



**INTERPIPE**

The one to watch

ANNUAL  
REPORT FOR  
THE UN GLOBAL  
COMPACT  
ABOUT  
ACHIEVEMENT  
AND MUTUAL  
PROGRESS







## Short description of the general activities of the Company

Interpipe is a major global producer of steel pipes and 2nd largest producer of forged railway wheels in the world with a total revenue of \$1.8 bn in 2007. Interpipe is an export oriented company with 71% of its revenues derived from export sales in 2007, supplying products to 76 countries in the world. Interpipe has a network of sales offices in Ukraine, Russia, Kazakhstan, Europe, the USA and the Middle East. In 2007 Interpipe mills produced around 1.5 million tons of steel pipes and railway wheels.

## Supporting principles on which the Global Compact is based

By supporting the UN Global Compact, Interpipe has demonstrated its commitment to conducting business with respect to global principles of social, economic and business activity.

Thanks to the UN Global Agreement, Interpipe aims to:

- realize social responsibility to create a more developed and stable company structure, be a part of the new international global business culture,
- obtain a most-favored partner status by international corporations,
- manage risks with a proactive approach and raise motivation among the company's employees
- raise the Company's general corporate effectiveness.

Interpipe is ready to realize the principles of the UN Global Compact in its everyday economic and production activities.



Chief Executive Officer  
Alexander KIRICHKO

## Principle 1

The Company should support and respect the protection of internationally proclaimed human rights.

## Principle 2

The Company should ensure that it is not complicit in human rights abuses.



## HUMAN RIGHTS

Interpipe is a responsible corporate citizen of Ukraine that takes an active part in the economic, social and humanitarian life of society. The business activity of Interpipe is based on six main corporate values:

**Reliability** - Interpipe provides the highest levels of reliability in all aspects of our business: design, production, service and relationships with our clients.

**Achievements** - Our success is demonstrated by our year-on-year growth-rates. Interpipe continues to achieve significant growth alongside outstanding product development.

**Personnel** - We firmly believe that the most important investment our company can make is in its people. We create the conditions in which our employees have the opportunity for development and the achievement of happiness.

**Responsibility** - Interpipe is a responsible corporate citizen and we care deeply about our social and environmental commitments. Year on year we increase our activity in this sphere across the company.

**Partnership** - Interpipe aims to develop long-term partnerships across the world. We work in partnership with our clients across all sectors including direct clients, suppliers, employees and government institutions.

**Respect** - Interpipe is a young, dynamic and diverse company that has always paid attention to cultural differences. We respect all our customers and accordingly respect the cultural and social differences to be found in our regional markets. Respect is an integral part of our emphasis on partnership – something for which we are ready to go the extra mile.

Interpipe supports these values in its daily activities and the Company effectively satisfies the needs of its clients, giving opportunities for its employees and developing local communities.

When making a decision, each and every one of its employees at all levels should follow the corporate values of the Company.

Interpipe is a multicultural company. At the company, there are employees from more than 20 countries, including Ukraine, Russia, Germany, Kazakhstan, Syria, Switzerland, the USA and the UAE. We observe the traditions and demands of international law as well as the national legislation in countries where the Company has offices, e.g. Ukraine, Russia, Kazakhstan, Syria, Switzerland, the USA and UAE.

Interpipe pursues the principles of the Universal Declaration of Human Rights, demonstrating its corporate policy.

Interpipe respects and observes human rights regardless of gender, race, nationality, language, age, place of residence, religion and political convictions.

## LABOUR STANDARDS

Interpipe supports and protects the liberty of communities and acknowledges the right of collective agreement. The Company creates partnership relations with its employees, founded on respect, reliability and mutual responsibility. In its human resource management the Company strictly follows the current legislation in the countries where it is present.

Trade Unions play a part in the everyday running of the Company. Every year collective agreements that regulate relations between trade unions and mill administration are signed. As part of this process, significant attention is paid to investments towards the protection of labour via environmental protection (more that \$5 mln for the accounting period), the health care of workers and their families and different financial payments (for birth, retirement, marriage, etc.).

In 2007 the pre-audit of the control system of labour protection at the mill was held and checked in the accordance with the standard OHSAS 18001. In the Quality Academy of Ukraine and TUV Nord Ukraine the first internal auditors of the control system of labor protection have been taught about the requirements of OHSAS 18001 and specialists on the control system of labour protection (OHSAS 18001:2007), who will be involved in implementation of this standard at the mill.

Interpipe is against any display of disrespect or discrimination at the workplace. The Company does not use child or compulsory labour.

### Principle 3

The Company should uphold the freedom of association and the effective recognition of the right to collective bargaining.

### Principle 4

The Company should eliminate all forms of forced and compulsory labour.

### Principle 5

The Company should support and encourage the effective abolition of child labour.

### Principle 6

The Company should eliminate discrimination in respect of employment and occupation.



### Principle 7

The Company is obliged to take a precautionary approach to the environment.

### Principle 8

The Company undertakes initiatives to promote greater environmental responsibility.

### Principle 9

The Company should encourage the development and diffusion of environmentally friendly technologies.

### Principle 10

The Company should work against all forms of corruption, including extortion and bribery.

## ENVIRONMENT

The Company carries out a progressive policy towards environmental protection and conducts an annual review of its ecological policy. On the basis of research results of the influence of production activities on the environment, the Company yearly renews its ecological policy. In particular, the Company evaluates the effective use of water resources, the impact of production on air quality and the management of waste from production.

By modernizing the Company's production methods and investing in technology, Interpipe is making its production more ecologically friendly and secure.

With this goal in mind, special sanitary and industrial laboratories have been created at the production facilities of the Company. These laboratories have received the necessary accreditation and all raw materials and other materials used at the mills have the corresponding ecological passports and certificates.

Interpipe strives to implement the best world practices of environmental protection. The Company carries out an independent audit of all major investment projects and takes an active part in discussions of their influence on the environment with the community representatives.

Interpipe became one of the first companies in Ukraine to hold an open public hearing to consider the opinion of the local community in relation to the building of its new electric steel smelting complex, Interpipe Steel. The Company has also received an audited report prepared by Fichtner GmbH about the project's accordance with international ecological principles and norms. The system of ecological management of the Company is based on the principles of stable development and is certificated according to the EN ISO 14001 standard.

## ANTI-CORRUPTION

In its business activities Interpipe follows the policy of honest and fair relations with its partners and takes only objective and feasible liabilities. The selection of suppliers is made on the basis of evaluation of objective criteria by means of conducting tenders. The preservation and strengthening of the Company's business reputation is the duty of every employee. The Company maintains and oversees confidentiality in its relations with suppliers and clients. The Company does not reveal information received from our partners and contracting parties on a confidential basis and does not use such information for its own commercial benefit or for the benefit of other companies or contracting parties.





## Social investments Interpipe

Ecology – 1,6 mln USD

Labour protection –  
5,3 mln USD

Personnel training –  
750,000 USD

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