNOLOGY, AND POLYMER SYSTEM MECHANICS. SCIENTISTS DO A LOT FOR BMZ DEVELOPING SPECIAL TECHNOLOGIES. THE ECONOMIC EFFECT OF SUCH COOPERATION RESULTS IN BILLIONS OF ROUBLES.

IN THE NATIONAL CONTEST OF INNOVATIVE PROJECTS OF 2011 HELD UNDER THE PATRONAGE OF THE NATIONAL ACADEMY OF SCIENCE OF THE REPUBLIC OF BELARUS AND THE STATE COMMITTEE ON SCIENCE AND TECHNOLOGIES SCIENTIFIC PROJECTS OF TWO BMZ EMPLOYEES IN THE NOMINATIONS “BEST INNOVATIVE PROJECT” AND “BEST INNOVATIVE PROJECT DEVELOPED BY YOUNG PEOPLE” ARE MARKED AS BEING IMPORTANT FOR BELARUS AND WERE AWARDED III-DEGREE DIPLOMAS.

SPECIALISTS OF THE INSTITUTE OF ENERGETICS OF THE NATIONAL ACADEMY OF SCIENCE OF BELARUS TOGETHER WITH SPECIALISTS INSTITUTE OF ENERGETICS OF NATIONAL ACADEMY OF SCIENCE OF THE REPUBLIC OF BELARUS ACCOMPLISHED THEIR STUDY OF THE PLANT FROM THE POINT OF VIEW OF POWER CONSUMPTION. IN THEIR OPINION



Завод идет по пути инновационного развития, смело внедряя новые проекты.

THEY STATED OUT THAT IN SPITE OF CONTINUOUS GROWTH OF POWER RESOURCE PRICES, **BMZ** MANAGES TO RETAIN THE SHARE OF FUEL AND ENERGY RESOURCES IN THE PRODUCT SELF-COST AT THE LEVEL NOT EXCEEDING 20%, WHICH CORRESPONDS TO THE WORLD BEST ANALOGS. IN PARTICULAR, DURING THE FIRST HALF OF 2011 THIS FIGURE EQUALED TO 19,2%. THIS RESULT BECAME POSSIBLE DUE TO SCIENTIFIC APPROACH AND INVESTMENTS IN RECONSTRUCTION, MODERNIZATION AND REVAMPING.

THE PLANT'S COOPERATION WITH SCIENCE HAS A MULTIFACETED CHARACTER. THE PREPARATION OF ADVANCED SPECIALISTS IN ENGINEERING IS PERFORMED TOGETHER WITH THE LEADING HIGHER EDUCATION ESTABLISHMENTS OF THE COUNTRY. SEMINARS AND ADVANCE TRAINING OF MANAGERS AND PLANT EMPLOYEES IS ORGANIZED ON THE BASIS OF HIGHER EDUCATIONAL ESTABLISHMENTS. STUDENTS OF HIGHER EDUCATIONAL ESTABLISHMENTS UNDERGO ALL TYPES OF PRACTICAL TRAINING AT **BMZ**. BEING A PARTICIPANT OF THE STATE PROGRAM OF TRAINING SPECIALISTS IN FOREIGN ECONOMIC ACTIVITY, **BYELORUSSIAN STEEL WORKS** ORGANIZED PRACTICAL TRAINING OF STUDENTS OF CORRESPONDING DEPARTMENTS **BELARUSIAN STATE UNIVERSITY**, **BELARUSIAN STATE ECONOMIC UNIVERSITY**, **GOMEL STATE UNIVERSITY NAMED AFTER F. SKORINA** IN ITS FOREIGN REPRESENTATIVE OFFICES.

TOGETHER WITH **BELARUSIAN NATIONAL TECHNICAL UNIVERSITY** A BRANCH OF THE DEPARTMENT "MACHINES AND CASTING TECHNOLOGY" WAS ESTABLISHED. IN 2011 BRANCHES OF THE DEPARTMENTS "METAL DEFORMATION PROCESS" AND "METALLURGY AND CASTING" OF **GOMEL STATE TECHNICAL UNIVERSITY NAMED AFTER P.O. SUKHOI** WERE ESTABLISHED ON THE BASIS OF **BMZ** SO AS FURTHER DEVELOP INTERACTION WITH EDUCATIONAL INSTITUTIONS IN THE AREA OF DEVELOPMENT AND IMPLEMENTATION OF SPECIALISTS TRAINING PROGRAM.

A COOPERATION AGREEMENT ON TRAINING OF SPECIALISTS OF 1ST AND 2ND STAGE OF HIGHER EDUCATION AS WELL AS ON FREE ASSISTANCE IN DEVELOPMENT OF MATERIAL AND TECHNICAL BASIS OF THE UNIVERSITY FOR 2011-2015 WAS SIGNED WITH THIS UNIVERSITY. 12 YOUNG SPECIALISTS OF THE PLANT WERE INTERVIEWED AND ALLOWED TO PASS EXAMS FOR THE MA COURSE OF THE UNIVERSITY IN THE SPECIALTY "METALLURGY" IN 2011.

IN-DEPTH TRAINING PROGRAMS OF THE UNIVERSITY LECTURERS AT THE DEPARTMENTS OF RUE "BMZ" AND TEACHERS OF THE TRAINING CENTRE OF **BMZ** AT THE **EE GSTU** NAMED AFTER P.O. SUKHOI HAVE BEEN SUCCESSFULLY IMPLEMENTED TEACHERS.

«Cooperation of higher educational establishments with Byelorussian Steel Works goes out of the logic of our existence. We prepare specialists, carry out research work and you are a potential user of our "product" That is why from this purely technological viewpoint we have to cooperate».

**A.V. Rogachyov,**  
**Rector of Gomel State University named after F. Skorina**

IN APRIL THE PLANT RECEIVED A NOTE OF THANKS FROM **GOMEL STATE UNIVERSITY NAMED AFTER F. SKORINA** FOR FREE ASSISTANCE IN THE FORM OF MEASURING INSTRUMENTS AND AUXILIARY EQUIPMENT SUPPLIED TO THE UNIVERSITY FOR REVAMPING THE OPTICAL MATERIAL AND TECHNICAL BASE.



# ПРИЛОЖЕНИЯ

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DATA	2009		2010		2011	
	PLANNED	ACTUAL	PLANNED	ACTUAL	PLANNED	ACTUAL
1. PRODUCTION, FINANCE AND ECONOMIC INDICES						
1.1 LEVEL OF INDUSTRIAL PRODUCTIVITY, MIN., %	N/D				106,0*	105,7
1.2 LEVEL OF PROFITABILITY OF THE PRODUCT SOLD, SERVICES RENDERED, MIN., %	2,5*	3,7	5,0	6,6	10,0****	21,8****
1.3 REDUCTION OF THE MATERIAL CONSUMPTION LEVEL, %	N/D				-1,5	-10,0
1.4 POWER SAVING, %	-13,5	-3,4	-8,0*	-8,0	-6,5	-6,5
1.5 FOREIGN TRADE BALANCE, MIN. USD	N/D				605	528
1.6 INVESTMENT IN FIXED ASSETS, MIN., BRB BLN.	N/D				291,64	398,1
2. QUALITY						
2.1 LEVEL OF REJECTS DUE TO PRODUCTION SHOPS, %	Order No. 2 ha 2009	OK	Order No.2 ha 2010	OK	Order No. 2 for 2011	OK
2.2 NON-CONFORMING PRODUCT LEVEL						
2.3 LEVEL OF COSTS DUE TO DEFECTS PER 1000 BRB OF COMMODITY OUTPUT, MAX. %	3,65	OK	3,7	1,92	3,52	1,76** (3,18***)
2.4 ASSESSMENT OF EXTERNAL CUSTOMER SATISFACTION, MIN. %	86,5	93,3	89,0	93,0	90,0	92,1
2.5 NUMBER OF CLAIMED PRODUCTS RELATIVE TO THE PREVIOUS YEAR	10% DOWN	OK	10% down	NOT OK	10% down	OK
3. ENVIRONMENT						
3.1 AMOUNT OF PRODUCTION WASTES STORED RELATIVE TO THE LEVEL OF 2010 TO BE DECREASED BY, %	N/D				2% (max. 330421,7т)	21,2 % (260584т)
4. LABOUR PROTETCION AND INDUSTRIAL SAFETY						
4.1 GROWTH OF INDUSTRIAL TRAUMATISM RELATIVE TO THE PREVIOUS PERIOD IS NOT ALLOWED	25% down	OK	not to allow growth	OK	not to allow growth	OK
4.2 IMPROVEMENT OF CONDITIONS AND PROVISION OF LABOUR SAFETY OF THE WORKERS, PERSONS	1350	1352	780	787	790	792
5. SOCIAL RESPONSIBILITY						
5.1 TRAINING OF MANAGERS AND SPECIALISTS, PERSONS	2149	2578	1487	2110	929	1011
5.2 PROFESSIONAL TRAINING OF WORKERS, PERSONS	3452	4015	3551	4163	3399	3853
5.3 GENERAL SATISFACTION OF THE PERSONNEL, MIN., %	72	72	72	72,4	72	72,3
5.4 SALARY GROWTH RATE, MIN., %	100*	98,2	107,6	113,5	117,3	151,6
5.5 TEMLOYEE TURNOVER, MAX , %	3	1,68	2,5	2,4	2,5	2,7

NOTES: \* – INDICES ADJUSTED BY MINPROM, \*\* – FOR SHOPS, \*\*\* – FOR BMZ, \*\*\*\* – FOR 2011 SALE PROFITABILITY SHOULD BE USED INSTEAD OF PROFITABILITY OF SALES OF PRODUCTS

Analysis of target indices achieved in 2011.

## ABBREVIATIONS

API	American Petroleum Institute – non-governmental organization, the USA, performing investigations in the oil and gas sector.
GRI	Global Reporting Initiative – an independent non-commercial organization which mission is development and worldwide distribution of unified reporting principles in the area of stable development first of all with the help of Reporting Manual for the area of stable development. Established in 1988, the organization has the headquarters in Amsterdam and is managed by international experts of various organization worldwide.
EFQM	Europe an Fund of Quality Management
ISO	International Organization for Standardization (Международная организация по стандартизации)
OHSAS	Professional health and labour safety management system
SA 8000	International standard “Social responsibility 8000”
BMZ	Byelorussian Steel Works
BNTU	Belarusian National Technical University
BRYU	Belarusian Republican Youth Union
GDP	Gross domestic product
GOST	State industrial standard
SEE	State educational establishment
PCM	Palace of Culture “Metallurg”
EAF	Electric-arc furnace
CJSS	Children and juvenile sport school
EU	European Union
UWRB	Unified wage rate book
ZMF	Zhlobin meat factory
HB	Housing board
Info-BMZ	Information system of the plant
kg	kilogram
CMS	Corporate management system
PC	Purpose courses
MAZ	Minsk automotive factory
MISiS	Moscow institute of steel and alloy
CCM	Continuous casting machine
mIn	million
bn	billion
mm	millimeter
MSD	Medicosanitary department
MTZ	Minsk tractor plant
IFRS	International Finance Reporting System
NAS	National academy of sciences



NP	National park
IIWD	Information and ideological work department
UNO	United Nations Organization
LPD	Labour protection department
ISD	Industrial safety department
ODS	Ozone depleting substances
QMD	Quality management department
DGCU	Dust and gas collecting unit
MPC	Maximum permissible concentration
PA	Production association
RB	Republic of Belarus
EW&S	Executive workers and specialists
RUE "BMZ"	Republican Unitary Enterprise "Byelorussian Steel Works"
OJSC "BSW"	Open Joint-Stock Company "Byelorussian Steel Works"
RF	Russian Federation
CM	Council of Ministers
MM	Mass media
YSC	Young specialists council
CIS	Commonwealth of Independent States
RM	Rolling mill
STP	Plant standard
STB	Belarusian standard
SWS	Steel Wire Shop
EMS	Environment management System
LPMS	Labour Protection Management System
USA	United States of America
TNLA	Typical Normative-Legal Acts
TU	Technical requirements
r.f.t.	Reference fuel ton
Thou.	Thousand
FPR	Fuel&Power Resources
EP & ISB	Environment protection and industrial sanitary board
SHF	Sport and Health Facility
CEE	Central and East Europe
RWPS	Refractory wastes processing shop
EMS	Electric melt shop

Table of standard reporting components of GRI (G3) manual

GRI	Index description	Reference in the report, page
1	Strategy and analysis	
1.1	Declaration of the General Director, the Chairman of the Board of the directors	
1.2	Key impacts, risks and possibilities characteristics	
2	Description of the organization	
2.1	Name of the organization	
2.2	Main brands, types of products and (or) services	
2.3	Functional structure of the organization including the main subdivisions, operational companies, daughter companies and joint-ventures	
2.4	Location of the central office	
2.5	Countries (regions) where organization is functioning and which are most significant from the point of view of the questions of steady development covered by the report.	



2.6	Nature of the ownership and legal and organizational form	
2.7	Markets where the organization is working (including the geographical breakdown, the sectors serviced, the categories of the consumers and the beneficiaries).	
2.8	Size of the organization including: Quantity of workers and officials; Net sales (for the private sector organizations) or net proceeds (for the state organizations); General capitalization with the breakdown by borrowed and own capital (for the private sector organization); Quality characteristics of the products or the services rendered; General value of the assets	
2.9	Considerable changes in the organization activity and (or) in the structure of the ownership during the reporting period including: opening, closing and development of the enterprises; changes in the structure of the share capital and other actions to form, support or change the capital (for the private sector organizations)	
2.10	Awards in the reporting period	
3	GENERAL INFORMATION ABOUT THE REPORT	
ОБЩИЕ СВЕДЕНИЯ ОБ ОТЧЕТЕ		
3.1	The reporting period (for example, financial/calendar year) to which the submitted information refers to	
3.2	The date of publication of the last of the previous reports (if any)	

Table of standard reporting components of GRI (G3) manual

3.3	Reporting cycle (annual, two-year etc.)	
3.4	Contact information about the report and its contents	
SCOPE AND BOUNDS OF THE REPORT		
3.5	Process of the reports' contents determination including significance and priorities and subject determination within the framework of the report as well as revealing of the interested parties considered as potential users of the report.	
3.6	Bounds of the report (countries/regions, subdivisions/units/joint-ventures / daughter companies)	
3.7	Indicate any limits of the scope or the bounds of the report	
3.8	Grounds for inclusion in the report of the data concerning joint-ventures partly belonging to the daughter companies, production rent, transfer of a part of the functions to external contractors and other situations, which can essentially influence the comparison with the previous reports and/or other organizations	
3.9	Methods of data measurement and calculations including proposals and procedures used for indices preparation and other information of the report	
3.10	Description of the nature and meaning of any fresh wording of the information given in the previous reports, and grounds for such fresh wording (for example, merger/absorption, change of the reporting period, business nature, evaluation methods)	
3.11	Important changes concerning the previous reporting as regards the scope, bounds or methods of measurement used in the report	



GRI INDEX		
3.12	Table of the arrangement of the standard components in the report	
CONFIRMATION		
3.13	The policy and practical approaches applied concerning an independent confirmation of the report.	
4	Control, obligations and interaction with the parties concerned	
MANAGEMENT		
4.1	Structure of the management including the main committees in the top managing body, responsible for concrete tasks, for example, strategy development or general supervision over the organization's activity.	
4.2	Indicate if the chairman of the highest managing body is at the same time the CEO of the company (and, in case of a positive answer, what is the role of this manager in the company management and what are the reasons for such state of affairs)	
4.3	For the organizations with a unitary board of directors, indicate the number of independent members of the highest managing body and/or the members who do not refer to the executive board of the company	
4.4	The mechanisms which are used by the shareholders or the personnel of the organization to direct the activity of the managing body or give it recommendations	
4.5	Link between payments (including the severance pays) for the members of the top managing body, representatives of the top management and the executive management and the efficiency of the organization (including social and ecological efficiency)	

Table of standard reporting components of GRI (G3) manual

4.6	The existing processes in the top managing body called upon to avoid conflicts of interests	
4.7	Processes of determination of qualification and competence of the members of the top managing body required for determination of social, economic and ecological strategy of the organization	
4.8	Mission, declaration of values declaration, codes of corporative behavior and principles developed inside organization, and principles significant from the point of view of economic, ecological and social efficiency as well as the degree of its actual implementation	
4.9	Processes used by the top managing body to supervise and control assessment of the economic, social and environmental efficiency by the organization including determination of the corresponding risks and possibilities, their control and also observation and correspondence to international standards, codes of corporative behavior and principles	
4.10	Processes of evaluation of its own efficiency by the top managing body , in particular, concerning the economic, ecological and social results of the organization's activity	
PARTICIPATION IN EXTERNAL INITIATIVES		
4.11	Explain, if and how the organization uses principle of precaution	
4.12	Developed by external parties voluntary economic, ecological and social charters, systems of principles or other initiatives, to which the organization has joined and which it supports	
4.13	Membership in associations (for example, branch) and/or national and international organizations defending interests	
4.14	List of the interested parties with which the organization cooperated	



4.15	Base for determination and selection of the interested parties for further cooperation with them	
4.16	Approaches to cooperation with the interested parties including frequency of cooperation by forms and interested groups	
4.17	Key questions and interests raised or revealed during the process of cooperation with the interested parties, and how the organization took into consideration these questions and interests	

**Indices of economical efficiency**

**ECONOMICAL EFFICIENCY**

EC1	Created and distributed economical cost including gains, operational costs, compensation of employees, donations and other investments in the community, undistributed profit, payments to suppliers of capital and to countries (basic)	
EC2	Financial aspects and other risks and possibilities for organization's activity related to change of the climate ( basic)	
EC3	Security of the obligations of the society linked to the pension plans (basic)	
EC4	Financial assistance from the government (basic)	

**PRESENCE ON MARKETS**

EC5	Relation of the initial salary and the fixed minimum salary in the significant regions of the organization's activity (basic)	
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Table of standard reporting components of GRI (G3) manual

EC6	Practical approaches for the purchases from the local suppliers and percentage of such purchases in the important regions of organization activity (basic)	
EC7	Hire procedure of local population and portion of top management hired from local population in the significant regions of the organization's activity (basic)	
INDIRECT ECONOMICAL INFLUENCE		
EC8	Development and influence of investments on the infrastructure and services rendered by the organization in social interests by commercial, natural or beneficent participation (basic)	
EC9	Description of the significant indirect economical influences including the area of influence (additional)	
Indices of ecological efficiency		
MATERIALS		
EN1	Used materials with the specification of weight or volume (basic)	
EN2	Percentage of the materials representing processed or recycled wastes (basic)	
ENERGY		
EN3	Direct use of energy with the indication of the primary sources (basic)	
EN4	Indirect use of energy with the indication of the primary sources (basic)	



Annex 3

EN5	Energy saved as a result of the measures taken to decrease consumption of power and to increase efficiency of energy (additional)	
EN6	Initiatives to propose energy-effective products and services or those based on the use of the renewable energy and decrease of the need for energy as a result of these initiatives	
EN7	Initiatives to decrease indirect consumption of energy and the decrease achieved (additional)	
WATER		
EN8	General quantity of the taken-in water with the breakdown by the sources (basic)	
EN9	Water sources considerably influenced by the water diversion by the organization (additional)	
EN10	Percentage and total volume the reused and recycled water (additional)	
BIOVARIETY		
EN11	Location and area of the land owned, leased and managed by the organization and situated on the preserved territories and those with high value of biovariety outside their boundaries or adjoining such territories (basic)	
EN12	Description of important activity influences, products, services on biovariety on guarded territories with high value of biovariety outside its borders (basic)	
EN13	Preserved or restored habitats (additional)	

Table of standard reporting components of GRI (G3) manual

EN14	Strategies, actions and future control plans of impact on biovariety	
EN15	Quantity of species entered in the Red List of the IUEP and the national list of protected species inhabiting the territory affected by the organization's activity with the breakdown according to the level of threat to the existence of a species (additional)	
EMISSIONS, DISCHARGE AND WASTES		
EN16	Full direct and indirect emission of greenhouse gases with the indication of the weight (basic)	
EN17	Other significant indirect emissions of greenhouse gases with the indication of the weight (basic)	
EN18	Initiatives to decrease emissions of greenhouse gases and the decrease achieved (additional)	
EN19	Emissions of ozone-depleting substances with the indication of the weight (basic)	
EN20	Emission of NOx, SOx and other significant polluting substances to the atmosphere with the indication of the weight (basic)	
N21	Total amount of discharged wastes indicating the quality of the sewage water and the receiving unit (basic)	
EN22	Total amount of the wastes with the breakdown by type and method of handling (basic)	



Annex 3

EN23	Total amount and quantity of considerable spills (basic)	
EN24	Amount of transported, imported, exported or processed wastes being "dangerous" according to Annexes I, II, III и VIII of Basel convention (additional)	
EN25	Characteristics, size, status of protection and value form the point of view of the biovariety of the water objects and the related habitats significantly affected by the discharge of the organization and the surface drainage from the territory of its units	
PRODUCTION AND SERVICES		
EN26	Initiatives aimed at softening (decreasing) the influence of the products and services on the environment and the size of the reached decrease of the influence (basic)	
EN27	Portion of the products sold and its packing materials returned to the producer for processing with the breakdown by categories (basic)	
CONFORMITY TO THE REQUIREMENTS		
EN28	Big penalties in money terms and total quantity of non-financial sanctions imposed due to non-conformity to the ecological law and standard requirements (basic)	
TRANSPORT		
EN29	Significant impact of the transportation of products and other goods and materials used for organization's activity and the transportation of manpower on the environment (additional)	
GENERAL		
EN30.	Total costs and investments in protection of the environment with the breakdown by types (additional)	

Table of standard reporting components of GRI (G3) manual

Indices of the efficiency of the approaches to labor organization and worthy labor		
EMPLOYMENT		
LA1	Total quantity of manpower by the type of employment, occupation agreement and region (basic)	
LA2	Total number of the personnel and employee turnover by age group, sex and region (basic)	
LA3	Payments and advantages granted to the employees working on the basis of full employment which are not granted to people working on the basis of incomplete or temporary employment (additional)	
INTERRELATIONS BETWEEN THE EMPLOYEES AND THE MANAGING BODY		
LA4	Portion of the employees covered by the collective agreements (basic)	
LA5	Minimum period (periods) of notification concerning considerable changes in the organization's activity and its determination in the collective agreement (basic)	
HEALTH AND SECURITY AT A WORKING PLACE		
LA6	Portion of all people represented in the official joint committees for health and security with the participation of the management and the staff taking part in monitoring and forming recommendations concerning health and security programs at a working place (basic)	
LA7	Level of production traumatism, level of professional illnesses, coefficient of missed days and coefficient of absence at a working place as well as total number of fatal cases linked to job with the breakdown by regions (basic)	
LA8	The existing programs of education, training, consultation, prevention and control of risk to help the employees, members of their family and the population concerning serious illnesses (basic)	



LA9	Reflection of health and safety problems in official agreements with the trade union (additional)	
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TRAINING AND EDUCATION

LA10	Reflection of health and safety problems in official agreements with the trade union (additional)	
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LA11	Программы развития навыков и образования, призванные поддерживать способность сотрудников к занятости, а также оказывать им поддержку при завершении карьеры	
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LA12	Доля сотрудников для которых проводятся периодические оценки результативности и развития карьеры	
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VARIETY AND EQUAL POSSIBILITIES

LA13	Structure of the organization's top management and the staff by sex and age indicating the minorities and other indices of variety (basic)	
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LA14	Relation between the average salary of men and women by categories of the staff (additional)	
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**Efficiency indices: human rights**

PRACTICE OF INVESTMENTS AND PURCHASES

HR1	Share of important investment agreements including clauses guaranteeing human rights or being assessed from the point of view of human rights (basic)	
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HR2	Portion of important suppliers and contractors from the point of view of human rights (basic)	
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Table of standard reporting components of GRI (G3) manual

HR3	Forms of training the employees in policies and procedures linked to aspects of human rights which are significant for the organization's activity and also the number of trained employees (additionally)	
BANNING OF DISCRIMINATION		
HR4	Total number of cases of discrimination and taken measures (basic)	
FREEDOM OF ASSOCIATION AND HOLDING OF COLLECTIVE NEGOTIATIONS		
HR5	Activity within the framework of which the right to freedom of association and holding of collective negotiations can be subject to significant risks and actions taken to support these rights (basic)	
CHILD LABOR		
HR6	Activity within the framework of which there is a significant risk of use child labor and measures taken to participate in the exterminate of child labor (basic)	
FORCED AND MANDATORY LABOUR		
HR7	Activity within the framework of which there is a significant risk of use of forced and mandatory labor and measures taken to exterminate forced and mandatory labor (basic)	
APPROACHES TO SECURITY		
HR8	Portion of the security staff trained in the policies and procedures related with the human rights connected with the realized activity (additional)	
RIGHTS OF NATIVE AND SMALL NATIONS		
HR9	Total number of violations of the rights of native and small nations and taken measures (additional)	
Indices of efficiency of interaction with the community		
COMMUNITY		
SO1	Programs and actual approaches in the field of evaluation of the influence of the organization's activity on the local communities and control of this influence, covering the beginning of the activity, its implementation and completion (basic)	



CORRUPTION		
SO2	Portion and total number of business units analyzed from the point of view of risks connected with corruption	
SO3	Portion of employers trained in the anticorruption policies and procedures of the organization (basic)	
SO4	Measures taken to prevent corruption (basic)	
STATE POLICY		
SO5	Position in respect of the state policy and participation in formation of the state policy and lobbying (basic)	
SO6	Total amount (in natural and money terms) of donations to political parties, politicians and the organizations connected with them by countries (additional)	
OBSTACLES TO COMPETITION		
SO7	Practical approaches to avoid monopolistic practice and the results of their application (additional)	
CONFORMITY TO REQUIREMENTS		
SO8	Conformity to the law and standard requirements (basic)	
Indices of efficiency: responsibility for production		
HEALTH AND SECURITY OF A CUSTOMER		
PR1	Stages of the life cycle on which influence on health and security of products and services is evaluated to reveal the possibilities of improvement and the portion of significant products and services subject to such procedures (basic)	

Table of standard reporting components of GRI (G3) manual

PR2	Correspondence with the standard norms and voluntary codes related to the influence of products and services on health and safety (additional)	
PRODUCTS AND SERVICES MARKING		
PR3	Types of information about the properties of products and services required by the procedures and portion of significant products and services subject to such information requirements (basic)	
PR4	Standard requirements and voluntary codes related to the information about the properties of products and services and marking (additional)	
PR5	Policies related to the satisfaction of a customer including the results of investigation of the level of a customer's satisfaction (additional)	
MARKETING COMMUNICATIONS		
PR6	Programs to assure conformity with the legislation, standards and voluntary codes in the area of marketing communications including advertising, promotion of products and sponsorship (additional)	
PR7	Correspondence to the standard requirements and voluntary codes related to marketing communications including advertising, promotion of products and sponsorship (additional)	
INVIOABILITY OF THE PRIVATE LIFE OF A CUSTOMER		
PR8	Total number of legitimate complaints regarding the violation of the private life of a customer and loss of customer's data (additional)	
CORRESPONDENCE WITH REQUIREMENTS		
PR9	Денежное значение значительных штрафов, наложенных за несоблюдение законодательства и нормативных требований, касающихся предоставления и использования продукции и услуг	

Table of conformity to the GRI elements and indices is prepared with the help of the Manual of accounting in the area of stable development of the Global Reporting Initiative (revision 3)



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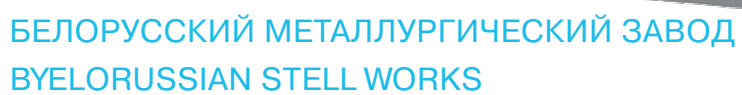
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## DEAR READERS!

## ANNEX 4

YOU HAVE JUST ACQUAINTED WITH SOCIAL REPORT OF OJSC "BMZ". YOUR OPINION ABOUT THIS DOCUMENT IS VERY IMPORTANT FOR US AND WE TRY MAXIMALLY TO TAKE INTO ACCOUNT YOUR COMMENTS AND SUGGESTIONS IN THE FUTURE REPORTS.

WILL YOU SEND PLEASE THE FILLED FORM BY FAX : + 375-2334-5-54-26; + 375-2334-2-42-61;

+ 375-2334-3-16-35 OR TO THE ADDRESS: 37, PROMYSHLENNAYA STR., ZHLOBIN, 247210, GOMEL REGION, ZHLOBIN, BELARUS, WITH MARK "SOCIAL REPORT 2011" OR BY E-MAIL (SECR.DPIR@BMZ.GOMEL.BY)



### TO WHICH GROUP OF INTERESTED PARTIES DO YOU BELONG TO?

- THE REPRESENTATIVE OF AUTHORITY ☐
- MEMBERS OF THE PUBLIC ☐
- INVESTOR ☐
- PARTNER ☐
- CUSTOMER ☐
- WORKER ☐
- OTHER GROUP OF INTERESTED PARTIES \_\_\_\_\_

### HOW DO YOU EVALUATE THE SOCIAL REPORT REGARDING THE PROVIDED INFORMATION COMPLETENESS

HIGH ☐ SATISFACTORY ☐ LOW ☐

### КАК ВЫ ОЦЕНИВАЕТЕ СОЦИАЛЬНЫЙ ОТЧЕТ С ТОЧКИ ЗРЕНИЯ ДОСТОВЕРНОСТИ И ОБЪЕКТИВНОСТИ ПРЕДСТАВЛЕННОЙ ИНФОРМАЦИИ?

HIGH ☐ SATISFACTORY ☐ LOW ☐

### КАК ВЫ ОЦЕНИВАЕТЕ СОЦИАЛЬНЫЙ ОТЧЕТ С ТОЧКИ ЗРЕНИЯ УДОБСТВА ПОИСКА НЕОБХОДИМОЙ ИНФОРМАЦИИ?

HIGH ☐ SATISFACTORY ☐ LOW ☐

### КАК ВЫ ОЦЕНИВАЕТЕ ДИЗАЙН СОЦИАЛЬНОГО ОТЧЕТА?

HIGH ☐ SATISFACTORY ☐ LOW ☐

### DOES THE SOCIAL REPORT CREATE YOUR UNDERSTANDING OF OJSC "BMZ" IN THE FIELD OF SUSTAINABLE DEVELOPMENT?

YES, COMPLETELY ☐ YES, PARTIALLY ☐ NO, NOT COMPLETELY ☐ NO, I DON'T UNDERSTAND ☐

### EVALUATE PLEASE THE FOLLOWING SECTIONS OF THE OJSC BSW SOCIAL REPORT FROM 1(LOW)

TO 5 (VERY HIGH): HOW THEY WERE INTERESTED TO YOU, ACTUAL AND COMPLETELY EXPLAINED

METALLURGY. MAKING FRESH ADVANCES	<input type="checkbox"/>	PLANT DESCRIPTION	<input type="checkbox"/>
PARTICIPATION OF SCIENTIFIC POTENTIAL OF THE REPUBLIC IN	<input type="checkbox"/>	PLANT DESCRIPTION	<input type="checkbox"/>
THE DEVELOPMENT OF METALLURGICAL COMPLEX	<input type="checkbox"/>	ECONOMICAL ACTIVITY	<input type="checkbox"/>
DESCRIPTION OF KEY IMPACTS, RISKS	<input type="checkbox"/>	ECOLOGICAL ACTIVITY	<input type="checkbox"/>
MANAGEMENT, OBLIGATIONS, COOPERATION WITH	<input type="checkbox"/>	SOCIAL ACTIVITY	<input type="checkbox"/>
INTERESTED PARTIES	<input type="checkbox"/>	PARTIES COOPERATION	<input type="checkbox"/>
RESPONSIBILITY FOR PRODUCED GOODS	<input type="checkbox"/>		

### DOES THE SOCIAL REPORT INFLUENCE YOUR RELATION TO OJSC "BMZ" ACTIVITY?

YES, MY RELATION SIGNIFICANTLY IMPROVED ☐ IT DIDN'T INFLUENCE ☐

RELATION TO OJSC "BMZ" BECAME WORSE ☐

### WHAT INFORMATION IN THE SOCIAL REPORT WAS THE MOST INTERESTING FOR YOU?

### WHAT DIRECTIONS OF OJSC BMZ IS IT NECESSARY TO IMPROVE REGARDING THE SOCIAL RESPONSIBILITY INCREASE?

### WHAT INFORMATION DO YOU WANT TO SEE IN FUTURE SOCIAL REPORTS OF OJSC "BMZ"?

THANK YOU FOR COOPERATION!

OJSC "BMZ"

IN OCTOBER, 31 OPEN JOINT-STOCK COMPANY "BYELORUSSIAN STEEL WORKS – MANAGEMENT COMPANY OF "BMC" HOLDING" INTRODUCED A CORPORATIVE SOCIAL REPORT FOR 2011 TO A PUBLIC. REPRESENTATIVES OF THE MINISTRY OF INDUSTRY, UNO GLOBAL COMPACT, BYELORUSSIAN TRADE UNION, LOCAL AUTHORITIES, ENTERPRISES OF "BYELORUSSIAN METALLURGICAL COMPANY" HOLDING, BANKS, SOCIAL ORGANIZATIONS, SUPERVISORY BODIES AND OTHER INTERESTING PARTIES TOOK PART IN SOCIAL HEARINGS.

FOR PARTICIPANTS OF HEARINGS THE REPORT WAS INTRODUCED IN THE FORM OF TAKE-ONE. THE INFORMATION ABOUT THE DATE AND PLACE OF SOCIAL HEARINGS WAS INTRODUCED IN LOCAL AND REPUBLICAN MASS MEDIA A MONTH BEFORE HEARINGS.

SOCIAL HEARINGS OF CORPORATIVE SOCIAL REPORT WERE OPENED BY DEPUTY GENERAL DIRECTOR FOR TECHNOLOGY AND QUALITY PERETYAGINA ELENA ANATOLYEVNA.

GENERAL DIRECTOR OF OPEN JOINT-STOCK COMPANY "BYELORUSSIAN STEEL WORKS – MANAGEMENT COMPANY OF "BMC" HOLDING" SAVENOK ANATOLY NIKOLAEVICH APPEALED TO THE PRESENT: "WE ARE INTRODUCING A CORPORATIVE SOCIAL REPORT OF BYELORUSSIAN STEEL WORKS FOR 2011. THIS DOCUMENT IS VERY IMPORTANT FOR OUR ENTERPRISE ORIENTED FOR EXPORT AND PROVIDING WORK TO MORE THAN 12 THOUSAND PEOPLE. IT CONFIRMS OPENNESS AND TRANSPARENCY OF OUR WORK; IT IS NOT POSSIBLE TO BUILD SUCCESSFUL RELATIONS WITH OUR BUSINESS PARTNERS WITHOUT THESE CHARACTERISTICS.

SPEAKING ABOUT THE RESULTS OF 2011, I WANT TO SAY THAT THIS YEAR WAS SUCCESSFUL FOR OUR ENTERPRISE. SO, IN STEEL PRODUCTION, WE ACHIEVED 2,6 MILLION TONS; IT WAS IMPOSSIBLE FOR US BEFORE. EVERY DIVISION SEPARATELY WORKED WELL, AND IT ALLOWED US TO PRODUCE COMMODITY OUTPUT FOR 2 MILLIARDS DOLLARS AND TO ACHIEVE 17,1 PERCENT OF SALES PROFITABILITY. EXPORT SHARE IN THE TOTAL SCOPE

OF SELLING IS 76 PERCENT.

INCREASING PRODUCTION CAPACITY OF THE ENTERPRISE, WE DON'T FORGET ABOUT THE DECREASE OF ECOLOGICAL LOAD. TO DECREASE EMISSION SCOPE, DEDUSTING

## Social hearings of a report



ON AT THE ENTERPRISE. ECONOMIC EFFECT FROM INTRODUCED ACTIONS IN 2011 WAS 49,9 MILLION DOLLARS. GROWTH RATE OF PRODUCTION VOLUME IN COMPARABLE PRICES FOR WORK RESULTS IN 2011 ACHIEVED 105,5 PERCENT. IN JANUARY-DECEMBER INDUSTRIAL PRODUCTION IS SHIPPED TO THE AMOUNT MORE THAN TWO MILLIARDS DOLLARS, IT IS 37,2 PERCENT ABOVE THE LEVEL OF THE PREVIOUS REPORTED YEAR. SHARE OF DEEP PROCESSING PRODUCTION HAS SIGNIFICANTLY INCREASED IN THE STRUCTURE OF SHIPPED PRODUCTION. LONG-TERM EXPERIENCE OF WORK IN FOREIGN MARKETS AND THE EXISTENCE OF OWN COMMODITY DISTRIBUTION NETWORK IN DIFFERENT REGIONS OF THE WORLD HELPED THE ENTERPRISE TO ACHIEVE THE REPUTATION OF TRUSTED PARTNER. 1,9 MILLION TONS OF STEEL PRODUCTION FOR 1467,7 MILLION DOLLARS HAS SHIPPED FOR EXPORTS. PROFITABILITY OF SOLD PRODUCTION WAS 21,8% AGAINST 6,5 % ACCORDING TO RESULTS OF 2010. EXPORT GEOGRAPHY IN 2011 NUMBERED 64 COUNTRIES OF THE WORLD. BMZ KEPT ITS EXPORT POTENTIAL IN TRADITIONAL MARKETS AND DEVELOPED NEW ONES: PORTUGAL, ANGOLA, BURKINA FASO, KUWAIT, GABON, SAUDI ARABIA, INDONESIA, TAIWAN, TURKMENISTAN".

DEPUTY GENERAL DIRECTOR FOR PERSONNEL AND IDEOLOGICAL WORK FLORIZYAK VLADIMIR EDUARDOVICH TOLD ABOUT SOCIAL POLICY OF THE ENTERPRISE AND MAIN DIRECTIONS IN THE WORK WITH PERSONNEL, DEVELOPMENT OF INNER AND EXTERNAL COMMUNICATION STRUCTURES. "ENTERPRISE ACTIVITY IN THE FIELD OF CORPORATIVE SOCIAL RESPONSIBILITY IS DIRECTED FOR CREATION OF EFFECTIVE AND SAFETY WORKING PLACES, PROFESSIONAL DEVELOPMENT OF PERSONNEL, SUPPORT OF SPORT AND CULTURE, ENVIRONMENTAL PROTECTION, ASSISTANCE TO ACTIVITY OF REGION DEVELOPMENT."

IN HIS SPEECH VLADIMIR EDUARDOVICH TOUCHED THE QUESTIONS OF STAFFING, WORK WITH YOUNG SPECIALISTS, PROFESSIONAL TRAINING MANAGEMENT AND REALIZATION OF CORPORATIVE PROGRAMS

FOR PERSONNEL DEVELOPMENT, INTERNATIONAL COOPERATION IN EXPERIENCE EXCHANGE. HE ALSO TOLD ABOUT MOTIVATION SYSTEM, WHICH WAS WORKED OUT AT THE ENTERPRISE AND ABOUT SOCIAL PACKAGE FOR WORKERS.

THE REPORT WAS CONTINUED BY THE DEPUTY CHIEF ENGINEER FOR SAFETY LABOR, INDUSTRIAL SAFETY AND ENVIRONMENTAL PROTECTION EFIMENKO VLADIMIR VIKTOROVICH: "THE ENTERPRISE NOT ONLY INCREASES PRODUCTION CAPACITY FROM YEAR TO YEAR, BUT CARRIES OUT CONSTANT AND PURPOSEFUL WORK, CONNECTED WITH SAFETY WORK CONDITIONS AND THEIR IMPROVEMENT. TOGETHER WITH PERSONNEL OF SAFETY LABOR DEPARTMENT, SOCIAL INSPECTORS ARE ENGAGED IN DECISION OF THIS PROBLEM. INTEGRAL PART OF SAFETY LABOR AND INDUSTRIAL SAFETY DEPARTMENT AT BMZ IS TO TEACH TO SAFETY OPERATION OF DANGEROUS PRODUCTION UNITS, INDUSTRIAL SANITATION AND LABOR HYGIENE. INVESTMENTS TO SAFETY LABOR WERE 11,5 MILLIARDS RUBLES. TRAUMATISM LEVEL DECREASED FROM 13 INCIDENTS IN 2004 UP TO 7 INCIDENTS IN 2011. THE PLANT ADMITS THAT ITS PRODUCTION ACTIVITY IS CONNECTED WITH NEGATIVE INFLUENCE ON ENVIRONMENT AND TAKES ALL POSSIBLE MEASURES TO MINIMIZE SUCH INFLUENCE ON POPULATION LIFE ACTIVITY. THE ENTERPRISE PAYS MUCH ATTENTION TO RECONSTRUCTION AND MODERNIZATION OF THE PRODUCTION CONSIDERING THE INCREASE OF ECOLOGICAL DEMANDS THAT HELPS TO REDUCE THE QUANTITY OF EMISSIONS, CONTAMINANTS DUMPING AND NEGATIVE INFLUENCE OF WASTE PRODUCTS ON ENVIRONMENT. So, GROSS EMISSION OF CONTAMINANTS INTO ATMOSPHERE IN 2011 DECREASED 1,3% (71 TONS) IN COMPARISON WITH THE PREVIOUS YEAR."

IN GENERAL, INTERESTED PARTIES AND MASS MEDIA HIGHLY APPRECIATED OJSC "BSW- MANAGEMENT COMPANY OF "BMC" HOLDING" NOT ONLY AS EXPORT ORIENTED ENTERPRISE, BUT AS SOCIALLY RESPONSIBLE COMPANY. STATEMENTS ARE GIVEN IN THE FOLLOWING SECTION, MATERIALS OF REGIONAL AND REPUBLICAN MASS MEDIA.

## RESPONSES OF INTERESTED PARTIES

**HEAD OF METALLURGY AND MACHINE-TOOL INDUSTRY  
DEPARTMENT OF THE MINISTRY OF INDUSTRY OF THE  
REPUBLIC OF BELARUS SCHAPPO VLADIMIR MINOVICH :**

“BMZ WAS BUILT WITH APPLICATION OF THE BEST  
TECHNOLOGIES BY SPECIALISTS OF AUSTRIA AND GERMANY.  
AT THE BEGINNING ITS CAPACITY WAS 700 THOUSANDS TONS.  
NOWADAYS, THANKS TO THE RIGHT PERSONNEL, TECHNICAL AND  
GOVERNMENT POLICY, THE CAPACITY  
OF PRODUCTION IS 2 MILLION 600 THOUSANDS TONS  
AND AT THE NEAREST TIME IT WILL BE 3 MILLION TONS PER YEAR.  
TO REALIZE SUCH CAPACITIES, IT IS NECESSARY TO CORRESPOND  
TO INTERNATIONAL STANDARDS DEMANDS, AND ESPECIALLY  
THE COUNTRIES WHERE THE PRODUCTION IS SUPPLIED. IT IS ALSO  
NECESSARY TO REPORT TO INTERNATIONAL ORGANIZATIONS.  
BYELORUSSIAN STEEL WORKS KS

**CHAIRPERSON OF BYELORUSSIAN TRADE UNION OF INDUSTRY WORKERS VADIM VADIMOVICH FEDOROV :**

"I WANT TO SAY THAT ONLY 30% OF ENTERPRISE SUCCESS IS MADE WITH THE HELP OF NEW TECHNOLOGIES AND INVESTMENTS IMPLEMENTATION. OTHER 70 % IS MADE WITH THE HELP OF POSITIVE SYSTEM OF MANAGEMENT, RIGHT DEPLOYMENT OF PERSONNEL, ABILITY TO FORECAST A ND TO FORESEEN MARKET.

HIGH PROFESSIONAL TEAM WHICH IS CAPABLE TO REACT TO CHANGES IN WORLD PROCESSES IS CREATED AT BMZ. BUT AS FAR AS THE REPORT IS SOCIAL, THE DEFINING POINT IS A COLLECTIVE AGREEMENT. I WANT TO MENTION THAT IT IS ABSOLUTELY TRANSPARENT PUBLIC DOCUMENT. AMONG MANY QUESTIONS, GREAT ATTENTION IS PAID TO PERSONNEL HEALTH AND MEDICAL TREATMENT. IT WAS MENTIONED IN REPORTS.

ATTENTION TO RISING GENERATION, VETERANS, PERSONNEL IS DEVOTED AT THE PLANT AND IT TAKES AN IMPORTANT PLACE IN THE PLANT ACTIVITY AND REPRESENTS STRONG FOUNDATION FOR FUTURE. SERIOUS TASKS FOR FURTHER DEVELOPMENT ARE SET TO YOU. I WANT TO WISH SUCCESS TO EVERYBODY AND HOPE THAT IN THE NEXT HEARINGS YOU WILL TELL ABOUT YOUR FURTHER ACHIEVEMENTS".



НА ТРИБУНЕ  
ПРЕДСЕДАТЕЛЬ  
БЕЛОРУССКОГО  
ПРОФСОЮЗА  
РАБОТНИКОВ  
ПРОМЫШЛЕННОСТИ  
Федоров В.В.

